

# Torbay Council Statement of Accounts 2024-25



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## 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 2025. It gives information as to the Council's assets and liabilities at a point in time (31st March 2025) and detail on the Council's financial performance during 2024/25. 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 2024/25, 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.

## Director of Finance's Narrative Statement

Torbay is a glorious part of Devon with a compelling natural environment. Comprising the three coastal towns of Torquay, Paignton and Brixham, we're 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.

Despite everything that is fantastic about Torbay, we know that we face challenges and that some parts of the Bay suffer from nationally significant levels of poverty. There is huge potential and we have high aspirations. We are investing in our economy and our people. By continuing to work closely with our communities and partners and capitalising on our strengths, we want to make Torbay a happy, healthy and prosperous place for our whole community.

We know that, because of prudent and sometimes difficult decisions and financial savings made over the last 12 years, we are in a different financial situation to many other local authorities. This enables us to take a longer-term strategic approach to our finances. In taking that longer-term view, our strong foundations of stable financial management mean we can move forward with better certainty and a clear understanding of our financial position.

## Our Council

Serving a population of 139,300, as a unitary authority we are 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. As at May 2025, the political make-up of the Council is 17 Conservatives, 15 Liberal Democrats, three members of the Independent Group and one Independent ungrouped councillor.

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

Our Community and Corporate Plan sets out the Council's vision, objectives and priorities. It is a high-level document which provides the foundation for all that we do. Despite everything that is fantastic about Torbay, we know that we face challenges and that some parts of the Bay suffer from nationally significant levels of poverty. There is huge potential, and this Plan brings together the interlinked priorities we need to address to make Torbay a happy, healthy and prosperous place for our whole community.

Supporting the work of the Leader of the Council, the Cabinet and all councillors is the officer structure of the Council, headed by the Directors and their Senior Leadership Team. This includes the key Statutory Officers who are represented at the most senior level of the Council.

Torbay Council employs 1,654 full time equivalent staff (as at end of March 2025) including 601 FTE school-based employees.

Torbay Council is a constituent authority of the Devon and Torbay Combined County Authority, which was established on 5 February 2025, after the Minister of State for Housing, Communities and Local Government signed legislation under power delegated by the Levelling-up and Regeneration Act 2023.

The role of the Combined County Authority (CCA) is to use some of the money and powers, that up to now have been held by central government, and work with local leaders and communities to invest in ways that will help to make Devon and Torbay better connected, more competitive, and more prosperous. Further details are available on the CCA website: [www.devonandtorbay-cca.gov.uk](http://www.devonandtorbay-cca.gov.uk)

## Our Community and Corporate Plan

Our Community and Corporate Plan sets out the Council's vision, objectives and priorities. It provides the foundation for all that we do. The Plan brings together the interlinked priorities we need to address to make Torbay a happy, healthy and prosperous place for our whole community. By continuing to work closely with our communities and partners and capitalising on our strengths, we want make Torbay a great place to do business – a place where everyone is able to live their best life.

In preparing the Community and Corporate Plan, consideration was given to the Torbay Profile which describes the opportunities and challenges which are facing Torbay in terms of demographic, economic, social and environmental issues. Given these opportunities and challenges, the Community and Corporate Plan covers a twenty-year time period which is felt to be a realistic timeframe to achieve our ambition.

The Plan identifies three strategic themes, each with several priority areas:

- Community and People
- Pride in Place
- Economic Growth

It 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

The Community and Corporate Plan can be read online: [www.torbay.gov.uk/corporate-plan](http://www.torbay.gov.uk/corporate-plan)

Our Council Business Plan is the delivery plan for our Community and Corporate Plan. Whilst the Community and Corporate Plan sets the Council's vision, objectives and priorities for the next twenty years, the Council Business Plan is a more focussed delivery plan of what the council will undertake through until 2027.

The business plan sets out, against each theme of the Community and Corporate Plan, the priority actions which the council will take, together with the key milestones for delivering those

actions. It also includes key performance indicators to help us measure our progress towards the outcomes we are seeking to achieve.

The Council Business Plan can be read online: [www.torbay.gov.uk/council-business-plan](http://www.torbay.gov.uk/council-business-plan)

The Council's performance framework sets out how, across the whole organisation, we manage and report our performance against both the Community and Corporate Plan and the Council Business Plan.

A quarterly performance report is produced and considered by the Senior Leadership Team and members of the Cabinet. It is reviewed by the Overview and Scrutiny Board who hold the Cabinet to account for delivery of the Council's priorities.

Regular performance reporting has been maintained for both senior officers and politicians throughout.

The following sections set out the priorities for each theme of the Community and Corporate Plan and the achievements that we have made during 2024/2025 in meeting those priorities.

## Community and People

Within this theme, we will:

- Ensure our town centres are safe and welcoming for all.
- Keep children safe in their communities and provide safe environments for our young people to thrive in.
- Ensure early intervention is effective and targeted.
- Provide the best care and support available so that residents are empowered to achieve what matters most to them.
- Provide clear signposting for those needing our help.
- Support and encourage community action.
- Improve wellbeing and reduce social isolation.

During 2024/2025:

We have increased the capacity of our town centres team which has significantly increased enforcement activity. The newly implemented Public Space Protection Orders led to 418 alcohol-related interventions and 27 dispersals. The Leonard Stocks Hostel was purchased to facilitate wider strategic place-shaping in the area. Feedback from the public and retailers is fully appreciative of the uniformed presence and engagement work.

We have introduced a residents' discount scheme known as My Bay. 1,749 people have signed up to the scheme, of which 704 are carers. 137 businesses have joined, offering exclusive benefits for My Bay Card holders.

We are on track with our re-procurement of our 0-19 services to support our Family Hub model and support young people with special educational needs and/or disabilities (SEND) to the age of 25. Early identification and intervention are a key focus within the procurement specification for these services.

We have made great progress towards achieving the UNICEF UK Child Friendly Community status. We have a dedicated project manager in place and a Project Board which includes

members and partners as well as officers. We are currently working with UNICEF as part of our 'discovery phase'. We carried out a wide range of consultation activities in the last year. We engaged with children and young people, schools, community groups and early years setting. We held workshops with our Senior Leadership Team and external partners and held a very successful Discovery Day in April 2025. This was attended by children and young people, councillors, professional and partners from health, schools and voluntary community providers. Since this event we have updated our evidence summary with the responses from our various engagement and consultation activities. We have also developed a badge rationale which sets out our priorities based on our assessment of need.

We have carried out an analysis of the condition, risk, play value and location of our 74 playgrounds. The results of this have been placed into priority order using socio-economic statistics. A proposed improvement strategy was presented to Cabinet and Overview and Scrutiny in May 2025 and following this, Members will visit sites to agree a schedule of works for 2025/26.

To support promoting health behaviours and environments, our Torbay on the Move Active Workplace challenge ran for 25 days in March 2024. 431 participants across 24 workplaces took part and together walked 104,240,286 steps. This is the equivalent to walking around the world twice and equates to a saving of around 2.4 tons of CO2 emissions.

Our pilot scheme to loan blood pressure monitors has been expanded across the Bay via libraries. Blood pressure checks led by community pharmacies have taken place at events, including sports events. We are working well with the Happy Hearts peer support group on promoting and expanding this area of work.

We have been working with early years settings and schools to tackle anti-microbial resistance. We carried out a range of promotional activities, including stressing the benefits of hand washing by using a light box and a special gel to show the parts of their hands they might have missed. The activities, including assemblies and in class sessions took place during Anti-Microbial Resistance Week in November 2024. The team were nominated for a national award for their work.

A new contract has been procured for our Sexual Health Services, this will start on 1 July 2025.

We have agreed the Memorandum of Understanding for Adult Social Care with Torbay and South Devon NHS Foundation Trust, along with the Financial Transformation Plan. The Transformation Plan is now in place with monthly reports to the Section 75 Executive. The Plan has delivered key milestones including:

- 79% of community referrals to reablement services now need no ongoing support.
- The Front Door Project has increased diversion to community resources from 4 to 11 people per week.
- There has been a 21% increase in referrals to Technology Enabled Support and Champions are now in place.
- £1.7m savings in complex case reviews is on track and cost improvement plans are focussed on reviews to save £5.3m through promoting independence.
- The Target Operating Model is now being shared and priorities for 2025/26 have been agreed.

Our Carers Strategy has been agreed, and the Interagency Action plan has been approved. We have offered free My Bay resident discount cards to registered carers in Torbay, and we have offered Carers Leave to our employees. We carried out a variety of awareness activities, including an employee wellbeing event during Carers Week. The Carers work has a strong focus on co-production, which continued this year. Direct payments to carers are performing well.

We have reviewed our Public Health webpages to make sure all our content is up to date and we have worked across our service for consistency in content, especially where subjects might overlap across multiple pages. Our Healthy Learning website is continually reviewed to reflect Public Health programmes and policies that may be of benefit to schools or are used by them.

We reviewed how we ran our Community Ward Fund in 2023/24, and we have put in place an updated framework for 2024/25. Most applications received have been decided upon and work is now underway to roll out the scheme for 2025/26.

The Big Plan, our Plan which was written to make sure that people work together to make things better for people with learning disabilities in Torbay, is now well embedded. This has made sure we have a joined-up approach in improving services for people with learning disabilities in Torbay. The Community Wellbeing Contract was published on 1 April 2025 and the Supporting Housing Plan is due for completion in quarter one of 2025/26.

The Joint Strategic Needs Assessment which is supporting young people who experience SEND to live independently, has been embedded to use alongside live data to inform commissioning for SEND services. A new Education Health and Care Plan format was completed which embeds preparation for adulthood and independent living at its heart. The public launch is planned for 1 September 2025. Joint agency transition meetings are embedded at operational level to plan for complex needs.

As part of our priorities under our Torbay Suicide Prevention Action Plan we hosted a webinar for local professionals on emotional health and wellbeing support for children and young people. 164 people attended with 4.9 out of 5 saying they found it useful and all of them telling us they would like the webinar repeated every year. We also hosted a domestic homicide review /suicide prevention conference in collaboration with Devon Public Health Teams. 137 people attended with 85% saying they would like an online follow up. In terms of raising awareness, we successfully applied to host the South West leg of the Baton of Hope national tour which aims to spread the message of suicide prevention.

We continue to deliver against our priorities within the Domestic Abuse and Sexual Violence Strategy. We carried out a mapping exercise to understand any gaps or duplication in our Domestic Abuse and Sexual Violence training. We have developed Sexual Violence Ambassadors and an informed Lived Experience Network. We have worked hard to stabilise the structures in place by seeking long term funding and there is a further 12 months funding to continue the LGBT+ and Court Domestic Violence advocacy roles. The Statutory Safe Accommodation Needs Assessment has been refreshed and the action plan updated. We are working with transport services to deliver a safety initiative using funds from Great Western Railway. Economic Abuse training was delivered across our partner organisations. Three Domestic Abuse, Stalking and Honour Based Violence (DASH) courses were delivered to 30 people and five Domestic Abuse Champions training courses were delivered. This resulted in 86 new Champions bringing the total number to 676 across Torbay.

## Pride in Place

Within this theme, we will:

- Draw investment into our towns and breathe life into our town centres, partnering with the private sector to deliver major projects.
- Maximise heritage and cultural opportunities for the enjoyment and benefit of residents and visitors.
- Ensure the effective operation of SWISCo to have resources to reinvest in Torbay.
- Deliver priority capital projects within the Council's Capital Programme.
- Improve the delivery, affordability and quality of housing (including housing standards) for residents in Torbay.
- Improve the delivery of our planning service.
- Protect and enhance our lived, built and natural environments, including our green spaces.

During 2024/2025:

Work to deliver our Housing Strategy included two Hotels to Homes projects which are well underway. The St Kilda's scheme in Brixham, where a former care home is being demolished to make room for 23 new flats for social rent, is now on site and progressing well. Our Housing Strategy Action Plan, which sets our vision and approach to improve the delivery, affordability and quality of housing across Torbay was adopted. We also have various regeneration projects currently being redesigned to make sure they are viable.

The Devon and Torbay Combined County Authority (CCA) was established in February 2025. A range of Advisory Groups to support the work of the CCA have been established including the Business Advisory Group. The projects with the capital funding programme are being delivered in accordance with Government's requirements.

Work to provide support for those who are homeless continues with significant achievements made this year. Despite an increase in demand, we have maintained both a balanced temporary accommodation budget and made sure the Government requirement of not having families in B&B accommodation has been met. The coproduction of the Homeless and Rough Sleeping Strategy and action plan has resulted in a renewed partnership in Torbay to tackle homelessness collectively, placing us in a good position for 2025/26.

We have made great progress across our three towns with our town centre regeneration schemes. We have completed the Harbour Public Realm scheme in Torquay, finalised the deal to end the MDL lease of the Pavilion and progress with the design of the Strand and Union Square schemes has been made. In Paignton we have demolished the Victoria Square car park and a full review has been carried out of the schemes for Crossways and Victoria Square. We have appointed contractors for the Station Square and Paignton/Preston promenade scheme. In Brixham, the design of the Port Infrastructure Project and the Town Centre car park has been completed and the regeneration partnership with Milligan and Wilmott Dixon is going well and working effectively to support delivery of our key town centre schemes.

We have made good progress throughout the year to enhance our cultural heritage. The surrender of the lease on the Pavilion meant we could secure the site and progress the first

stage of the restoration. We have been working with partners to identify options for the future operation of the site. Work is underway for the first phase of the restoration of Oldway Mansion. The Torre Abbey New Beginnings project has secured investment for the development phase of the Torre Abbey regeneration project. The development year commences in April 2025 and will include community and professional consultation and provide us detailed and costed plans for the delivery phase of the project.

The Culture Strategy will follow a review of how we are working on cultural activity. This is expected to be completed in the summer of 2025 and will provide the Council, partners and Arts Council England with an updated foundation to work from. Throughout this year, operational work with partners has been the focus, and we have dedicated significant time and additional resource to make sure that the restoration of Paignton Picture House and its role in Paignton and Torbay's cultural life, is enhanced. There has also been work with partners to secure funding for the UNESCO Geopark to improve awareness of the extraordinary place Torbay is.

Work has been underway to consider whether we can establish a showground in Torbay. Initial research shows the need for basic infrastructure such as power, water supply, Wi-Fi and well-draining land. We began discussions regarding the potential adjustments to Paignton Middle Green and other related areas as a showground. There is potential here for works to take place as a benefit of the Paignton/Preston promenade scheme. Discussions have been taking place across various teams to look at this as an outcome of sea defence reinstatement works.

Operation Brighter Bay. In 2024/25 there was an increase in our highway verge cutting schedule. SWISCo have delivered against all the increased schedules and targets and we've seen a noticeable improvement in the appearance of the Bay. We introduced:

- A fortnightly 'final mile' cutting and sweeping schedule.
- A Brixham based street cleansing team.
- Additional highway operational teams working against 'right first time' repairs and there was a 100% increase in weed spraying schedules.
- We introduced a weed ripping machine in November 2024 and additional hanging baskets and planting.
- SWISCo have delivered against all of the increased schedules and targets and there has been a noticeable improvement in the appearance of the Bay.
- Alongside the continued development of the Abavus 'Report it' system there has been a significant improvement in response times to reports of fly tipping, long grass and graffiti etc.

We have awarded the contract for the Paignton Sea Defence Scheme. The contractor and the delivery team have begun the early contractor involvement stage of design.

Our new Council Climate Action Plan was agreed and has been adopted. We secured additional funding for decarbonisation projects including Paignton Library and Sherwell Valley Primary School in Torquay. We've added three more electric vehicles to our fleet and the 'Greener Way for the Bay' framework and action plan was adopted by the Torbay Place Leadership Board.

SWISCo's Highways Team continues to review collision and speed data from our highway network to help improve road safety, especially around schools and address speeding traffic

spots. In 2024/25 priority was given for the implementation of additional 20mph zones. This included the continuation of the residential zones in the Queensway area of Torquay and the Fisher Street area of Paignton. We've also made six heavy traffic locations next to schools a priority. The Highways Team also lead on making sure we have an effective partnership with Vision Zero South West (VZSW) in terms of reducing casualties on Torbay's and the wider South West region's roads. Working with VZSW, we have secured upgrades to four of our fixed speed and red-light violation camera sites with a fifth to follow in 2025/26. We also have funding for two mobile vehicle actuation signs to be temporarily deployed at locations of concern. In addition, Council funding was used to replace several defective fixed vehicle actuation signs to further encourage speed compliance.

We have made improvements in Planning Services, and a Power BI Dashboard has been installed which monitors our performance. We have secured Digital Planning Improvement Funding from Government and Government Local Plan Funding Award monies to allow for progress on the next stage of the Local Plan. The first year of the Heritage Places Programme was successful and included securing new resources. There has been progress on the Local Plan in preparation for Regulation 18 Consultation, through the Local Plan Working Party.

## Economic Growth

Within this theme, we will:

- Encourage aspiration, providing opportunities for everyone to raise their skill level, particularly in high value careers.
- Drive training opportunities across all sectors to empower people to improve their skills.
- Improve transport links to and within Torbay.
- Develop a year-round economy.
- Increase the amount of full-time employment opportunities within Torbay.
- Focus on inclusive growth, with opportunities which benefit everyone.

During 2024/2025:

To help improve skills and qualifications of local people, including children and young people, we have re-established Build Torbay and have a strong reputation amongst local stakeholders. The UK Shared Prosperity Funding (UKSPF) has been successfully delivered and shortlisted for a national award. The 2023-2025 programme has ended and we have put in place effective programme management which gives a seamless transition into the programme for 2025/26. Our High-tech sector has focused better on engagement with young people and have been attending schools events to promote careers in local tech-based businesses. The work of one local High-tech company has been embedded into the geography and chemistry curriculum of a local school.

The UKSPF programme has been delivered successfully as part of our work to develop a series of training programmes. The work has really made a difference and those involved have seen a positive return on the investment made. Businesses and jobs are being created

as well as support for people to improve their skills and give them confidence to return to work.

The Devon and Torbay Local Transport Plan was completed and endorsed by Cabinet, ahead of consideration by the Devon and Torbay Combined County Authority. A joint bid for making the entire Stagecoach fleet electric was successful and further funding from Active Travel England was secured for the implementation of local cycling and walking infrastructure plan schemes.

The High-tech Cluster has moved on since appointing a new Chair. It is focused on attracting the next generation of young people and raising their profile. The Technology Park project remains fundamental to the ongoing retention and growth of the High-tech sector and it is expected that a site will be confirmed in the second quarter of 2025/26. We have worked with representatives of other potential high growth sectors to develop a deeper understanding of the investment needed to support their growth to complement Torbay's traditional economic strengths in tourism and healthcare.

A new group has been established to identify how to support the potential growth of creative industries in a similar way to how the High-Tech Cluster has grown. Research was undertaken earlier in the year to look at the potential and experience with the Tech Park shows that limited employment land could stifle growth, this needs to be addressed.

## Our performance

Within the Community and People theme:

The number of people receiving support via the Family Hubs is much better than target of 35,000 at 41,287. This is an increase of 8,597 on the previous year.

The annualised rate per 10,000 children of referrals to Children's Services during 2024/2025 is better than target at 702 (target 755). This is an improved performance on 2023/24 which was at 745.

At the end of 2024/25, the percentage of people with a learning disability in settled accommodation, with or without support was better than the target of 80% at 86.2%. This is an improvement on the 2023/24 year end which was 83.6%.

The rate per 10,000 children of cared for children was on target at the end of 2024/25 at 111. This is an improvement on the previous year which was 118.

At the end of 2024/25, the percentage of cared for children aged 15 or under who have been cared for children for 2.5 years or more, who have been in the same placement for two years or more, or who are currently placed for adoption and their current and previous placement totals two years or more was 64% and on target. However, this is a slight decrease in performance on the previous year (66% 2023/24).

The percentage of referrals in the period that were previously open to Children's Services within the last 12 months was 25% and worse than target at the end of 2024/25. This is a decrease on 2023/24 which was at 27%.

The annualised rate of children becoming cared for per 10,000 children increased to 35 at the end of March 2025 meaning that more children need to be cared for by the Council. This performance indicator is much worse than the target of 28.

The 2024/25 actual to date for average customer wait time when contacting Customer Services by phone is much worse than target at 5 minutes and 40 seconds against a target of 5 minutes. This is a decrease in performance from the previous year which was 4 minutes and 28 seconds.

Within the Pride in Place theme:

Based on provisional data subject to validation with the Department for Transport, the number of people killed or seriously injured on Torbay's roads is much better than target at 36 for 2024/25. This is an improvement on 2023/24 which was 52 people.

The percentage of grass cutting, street sweeping and line marking schedules due that were achieved during the period, are all much better than target at the end of 2024/25. Grass cutting is 96% and street sweeping and line marking are both 100%.

The number of repairs and interventions made to our carriageways and footways is on target at 7,657, which is an increase on the previous year of 1,271.

The percentage of care experienced young people in suitable accommodation is on target at 89% at the end of 2024/25. This is an improvement on performance in 2023/24 which was 82%.

The number of events facilitated on Council land was 89 and on target. There were three more events held in 2024/25 than in 2023/24.

For minor planning applications, the percentage determined within timescales (including extensions of time) is on target at 82.25% and the percentage of appeals allowed is better than target at 27.78%.

The number of families in bed and breakfast accommodation for longer than 6 weeks this quarter (to whom we owe a housing duty) is worse than target at 1 (target and 2023/24 figure 0).

The number of rough sleepers is worse than target at 29 (target and 2023/24 figure 27).

The percentage of weed spraying schedule due achieved during the period is worse than target at 79% for the 2024/25 annual actual compared with the target of 85%.

Capital monies spent on flood alleviation and coastal protection schemes is much worse than target at £1,273,030 (target £4,000,000). This is however, an increase on the previous year of £839,383.

For major Planning Applications, the average number of days taken to validate from when required information is received is worse than target at 5.50 days compared with the target of 5. Applications determined within timescales (including extensions) is much worse than target at 66.67% compared with the target of 80.00%. The percentage determined within timescales (without extensions of time) is much worse than target at 16.67% compared with the target of 30%. Percentage of appeals allowed is much worse than target at 50% compared with the target of 30%.

Within the Economic Growth theme:

The number of people supported through the Multiply programme is much better than the 190 target at 231. However, this is a decrease in performance from 2023/24 which was 437 people.

The percentage of adults with a learning disability in paid employment is 6.6% for the end of March 2025. This is an increase in performance of 0.3% for the same period of the previous year and is much better than the target of 5.5%.

The number of people achieving a new qualification, licence or skill is much better than target at 171 (target 150).

The occupancy rate of at the Electronics and Photonics Innovation Centre (EPIC) is much better than target at 100% (target 80.0%). This is an improvement on 2023/24 which was at 95%.

The number of individuals attending inclusive growth events delivered or commissioned by the Council is much better than target at 499 (target 115). This is an increase of 387 individuals on the 2023/24 figure.

The number of secondary schools engaged with business through Voluntary Enterprise Advisers is on target at 100%, an improvement on 2023/24 which was 93%.

The occupancy rate of Council-let estate is on target at 89.2%. However, this is a slight decrease in performance on 2023/24 which was 90.0%.

The percentage of former cared for children who are now aged 19-21 and in employment, education or training is much worse than target (current performance 53% compared to the target of 71%). This is a decrease in performance on 2023/24 which was 55%.

The number of local bus and light railway passenger journeys originating in the authority area is 5,569,205 against a target of 6,559,801 and is much worse than target. This is 388,165 fewer journeys than in 2023/24.

The number of people supported into work is much worse than target at 88 compared to the target of 130.

The number of electric vehicle charging points installed on Council-owned land is much worse than target at 16 compared with a target of 24.

# Our Financial Performance

## Revenue Financial Summary 2024/25

Revenue spending relates to the day-to-day running costs required for the council's operations, including direct costs such as staffing and utilities costs and services which are commissioned and delivered on the council's behalf.

## Revenue Budget 2024/25

The original revenue budget and council tax was agreed by Full Council on 22nd February 2024 with a total net budget for the council services of £139.2 million (£130.9 million in 2023/24)

Income from fees and charges and many specific grants are applied directly to services to determine our net budget. Our net revenue budget reflects the total amount of corporate resources available to us and contains costs funded by retained business rates, council tax receipts, other specific and general government grants and use of reserves.

An increase to Council Tax payment by 2.75% was agreed and in recognition of the pressures in adult social care, it was agreed that the 2% adult social care precept is also charged – making a total increase of 4.75%.

This increase is below the Government cap of 4.99%, in recognition of the continuing cost-of-living crisis, which is affecting all households. However, the Council as a whole is also impacted and the costs of providing services, which you benefit from on a day-to-day basis also continue to increase.

A summary of the 2024/25 budget by service area is detailed below:

2023/24 Net £m	Directorate/Service	2024/25 Net £m
51.8	Adult Services (Inc. Community & Customer Services)	55.9
50.5	Childrens Services	54.6
10.4	Public Health	10.7
12.0	Corporate Services and Chief Executive	13.8
(12.2)	Finance	(16.6)
(4.1)	Investment Properties	(4.1)
22.2	Place Services	24.9
130.6	<b>TOTAL</b>	<b>139.2</b>
	<b>Sources of Funding</b>	
81.1	Council Tax	86.7
1.6	Council Tax - Adult Social Care Precept	1.7
0.5	Collection Fund Surplus	0
7.7	Revenue Support Grant	8.2
39.7	Business Rates (National Non-Domestic Rates)	42.4
0	New Homes Bonus	0.2
130.6	<b>TOTAL</b>	<b>139.2</b>

## Financial Performance 2024/25

The Council:

- Collected £111.8m of Council Tax which is an in-year collection rate of 95.88% (96.13% 2023/24) and £31.3m of National Non-Domestic Rates (Business Rates) which is an in-year collection rate of 97.32% (94.77% 2023/24).
- Held over £693m of non-current assets including £322m of operational assets (Property, Plant & Equipment) for delivering services, £96.4m of infrastructure assets (including roads and bridges) £49.9m of heritage assets, and £164m of investment properties which generated a net rent of £13.5m in the year.
- In 2024/25 spent £39m on capital projects (and loans for a capital purpose) funded from capital receipts, grants, contributions and borrowing.
- In 2024/25 the total revenue budget was £350m for day to day spend on a wide range of services.
- £230m was budgeted as income, consisting of grants, fees, charges, rent and other income; used to fund the delivery of its services.

## Council Spending in 2024/25

Across the Council there was a total underspend at the 2024/25-year end of £0.351m. The table below provides a summary of the budget and the outturn position across Council services for 2024/25.

Directorate/Service	Final Budget	Outturn	Variation	
	£m	£m	£m	%
<b>Adults and Community Services</b>	55.71	55.43	(0.28)	-0.5%
<b>Children's Services</b>	54.15	53.65	(0.50)	-0.9%
<b>Corporate Services</b>	14.19	14.76	0.57	4.0%
<b>Financial Services</b>	(16.65)	(18.16)	(1.51)	9.1%
<b>Pride In Place</b>	24.91	26.29	1.38	5.5%
<b>Public Health</b>	11.02	11.01	(0.01)	-0.1%
<b>Investment Portfolio</b>	(4.13)	(4.13)	0.00	0.0%
<b>Total Cost of Services</b>	<b>139.20</b>	<b>138.85</b>	<b>(0.35)</b>	<b>-0.3%</b>
<b>Funded By</b>				
<b>Council Tax</b>	88.35	88.35	0.00	0.0%
<b>Revenue Support Grant</b>	8.22	8.22	0.00	0.0%
<b>Business Rates (National Non-Domestic Rates)</b>	42.40	42.40	0.00	0.0%
<b>New Homes Bonus</b>	0.23	0.23	0.00	0.0%
<b>Total Funding</b>	<b>139.20</b>	<b>139.20</b>	<b>0.00</b>	<b>0.00</b>
<b>Revenue Over/(Under) Spend</b>	<b>0.00</b>	<b>(0.35)</b>	<b>(0.35)</b>	<b>0.00</b>

The variances by service are summarised below:

- **Adults and Community Services** – the underspend relates to optimising the use of external funding such as the Healthy Homes grant to fund expenditure expected to be funded from our general fund budget.
- **Children’s Services** – Underspends occurred in costs associated with agency staffing, children’s social care placements and unaccompanied Asylum-Seeking Children (UASC), the latter as a result of funding being claimed from the Home Office be greater than expected. These underspends were partially offset by an overspend in relation to our budgets for Disabilities, due to an increase in demand for day services and placements.
- **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.
- **Investment Portfolio** - The Council’s Investment Portfolio has provided a net revenue contribution, after the use of the investment property reserve to cover lost rent, holding costs of vacant premises and landlord’ works. This means the Council’s investment portfolio has contributed £4.1m towards Council activity, in line with budget, whilst also maintaining its Investment Fund Reserve to offset future pressures as and when they arise
- **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. There is an overspend in relation to management of our Council estate. We have voids in a number of commercial properties, which is resulting in lost income and additional costs are being incurred that would have been met by tenants. There is also an overspend in respect of the operational services previously commissioned by the Council from Torbay Development Agency (TDA).
- **Public Health** - Overall Public Health is reporting a balanced position within its ring-fenced grant. A significant amount of spend relates to the provision of 0-19 services, which is expected to see increased spending pressures in future years linked to inflation. There is a small underspend in relation to non-ringfenced activities

The net 2024/25 underspend across the Council enables the £0.351m year-end surplus to be transferred into a specific reserve to be allocated across priority initiatives to be determined by Full Council on 24 July 2025.

## **Schools**

As at the 31 March 2025, The Council has 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 2024/25 was £57.311m compared with £50.82m in 2023/24. The level of earmarked school reserves as at 31 March 2025 is £4.106m (£3.456m in 2023/24). Further details on school asset recognition and the use of Dedicated School Grant in 2024/25 are included in the notes to the accounts.

As 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 2025, a total of 36 schools have converted.

## **Dedicated Schools Grant (DSG)**

The Education and Skills Funding Agency (ESFA) recognises that the management of Dedicated Schools Grant (DSG) balances, both bringing spend in line with income and repaying deficits, will take time for some local authorities.

A statutory override has been extended by the Department for Education (DfE) to March 2026, this gives the local authority (LA) more time to deliver a DSG management plan and mitigations with the aim to bring DSG annual spend back to a sustainable footing

The Council is part of the Department for Education (DfE) Safety Valve programme, which supports councils in achieving future financial sustainability in this area. If the council continues to deliver on its recovery plan and achieve a balanced higher needs budget, all of the historic DSG deficit will be written off, through additional funding by DfE.

Torbay Council has already received £8.260m from the DfE in response to its recovery plan, without which the DSG cumulative deficit would have been £14.469m at the end of 24/25. The DSG overspend in 2024/25 was £1.713m, against the forecast deficit within the agreed safety valve plan of £481k. It is critical that the Council continues to deliver on its recovery plan and the Service continues to work with Schools and robustly monitors its position.

## **The Torbay and South Devon NHS Foundation Trust**

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. A new five-year agreement has recently been agreed from 2025/26 to 2029/30 at a cost of circa £60m a year.

## **Capital Plan**

The Council spent £39.0m on capital expenditure in 2024/25 (£46.7m 23/24). This spend was funded as shown in the table below.

	2024/25 Budget	2024/25 Provisional Outturn	2024/25 Variance
	£m	£m	£m
<b>Total Capital Programme</b>	<b>32.6</b>	<b>39.0</b>	<b>6.4</b>
	2024/25 Budget	2024/25 Provisional Outturn	2024/25 Variance
	£m	£m	£m
<b>Funded By:</b>			
<b>External Grants &amp; Contributions</b>	26.7	16.4	(10.3)
<b>REFCUS grants and other contributions</b>	0.0	6.8	6.8
<b>Revenue and reserves</b>	1.3	2.3	1.0
<b>Use of Capital Receipts</b>	0.2	0.6	0.4
<b>Borrowing Requirement</b>	13.8	12.9	(0.9)
<b>Total Funding</b>	<b>42.0</b>	<b>39.0</b>	<b>(3.0)</b>

Of the £39.0m, £31.4m 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 2024/25 is shown below:

Corporate Plan Theme	Examples of 2024/25 Schemes
Thriving People and Community	School expansions and developments, Disabled Facilities Grant, Affordable Housing
Thriving Economy	Highways improvements, Town Deal and Future High Street Fund projects
Tackling Climate Change	Green Waste service, renewable energy projects
Council Fit for the Future	Essential repairs

### **Torbay “Group” Companies**

The Council has investments in a number of subsidiary companies.

SWISCo. continued to experience financial pressures in terms of operational delivery throughout 2024/25 - mainly due to higher material and fuel costs. Costs were also high in respect of repairs and maintenance on ageing vehicles and associated hire costs. The annual pay award again had a disproportionate percentage impact on SWISCo given the higher proportion of staff on below average salary rates. The Council has an agreement with SWISCo to fund any additional costs arising from pay awards and as a result provided additional funding specifically to meet the shortfall. Despite the additional pressures the company made a small operating profit of £38.5k for the year.

Torbay Economic Development Agency (TEDC) staff returned into Council management in April 2024, and assets and contracts transferred at different times through the year. The company continues to operate and will prepare company accounts for 2024/25.

Torbay Education Limited, which is run with an objective to breakeven, returned a small operating profit of £8.5k for the year which is retained in the company’s books.

More detailed financial reporting about the Council’s wholly owned Companies can be found in the group accounts section of the Statement of Accounts.

### **Borrowing and Investments**

The Council undertakes borrowing to support its capital expenditure. As at 31 March 2025 the Council had £351m of borrowing, primarily from the Public Works Loans Board (“PWLB”), a decrease of £8m in year.

During 2024/25 £4.7m of PWLB borrowing was repaid early to take advantage of available settlement discounts, and for the purpose of realigning the borrowing portfolio with revised capital plans over the medium term. This early repayment of the PWLB borrowing enabled the Council to reduce net borrowing costs (notwithstanding that some investment income was foregone) and reduce overall treasury risk. In addition, £8m of existing loans matured without replacement.

The Council had £39m (31/3/2024 - £34m) of cash investments at year end, together with £25m of longer-term and strategic investments (31/3/2024 – £15m).

The overall net debt position (including PFI liabilities) was £287m at the year-end compared with £309m at 31/3/2024.

The cash levels were higher in the year primarily because of the timing of the receipt and spend of grants - funding was received in advance, but not fully utilised, particularly in respect of Levelling Up Partnership grants. Such unspent grants will be carried forward and spent in future years in accordance with the terms of each grant. In addition, the Council's capital expenditure in the year was again lower than anticipated, due to the complexity of projects, which resulted in no additional in-year borrowing being required.

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.

## **Pensions**

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 actuarial review in 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 2025, as calculated under IAS19, which is a different basis to the triennial review, is assessed at £4.7m, which is a £0.7m 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 £47.3m for the year, £79.4m cumulatively.

## **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 2025 as part of the 2025/26 budget setting process. The Autumn 2024 budget statement confirmed that the 2025/26 settlement will once again be a one year "roll over" from 2024/25 with commitment made for multiple year settlements in the future. The continuation of one-year settlements 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 put on hold, however the government announced their commitment to pursuing a comprehensive set of reforms which would include changes to the way funds are allocated to Councils, ahead of a broader redistribution of funding through a multi-year settlement from 2026/27.

Although inflation has reduced significantly from the highs of 2022, we do however continue to see residents struggling with the cost of living and this continues to have a consequential effect on the demand for council support services and reducing council income levels. Pay related cost increases and continuing broad demand pressures and costs in both adults' and children's social care continue to put pressure on the Council's financial resources.

Financial stress remains across the sector, with many local authorities struggling to set balanced budgets and publicly indicating they might need to issue S114 notices over the coming months. Whilst this is not a current concern for the Council, it is vital that prudent decisions continue to be made to protect the Council into the future; ensuring that income is optimised through appropriate rises in Council Tax and local fees and charges. Council reserves need to be retained and used strategically.

Despite such uncertainty, at Full Council on 27 February 2025, the 2025/26 budget was agreed and the Council Tax was set. The balanced budget makes sure that we can continue to deliver £380 million worth of services. (details can be found on the Council website).

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

The budget for 2025/26 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.

### **Local Government Reorganisation (LGR)**

LGR is the process of changing how local councils are organised and what they are responsible for. The Government plans to replace the current system of district and county councils, replacing them with more unitary councils. A unitary authority is a single council that handles all local services in an area. It can cover a whole county, part of a county, or a large town or city.

Torbay Council and Plymouth City Council are already unitary councils. Local government services across the rest of Devon are delivered by Devon County Council and one of the eight district and borough councils through what is termed 'two tier' arrangements. Reorganisation would see the end of all two-tier arrangements and see the creation of unitary councils covering all of Devon.

The Government has said that they want to create unitary councils that serve at least 500,000 people. Devon (including Plymouth and Torbay) has a population of around 1.2 million, meaning the most likely number is two or three unitary councils.

Areas were asked by Government to submit interim plans in March 2025. As an area, all the Devon councils received feedback on those interim plans in June 2025. Full proposals need to be submitted by 28 November 2025. Timelines for the remainder of the LGR process are subject to the proposals received. However, elections to shadow authorities could be expected in May 2027 following the 2026 consultation, with new unitaries going live in April 2028.

### **Risk Management**

Torbay Council recognises that there are risks in everything we do. We have a responsibility to identify and manage these risks in a balanced, structured and cost-effective way.

The objectives of our Risk Management Policy are to:

- Embed risk management into the culture and decision making of the Council;
- Integrate risk management into key business processes to ensure there is a consistent approach and that the risks are managed effectively;
- Manage risk in accordance with best practice, whilst developing an approach tailored to meet the Council's own needs;

- Continually identify new and future risks that may impact on the Council;
- Work with partners, providers and contractors to develop awareness and a common understanding of the Council's expectations on risk management;
- Reduce the cost of risk and protect people, assets and the Council's reputation;
- Keep risk registers up to date, regularly maintained and challenged; and
- Ensure effective monitoring and management information is in place, reporting on the key risks facing the Council through our governance arrangements.

The Council currently has seven Strategic Risks and 67 Corporate Risks appearing on its risk registers. Reports are provided to Directors and Audit Committee to update them on the Council's current risk position and make them aware of any notable information with regards to the Council's overall risk management arrangements.

Risks that have scores of 16 or above highlight that there is a probability that it is likely/almost certain that should the risk occur, it would have a major or critical impact on the business.

Below are the risks on the Council's Strategic and Corporate Risk Registers with current mitigated scores of 16 or above.

#### Strategic Risks (mitigated 16 or above)

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

#### Corporate Risks (mitigated 16 or above)

Code	Risk Title	Last Mitigated Score
CP17	Placement sufficiency	25
CP05	Failure to comply with Health & Safety legislation	20
CP14	Delivery of SEND	20
CP15	Failure to stabilise the budget for the Higher Needs block	20
CP46	Effective Housing delivery	20

CP06	Failure for our wholly owned companies to comply with H&S, fire, environmental legislation.	16
CP47	Effective delivery of Economic Growth Strategy	16
CP72	Inadequate resources to satisfy the obligations of the Flood and Water Management Act Schedule 3	16
CP73	Failure to adequately undertake proactive improvement works to cliffs and coastal defences	16
CP75	Failure to effectively maintain and invest in our Operational Estate	16
CP82	Risk of Section 106 money not being deployed against priority areas of need & avoid it being repaid	16

### **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.

### **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:

**The Comprehensive Income and Expenditure Statement (CIES)** records all the council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

Expenditure represents a combination of:

- Service and activities that the council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and
- Discretionary expenditure focused on local priorities and needs

**Movement in Reserves Statement (MIRS)** is a summary of the changes to our reserves over the course of the year. Reserves are divided into “useable”, which can be invested in capital projects or service improvements, and “unusable” which must be set aside for specific purposes. We continually review the money we have in reserves for specific purposes to make sure they are at the right levels, and that our reserves continue to meet our needs.

**The Balance Sheet** is a ‘snapshot’ of the council’s assets, liabilities, cash balances and reserves at the year-end date.

**Cash Flow Statement** shows the reasons for changes in the council’s cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

## **Group Accounts**

The council operates through a variety of undertakings, through either majority shareholding (subsidiaries) or in partnership with other organisations. The council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and/or joint ventures. The Group Accounts included as part of the Statement of Accounts fully incorporate the results of the council with its subsidiary companies. Full details of the relationship can be found in the Group Accounts section of the Statement. Other entities which fall within the group boundary, but which are not consolidated into the Group Accounts as they are not considered to be material, are detailed within the Related Parties note within the Statement of Accounts.

**The supplementary financial statements are,**

**The Collection Fund** summarises the collection of council tax and business rates, and the redistribution of some of that money to Devon and Somerset Fire and Rescue, the Devon and Cornwall Police and Crime Commissioner and central government.

The notes to these financial statements provide more detail about the council’s accounting policies and individual transactions. Our **Annual Governance Statement** 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.



**Malcolm Coe**

**Director of Finance (S151 Officer)**

## Statement of Responsibilities

### The Authority'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 Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

### The Director of Finance Responsibilities

The Director of Finance 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 (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

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

The Director of Finance has also:

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

Certificate of the Director of Finance

I hereby certify that this Statement of Accounts, provides a true and fair view of the financial position, financial performance, and cash flows of Torbay Council for the period ending 31 March 2025.



**Malcolm Coe**  
**Director of Finance (Section 151 Officer)**  
**18 February 2026**

# 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 2025, which comprise the Movement in Reserves Statement, the Balance Sheet, the Comprehensive Income and Expenditure Statement (CIES), the Cash Flow Statement, the Collection Fund Summary Account, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the group accounts, including material accounting policy information. 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 2024-25.

We do not express an opinion on the accompanying financial statements of 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 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

On 28 February 2025, we issued a disclaimer of opinion on the Authority's and the group's financial statements for the year ended 31 March 2024. We were not able to obtain sufficient appropriate audit evidence by 28 February 2025, the previous backstop date, over the Authority's and group's opening balances, in-year movements in the net pension liability and property, plant and equipment, the closing balance of property, plant and equipment and the closing reserves balance reported in the financial statements for the year ended 31 March 2024. We were therefore unable to obtain sufficient appropriate evidence over the associated corresponding figures for the year ended 31 March 2025 for the same reason.

As a result of the limitations imposed by the backstop date, we have been unable obtain sufficient appropriate audit evidence over the Authority and group's opening balances of property, plant and equipment and reserves reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over their in-year movements. Similarly, this has also resulted in uncertainty over the closing balance of property, plant and equipment of £322.9 million and reserves of £296.9 million as at 31 March 2025.

In addition, our audit identified deficiencies in the Authority's financial accounting and record keeping. The Authority was not able to provide sufficient appropriate audit evidence to support the balances of debtors of £70.5 million and classification of leases as operating or finance leases and the associated disclosures reported in the financial statements as at 31 March 2025.

We have concluded that the possible effect 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 2025 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 matters 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 2024-25, 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 matters 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 Statement of 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 2024-25, 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 matters 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 the 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 matters 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 2025.

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

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. This weakness remained in 2024-25. 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, on 18 November 2025, we identified a significant weakness in the Authority’s arrangements for improving economy, efficiency and effectiveness. This was due to a significant weakness identified by joint Ofsted and CQC inspection findings on the Council’s arrangements for Special Educational Needs and Disabilities (SEND) that identified concerns about the quality of experiences and outcomes for young people. We recommended that the Council and its partners carefully monitor and drive forward improvements within this service, coupled with regular member oversight of progress.

### **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 have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in 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 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

### **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

25 February 2026

# Annual Governance Statement

**2024/2025**

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## Executive Summary

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

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

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

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

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

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

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



Anne-Marie Bond  
Chief Executive



Councillor David Thomas  
Leader of the Council

18 February 2026

## 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.

This Annual Governance Statement covers the financial year 2024/2025. However, it is a requirement that the Statement includes details of any governance issues that have occurred between 1 April 2024 (i.e. the start of the financial year) and the date at which the Council's Statement of Accounts are signed by the Chief Financial Officer (in this case mid February 2026).

# Key governance arrangements

## The purpose of the governance framework

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

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

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

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

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

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

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

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

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

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

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

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

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

- To provide clarity, the following are included within the Council's Constitution:
  - Schedules of Local Choice Functions and Council Functions
  - Scheme of Delegation of Executive Functions to the Cabinet, Cabinet Committees and Officers
  - Article 5 – Overview and Scrutiny
  - Terms of reference of the Overview and Scrutiny Board
  - Local Protocol on Relations between Overview & Scrutiny and the Cabinet

- Local Protocol – Good Governance the Torbay Way – Effective Administration and Opposition Leaders’ Agreement and Principles
- Job Descriptions
- Roles and responsibilities of Members and officers (and how they inter-relate) are also made clear during induction programmes.
- The Overview & Scrutiny Leadership Quarterly meetings include the Leader of the Council, Group Leaders and Chair and Vice-Chair of the Overview and Scrutiny Board and Chair of Audit Committee to enable linkages across Cabinet, Overview and Scrutiny and Audit Committee.

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

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

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

- To provide clarity, the following are included in the Council’s Constitution:
  - Local Protocol on Member and Officer Relations
  - Members Allowances Scheme and Job Descriptions

- In accordance with our commitment to provide transparency, on our website we publish:
  - Our Organisational Chart covering each member of staff in the top three levels of the organisation.
  - Details of the number of employees whose remuneration was at least £50,000, including their responsibilities.
  - Our Annual Pay Policy Statement and Gender Pay Gap Report
- An Independent Remuneration Panel is in place to keep the Members' Allowances Scheme under review and make recommendations regarding the Scheme.
- There are a range of partnerships in place:
  - An Annual Memorandum of Understanding in place with the NHS for the delivery of adult social care by the Integrated Care Organisation.
  - Torbay and Devon Safeguarding Adults Partnership
  - Torbay Safeguarding Children Partnership which operates in line with the requirements of the statutory guidance Working Together to Safeguard Children 2018
  - The Community Safety Partnership (known as Safer Torbay)
  - Family Hub Board identifies local needs or gaps and suggests how community strengths may address them
  - Health and Wellbeing Board
  - Torbay Voluntary Sector Network
  - Torbay Place Leadership Board
- Our Corporate Safeguarding Policy sets out that the responsibility for safeguarding applies to every employee, volunteer, contractor, partner, agency worker and elected Member of the Council.

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

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

- The Council's Constitution includes a Code of Conduct for Members, a Code of Conduct for Employees and a Local Protocol on Member and Officer Relations.
- Procedures are in place for the Assessment and Determination of Allegations of Breaches of the Member's Code of Conduct.
- The Code of Conduct for Employees and Whistleblowing and Acceptable Behaviour policies available to all staff via MyView.
- Customer Service Standards are in place.

- The Council has in place an Internal Audit Plan which sits alongside its governance framework and our information governance arrangements.

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

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

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

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

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

- The Council has standard formats for reports to decision makers and Records of Decision.
- The Code of Conduct for Members and Employees includes details around conflicts of interest.
- Audit Committee in place as part of the Council's governance arrangements.
- The Council has a Complaints Procedure in place.

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

- The Council's standard format for reports to decision makers includes the legal and financial implications of the recommendations. Guidance and advice is available for completion of Equality Impact Assessments within those reports and through officer support.
- Quarterly budget monitoring and performance reports are presented to Senior Leadership Team, Cabinet Members and Overview and Scrutiny Board
- There is an approved Community Engagement and Empowerment Strategy.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Principle 7: Securing continuous improvement in service delivery and ensuring that its agreed policies, priorities and decisions are implemented on time, in a manner consistent with the needs of its user and in the most effective way.

We are committed to continually improve effective service delivery arrangements.

- The Council has in place a Performance Management Framework which includes setting annual targets for performance indicators.
- The Council Business Plan sets out milestones towards delivery of priority projects and Service Plans prepared for services across all Directorates.
- A quarterly corporate performance report is published and considered, with performance celebrated and challenged.
- The Statement of Accounts provides a Narrative Report which explains the Council's achievements against the Community and Corporate Plan over the past year alongside the Council's financial performance.

- Customer Service Standards in place.
- Improvement Plans put in place to respond to external inspections:
  - Children’s Services Continuous Improvement Plan.
  - Special Educational Needs and/or Disabilities Written Statement of Action
  - Safety Value.
- Six monthly reports are considered at Directors’ Overview Meeting on those areas of the Council subject to external inspection.
- Asset Management Strategy in place to ensure the effective use of the Council’s assets.
- Council Re-design Programme in progress to move towards agreed Target Operating Model.

# Review of effectiveness

Torbay Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of the Devon Assurance Partnership's annual report and by comments made by the External Auditors and other review agencies and inspectorates. This review is demonstrated through the Annual Governance Statement.

The effectiveness of the governance framework has been evaluated over the course of the year against the seven principles within Torbay Council's [Code of Corporate Governance](#). Details of the evaluation is included in the sections which follow. Whilst some governance issues have been identified (and are detailed below), the Council believes that its arrangements continue to be regarded as fit for purpose, in accordance with the governance framework.

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

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

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

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

A revised Performance Management Policy was agreed in December 2024 and work is underway to develop and share the associated framework which will assist officers across the Authority to focus on improving performance. The Policy includes the service planning cycle with Directors preparing a set of Service Plans for their Directorate. In making them an effective tool to support the Council's continuous improvement, guidance for target setting has been published. The Service Plans are reviewed corporately to ensure complete coverage of Council Business Plan milestones and to identify inter-relationships. The Member Development Programme was reviewed ahead of the Local Elections in May 2023 to provide a comprehensive induction programme and is kept under continual review to provide ongoing learning and development opportunities for members, further details are included under Principle 5.

The Statement of Accounts 2024/25 are being prepared and will be audited by Grant Thornton. The Council's accounts and the Auditor's annual report are publicly available on our website. Both the internal and external auditors' reports are considered by the Audit Committee together with the associated management response. The external Audit

Findings for Torbay Council for 2023/2024 were presented to the Audit Committee in February 2025, with the Committee reviewing the management action plan in March 2025.

The external auditors found no material issues with the Council's Statement of Accounts for 2023/2024, although recommendations were made about the level of resource and resilience within the Council's Finance Directorate. These recommendations have been addressed in 2024/2025 through the use of short-term, experienced interim officers with a long-term plan in place to address the capacity issues within the service.

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

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

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

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

In September 2025, the Care Quality Commission (CQC) rated Torbay's Adult Social Care services as 'Good', reflecting strong performance in co-production, integration, and person-centred care. This was the first holistic assessment of all Adult Social Care services in Torbay, which are commissioned by Torbay Council and delivered by Torbay and South Devon NHS Foundation Trust as part of the Integrated Care Partnership.

While the outcome demonstrates significant progress, the CQC identified areas for improvement. Action plans will be developed and implemented to address these findings, ensuring continuous improvement and alignment with best practice standards.

Children's Services publish an annual self-assessment which is used as a basis for our Annual Conversation with Ofsted. We continue to work with the Department for Education

and Care Quality Commission to improve the services for our children and families who experience SEND. During 2024/2025, the Council invited the Local Government Association to conduct two Peer Reviews within Children's Services – one focussed on Resources and Efficiency and the other on Special Educational Needs. The ongoing development of action plans based on the reviews' findings will help address identified issues and implement recommended improvements, driving continuous service enhancement.

Ofsted undertook its inspection of local authority children's services (ILACS) in January 2026. At the time of writing the outcome of this inspection had not been published.

Our Medium-Term Resource Plan was formally revised as part of setting the Council's budget in February 2025. The Council's budget was kept under review throughout the year by Directors and Members of the Cabinet with quarterly budget monitoring reports being considered by the Overview and Scrutiny Board.

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

- 2026/2027: Core Spending Power increase of £9.7m (5%).
- 2027/2028 and 2028/2029: Maximum increase of 1% per year, equating to just £1.9m annually.

These figures assume annual Council Tax increases of 4.99% and optimistic growth in the tax base. The net increase of £1.9m per annum will fall well below predicted inflation and will not meet rising costs, including salary uplifts and increased demand for social care.

This settlement is particularly poor compared to other councils and appears inconsistent with the Fair Funding Formula's stated aim of supporting areas of deprivation. The Council will make representations to Government and engage with local MPs before final figures are confirmed in February 2026. If unsuccessful, the Council faces funding gaps of approximately £3m per year from 2027/2028 onwards.

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

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

In October 2023, a partnership of Wilmot Dixon and Milligan was appointed, by the Cabinet, as the Council's Regeneration Partners. The governance of the partnership is managed through a monthly Partnership Board and Project Review Meetings, both of which report to the Capital and Growth Board to provide oversight. The Cabinet Capital Projects Working Party provides cross party oversight of capital projects, which includes updates on projects being delivered by the Regeneration Partners. Bi-monthly meetings of the Investment Management Board were held to provide management oversight of the performance of our investment property portfolio. Work is

underway to develop a framework to standardise the measurement of holding or releasing assets.

Regular updates on the Council's counter fraud and anti-corruption arrangements are presented to Audit Committee. Devon Audit Partnership undertook periodic proactive fraud awareness sessions for both officers and members. The Council's anti-fraud arrangements are assessed by the external auditors alongside the Statement of Accounts. Work continues to raise awareness of fraud prevention across the Council with a range of training sessions and courses in place. A fraud risk register is being established with further work required to ensure that all services complete a regular fraud risk assessment.

A draft Local Operating Policy for Governance of Council Wholly Owned Companies has been developed. Company boards monitor performance at least quarterly, with the Divisional Director for Economy, Environment and Infrastructure monitoring performance of SWISCo on a day-to-day basis. Following the restructure of the Pride in Place directorate, this responsibly changed to the Divisional Director for Place Strategy. Subsequently, a review of the approach to performance managing SWISCo was started in Autumn 2025.

The Overview and Scrutiny Board review the performance of Wholly Owned Companies annually, with the Board considering the SWISCo Annual Report at its meeting in July 2025. A summary report of all Wholly Owned Companies audits will be considered by the Audit Committee in February 2026.

In addition, Shareholder Boards for the Council's wholly-owned companies are held to discuss reserved matters and receive period briefings. The frequency of these meetings differ according to the company and its activity.

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

On 24 October 2025, Torbay Council was advised by the Torbay Coast and Countryside Trust (TCCT) that its Trustees had resolved to place the company into creditors' voluntary liquidation. Liquidators were appointed to oversee the responsible handling of the Trust's assets, which include:

- Occombe Farm
- Cockington Country Park (excluding Cockington Court)
- Berry Head National Nature Reserve

Formal notice of liquidation was received during the week commencing 8 December 2025, and on 10 December 2025, Torbay Council took possession of the land and buildings previously leased to TCCT. An agreement was reached with the appointed liquidators, PKF Francis Clark, to resume management of all council-owned land and buildings formerly managed by the Trust.

This agreement is a vital step in securing the long-term future of these green spaces with and the Council, working with SWISCo, will assume responsibility for their day-to-day management.

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

The Council's Constitution has been kept under review by the Monitoring Officer, Chief Financial Officer and Head of Governance Support, in consultation with the Leader of the Council and Group Leaders whereby improvements and changes to the Constitution were made and agreed. Over the course of the year, the Constitution was amended to ensure that it was up-to-date and fit for purpose, with the following sections being updated following consultation with the Council Leadership Group:

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

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

As well as the Peer Challenges referenced elsewhere in this Statement in relation to Children's Services and Adult Social Care, the Council also took part in a Corporate Peer Challenge in April 2024. This forms part of the improvement and assurance framework for local government and are recognised as assisting councils to meet their Best Value duty by having such a review at least every five years. The Council published the report from the Corporate Peer Challenge with the headline being that "the council is in a very different and much better place compared to a few years ago and has a solid foundation".

As expected, the report also contained 15 recommendations and the Council developed an action plan to address these. Monitoring of the progress against the action plan was undertaken monthly by the Council's Directors, quarterly by members of the Cabinet and twice by the Council's Audit Committee. A progress review was undertaken in April 2025 with the action plan having been completed and work is now underway to ensure that delivery continues.

The Chief Financial Officer has direct access to all Members, the Chief Executive and senior officers of the Council. Regular discussions are held with the Leader of the Council and the Cabinet Member with responsibility for Finance. Members are briefed on key

financial matters with revenue and capital monitoring reports being considered on a quarterly basis.

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

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

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

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

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

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

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

The Trust has now indicated its intention to give notice on the Section 75 Agreement in spring 2026, which will result in the disbanding of the Integrated Care Organisation. The Trust does not currently consider this decision to require public consultation; however, the Council believes this represents a substantial change for local communities and that consultation is essential.

The Torbay Model has historically relied on using health funding to support adult social care, reducing costly hospital admissions. Integration led to the closure of several hospital wards over time. Independent verification confirms that the Council's financial contribution to the Integrated Care Organisation is fair and appropriate.

To prepare for this transition, the Council has established a Transition Group to ensure readiness for the direct delivery of Adult Social Care services once the agreement ends.

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

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

Torbay's Place Leadership Board, a partnership bringing together organisations from across the private, public and civic sectors, is the custodian of the Torbay Story working to champion investment in support of it. Increasingly it brings together partners to share issues and identify ways in which collaborative responses can lead to better outcomes for the area. The Place Leadership Board will report to the Council's Overview and Scrutiny Board periodically to highlight successes and challenges.

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

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

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

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

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

The Monitoring Officer has shared a guide to the role of Councillors on social media to raise awareness of acceptable behaviour and standards for use of social media. The Council's induction programme signposts new members of staff to the Code of Conduct for Employees and the Whistleblowing and Acceptable Behaviour policies. Reminders are included at regular intervals on the Staff Newsletter.

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

Devon Assurance Partnership operates in line with the Public Sector Internal Audit Standards. The Internal Audit Plan is agreed annually by the Director of Finance, Directors' Overview Meeting and the Council's Audit Committee. The Council also receives assurance from the NHS Internal Audit Consortium over the controls in operation at Torbay and South Devon NHS Foundation Trust. Achievement against the Audit Plan was reported to the Audit Committee on 25 February 2025.

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

The first Annual Report of the Audit Committee was presented to the Council at its Adjourned Annual Meeting in May 2025. The report summarised the work of the Committee during 2024/25 and described how it had fulfilled its duty.

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

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

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

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

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

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

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

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

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

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

The Phase 2 Risk Management Improvement Plan has been delivered over the year, with a risk appetite workshop held for Directors in December 2024. Plans are in place to roll-out risk appetite briefings to members and senior officers during 2025/2026. The Audit Committee continue to receive regular reports in relation to the Council's Strategic and Corporate Risk Registers which include the actions being taken to mitigate the Council's risks, in particular those risks which are scoring 16 or above.

A structured review of risk management processes within SWISCo, one of the Council's wholly owned companies, was undertaken during 2024/2025 supported by Devon Assurance Partnership. SWISCo's Strategic and Corporate Risk Registers were reviewed by the Audit Committee in February 2025. Following the transfer of services from Torbay Economic Development Company to the Council, new corporate risks were identified and staff were trained on the Council's risk management framework. Other details in relation to the Council's Wholly Owned Companies are described under Principle 1.

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

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

As a result of Devon Assurance Partnership's March 2024 report on the SWISCo Client Role work has been underway to improve the governance and controls when the Council commissions additional SWISCo works. This work has now been completed and new procurement practices continue to be embedded.

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

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

The Programme continued to be delivered throughout 2024/2025 using internal and external development opportunities and is supplemented by all Member Briefings on key issues and one to one support as required from the Democratic Services Team Leader. Members were also encouraged to attend free webinars and events run by the Centre for Governance and Scrutiny and the Local Government Association (LGA). The Opposition Leader took part in LGA Leadership Essentials events on Effective Opposition and the LGBTQ+ Weekender and the Overview and Scrutiny Co-ordinator attended their Effective Scrutiny programme. Scrutiny Members also take part in regional networks to share good practice. Members have worked with Peer Members from the LGA to enhance their knowledge and develop their skills. Experience of the Programme is being used to develop an outline Member Development Induction Programme for 2027 when the next Local Government Elections are scheduled.

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

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

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

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

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

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

Our People Strategy continues to be implemented with the Chief Executive being the Senior Responsible Officer since July 2024. A review of the membership of the project board has taken place and wider staff engagement is in place to provide opportunities for colleagues to partake. The Action Plan has been refined to ensure focussed delivery with clear milestones and expectations.

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

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

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

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

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

## **Principle 7: Securing continuous improvement in service delivery and ensuring that its agreed policies, priorities and decisions are implemented on time, in a manner consistent with the needs of its user and in the most effective way.**

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

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

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

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

The effective delivery of the Council Redesign Programme is monitored on a monthly basis via a programme board involving senior officers of the Council. At this board meeting, progress is gauged via monthly highlight reports which give an overview of the health of the projects that make up the programme. Risks and issues related to the programme and its projects are reviewed at the board meeting and are managed accordingly.

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

## Conclusion

Overall, during the course of the year we have ensured that we are delivering against our agreed action plans in order to maintain our robust corporate governance arrangements. Our decision-making framework is understood by members and officers and the mechanisms which support that framework operate effectively.

Based on the work undertaken by Devon Assurance Partnership during 2024/2025, the Head of Internal Audit's Opinion on the adequacy and effectiveness of the Council's internal control framework is one of "Reasonable Assurance".

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

# Appendix 1: Action Plan

Agreed Action	Responsible Officer	Deadline
Ensure all documentation in respect of loans is collated.	Director of Finance	September 2025
Ensure that discussions taken place between the Estates Team and the Harbour Master in relation to rent reviews.	Director of Pride in Place	December 2025
Implement bespoke conflict of interest procedure or guidance note for Planning Enforcement.	Director of Pride in Place	December 2025
Ensure that all services complete a regular fraud risk assessment	Director of Finance/Director of Corporate Services	March 2026
Implement long-term plan in place to address the capacity issues within Finance Directorate	Director of Finance	March 2026
Monitor delivery of the Adult Social Care improvement plan through Adult Social Care Improvement Board and Overview and Scrutiny Sub-Board.	Director of Adult and Community Services	March 2026
Provide regular updates from the Section 75 Transition Group to Cabinet and Overview and Scrutiny Board, including the need or otherwise to consult on the changes.	Director of Adult and Community Services	March 2026
Establish governance arrangements for the management of assets previously leased to TCCT, ensuring compliance with statutory and financial requirements.	Director of Pride in Place	March 2026
Model financial scenarios for 2027/2028 and 2028/2029 to identify mitigation strategies and subsequently review Medium-Term Resource Plan and identify potential savings options.	Director of Finance	2025/2026

## Core Statements

### Comprehensive Income and Expenditure Statement (CIES) for the year ended 31 March 2025

2023-24				Note	2024-25		
Expenditure £m	Income £m	Net £m			Expenditure £m	Income £m	Net £m
119.2	(62.1)	57.1	Adults' Services		127.8	(62.7)	65.1
119.9	(71.4)	48.5	Children's Services		132.5	(80.9)	51.6
15.9	(1.9)	14.0	Corporate Services		18.5	(2.4)	16.1
21.9	(31.6)	(9.7)	Finance		11.6	(33.3)	(21.7)
73.5	(32.0)	41.5	Place		75.1	(43.3)	31.8
9.9	(0.6)	9.3	Public Health		10.9	(1.3)	9.6
<b>360.3</b>	<b>(199.6)</b>	<b>160.7</b>	<b>Cost of Services</b>		<b>376.4</b>	<b>(223.9)</b>	<b>152.5</b>
0.5	0.0	0.5	<b>Other Operating Expenditure</b>		0.3	0.0	0.3
33.9	(21.6)	12.3	<b>Financing and Investment Income and Expenditure</b>	10	14.1	(19.1)	(5.0)
0.0	(147.2)	(147.2)	<b>Taxation and non-specific grant income and expenditure</b>	11	0.0	(162.2)	(162.2)
394.7	(368.4)	26.3	<b>(Surplus) or Deficit on Provision of Services</b>		390.8	(405.2)	(14.4)
		(22.2)	Surplus on revaluation of non-current assets.				(10.0)
		(0.5)	Adjustment Pension liability subsidiary and Devon County Council				(0.1)
		(1.1)	Remeasurement of the net defined benefit pension liability	34			1.0
		(23.8)	<b>Other Comprehensive Income and Expenditure</b>				(9.1)
		2.5	<b>Total Comprehensive Income and Expenditure</b>				(23.5)

## Movement in Reserves Statement

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

2024/25	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
<b>Balance at 1 April 2024</b>	<b>£m</b> (6.4)	<b>£m</b> (69.6)	<b>£m</b> (1.4)	<b>£m</b> (25.8)	<b>£m</b> (103.2)	<b>£m</b> (170.2)	<b>£m</b> (273.4)
<b>Movement in Reserves in 2024/25:</b>							
<b>Surplus (deficit) on the provision of services (accounting basis)</b>	(14.4)	-	-	-	(14.4)	-	(14.4)
<b>Other Comprehensive Income and Expenditure</b>	-	-	-	-	-	(9.1)	(9.1)
<b>Total Comprehensive Income and Expenditure</b>	<b>(14.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14.4)</b>	<b>(9.1)</b>	<b>(23.5)</b>
<b>Adjustments between accounting and funding basis under regulation - note 18</b>	15.1	-	0.3	(2.5)	12.9	(12.9)	-
<b>Net increase/decrease before transfers to Earmarked reserves</b>	<b>0.7</b>	<b>-</b>	<b>0.3</b>	<b>(2.5)</b>	<b>(1.5)</b>	<b>(22.0)</b>	<b>(23.5)</b>
<b>Transfers to/from Earmarked reserves - note 19</b>	(2.8)	2.8	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>	<b>(2.1)</b>	<b>2.8</b>	<b>0.3</b>	<b>(2.5)</b>	<b>(1.5)</b>	<b>(22.0)</b>	<b>(23.5)</b>
<b>Balance at 31 March 2025</b>	<b>(8.5)</b>	<b>(66.8)</b>	<b>(1.1)</b>	<b>(28.3)</b>	<b>(104.7)</b>	<b>(192.2)</b>	<b>(296.9)</b>

## Movement in Reserves Statement (Continued)

2023/24	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Balance at 1 April 2023	£m (5.8)	£m (65.7)	£m (1.3)	£m (23.4)	£m (96.0)	£m (179.8)	£m (275.8)
<b>Movement in Reserves in 2023/24:</b>							
Surplus (deficit) on the provision of services (accounting basis)	26.3	-	-	-	26.3	-	26.3
Other Comprehensive Income and Expenditure	-	-	-	-	-	(23.8)	(23.8)
<b>Total Comprehensive Income and Expenditure</b>	26.3	-	-	-	26.3	(23.8)	2.5
Adjustments between accounting and funding basis under regulation - note 18	(30.8)	-	-	(2.5)	(33.3)	33.3	-
<b>Net increase/decrease before transfers to Earmarked reserves</b>	(4.5)	-	-	(2.5)	(7.0)	9.5	2.5
Transfers to/from Earmarked reserves - note 19	3.9	(3.9)	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>	(0.6)	(3.9)	-	(2.5)	(7.0)	9.5	2.5
<b>Balance at 31 March 2024</b>	<b>(6.4)</b>	<b>(69.6)</b>	<b>(1.4)</b>	<b>(25.8)</b>	<b>(103.2)</b>	<b>(170.2)</b>	<b>(273.4)</b>

## Balance Sheet

31 March 2024 £m			31 March 2025 £m
307.7	Property, Plant and Equipment	Note 20	322.9
163.8	Investment Properties	Note 22	163.7
94.3	Infrastructure Assets	Note 20	96.4
47.6	Heritage Assets	Note 21	49.9
0.7	Intangible Assets		0.5
14.6	Long Term Investments	Note 25	25.0
38.5	Long Term Debtors	Note 29	35.4
667.2	<b>LONG TERM ASSETS</b>		<b>693.8</b>
37.5	Short Term Debtors	Note 29	35.0
35.7	Short Term Investments	Note 25	39.3
0.0	Inventories		0.0
3.1	Cash and Cash Equivalents	Note 30	6.4
76.3	<b>CURRENT ASSETS</b>		<b>80.7</b>
(47.7)	Short Term Creditors	Note 31	(47.2)
(4.9)	Overdraft	Note 30	(4.5)
(7.4)	Short Term Borrowing	Note 25	(7.0)
(1.9)	Other Short Term Liabilities	Note 25	(3.1)
(2.2)	Capital grants receipts in advance	Note 9	(18.2)
(2.7)	Provisions	Note 32	(2.8)
(66.8)	<b>CURRENT LIABILITIES</b>		<b>(82.8)</b>
(8.2)	Capital grants receipts in advance	Note 9	(14.9)
(3.3)	Long Term Creditors	Note 31	(3.5)
(355.3)	Long Term Borrowing	Note 25	(345.0)
(31.0)	Other Long Term Liabilities	Note 25	(26.6)
(0.1)	Long Term Provisions	Note 32	(0.1)
(5.4)	Net Defined Pension liability	Note 34	(4.7)
(403.3)	<b>LONG TERM LIABILITIES</b>		<b>(394.8)</b>
273.4	<b>NET ASSETS</b>		<b>296.9</b>
(6.4)	General Fund	MIRS	(8.5)
(69.6)	Earmarked Reserves	Note 19	(66.8)
(1.4)	Capital Receipts Reserve	MIRS	(1.1)
(25.9)	Capital grants and contributions	MIRS	(28.3)
(103.3)	<b>USABLE RESERVES</b>		<b>(104.7)</b>
(148.1)	Revaluation Reserve		(154.3)
(30.8)	Capital Adjustment Account		(43.2)
(9.2)	Deferred capital receipts		(9.2)
11.0	Pensions Reserve		9.6
(2.8)	Collection Fund Adjustment Account		(4.5)
1.5	Accumulated Absences Account		1.1
9.0	Dedicated Schools Grant Deficit Account		9.0
(1.3)	Financial Instruments adjustment account		(1.2)
0.6	Pooled investment fund Adjustment A/c		0.6
(170.2)	<b>UNUSABLE RESERVES</b>	Note 33	<b>(192.2)</b>
(273.4)	<b>TOTAL RESERVES</b>		<b>(296.9)</b>

These Financial Statements replace the unaudited Financial Statements, issued on 14 November 2025.

Confirmed by Malcolm Coe, Director of Finance (S151 Officer) on 18 February 2026

## Cash Flow Statement

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

2023/24			2024/25
£m		Notes	£m
(26.2)	Net (deficit) / Surplus on the provision of services		<b>14.4</b>
49.9	Adjustment to net surplus on the provision of services for non-cash movements	35	<b>18.6</b>
(16.8)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	35	<b>(0.3)</b>
6.9	Net cash flows from Operating Activities		<b>32.7</b>
15.4	Investing Activities	36	<b>(19.7)</b>
(22.9)	Financing Activities	37	<b>(9.4)</b>
(0.6)	Net increase (decrease) in Cash and Cash Equivalents		<b>3.6</b>
(1.1)	Cash and Cash Equivalents at the beginning of the reporting period	30	<b>(1.7)</b>
(1.7)	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>1.9</b>

# Notes to the Statement of Accounts

## 1. Accounting Policies

### 1.1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

### 1.2. Recognition of Income and Expenditure

Activity is accounted for in the year in which it takes place, which may not be the same year in which cash payments are made or received. Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. In local government, the generation of revenues from charges to service recipients is only a minor funding stream and contracts with customers tend to be accounted for and delivered within each financial year.

Revenue from the sale of goods and disposal of assets is recognised when the Council transfers the risks and rewards of ownership to the purchaser. Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that the grants or contributions will be received. Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure. Supplies are recorded as expenditure when they are consumed. If there is a gap between the date supplies are received and their consumption, they are carried as inventories in 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.

### **1.3. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and are readily convertible to known amounts of cash with low risk of change in value

### **1.4 Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

### **1.5. Collection Fund and Local Taxation**

Torbay Council is a billing authority for local taxation and collects:

- Council tax on behalf of the Devon and Cornwall Crime Commissioner, Devon and Somerset Fire Authority and itself (which includes Brixham Town.)
- Non-Domestic Rates on behalf of Devon and Somerset Fire Authority, Central Government (MHCLG) and itself.

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities, central government and precepting bodies of council tax and non-domestic rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing authority and the Government).

The Collection Fund is effectively an agency account therefore income, expenditure and balance sheet transactions are apportioned between the Council, central government and precepting bodies.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## **1.6. Dedicated Schools Grant**

The Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2020 establish new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its school's budget relating to its accounts for a financial year beginning on 1 April 2021, 1 April 2022 or 1 April 2023, it must not charge the amount of that deficit to a revenue account. Instead, the deficit (including the accumulated deficit as of 31 March 2020) is charged to an unusable reserve the Dedicated Schools Grant Adjustment Account by a transfer from the General Fund Balance in the Movement in Reserves Statement.

## **1.7. Employee Benefits**

### **Benefits Payable During Employment**

Monetary benefits such as wages and salaries, paid leave and bonuses, and non-monetary benefits (for example, cars) for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made to represent the cost of holiday entitlement earned but not taken at each year end, to meet Code and IAS requirements.

### **Termination Benefits**

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accrual's basis to the respective Service line in the Comprehensive Income and Expenditure Statement.

### **Post-Employment Benefits**

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

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

All the above schemes provide defined benefits to members for example retirement lump sums and pensions, earned as employees working for the Council.

However, the arrangements for the Teachers' scheme and NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified for the Council. These schemes are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The CIES is charged with the employer's contributions payable to Teachers pensions and NHS pensions in the year.

### **The Local Government Pension Scheme**

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

The liabilities of the Devon County 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 measured on an

actuarial basis discounted to present value, using the projected unit method. The discount rate to be used is determined in reference to market yields at balance sheet date of high-quality corporate bonds.

The assets of the Devon County Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities - current bid price.
- Unquoted securities - professional estimate.
- Unitised securities - current bid price.
- Property - market value.

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

- Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement 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 - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest on the net defined benefit liability/asset, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, considering any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.
- Re-measurement of the return on plan assets – excluding amounts included in net interest on the net defined benefit liability/asset, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are debited to the Pensions Reserve as Other Income and Expenditure.
- Contributions paid to the Devon County Pension Fund - cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.
- In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits earned by employees.

## **1.8. 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

## **1.9. Discretionary Benefits**

The Council has restricted powers to provide discretionary post-employment benefits. Any such benefits are accrued for in the year of the decision to make the award and are charged to the Comprehensive Income and Expenditure Statement against the service in which the employees worked.

## **1.10. Events After the Reporting Period**

Events after the balance sheet date are those events, both favourable and unfavourable, which occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. In this instance, the Statement of Accounts is adjusted to reflect such events. · Those relating to conditions that arose after the reporting period. In this instance, the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.
- Events taking place after the date when the Statement of Accounts is authorised for issue are not reflected in the Statement of Accounts.

## **1.11. Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

### **1.12. Financial Instruments**

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018.

### **1.13. Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. As annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument, the effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term of the replacement loan that was used to refinance the loan against which the premium was payable or discount receivable. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **1.14. Financial Assets**

Financial assets are classified using an approach that is based on the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost.
- fair value through profit or loss (FVPL).
- fair value through other comprehensive income (FVOCI).

The Council's business model for most of its investments is to hold them to collect contractual cash flows. Financial assets are therefore classified as amortised cost. There are some exceptions, where the Council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the county. This means that some investments are ones where contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **1.15. Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, from time to time the Council makes loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

In addition, the Council does have deferred payment policies where individuals are allowed to defer payment against an invoice raised by the Council, for example where the Council holds a legal charge against a property that enables sums to be reimbursed from sale proceeds later. These are like loans at less than market rates and are referred to as soft loans. If any the lost interest against the soft loan was significant then adjustments would be made to the relevant service revenue account and Balance Sheet. However, the impact on the Council's revenue account of soft loans and lost interest is not financially significant and the accounts have not been adjusted to reflect these requirements.

### **1.16. Expected Credit Loss Model**

The Council recognises expected credit losses on all its financial assets held at amortised cost or FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial

part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12-month expected losses.

### **1.17. Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

An equity instrument can be elected to a FVOCI treatment rather than a FVPL treatment if it is not held for trading. The Council has reviewed its assets that would be measured at FVPL based on the business model and has elected to classify instruments as either FVPL or FVOCI on an instrument-by-instrument basis based on the assessed benefit to the Council from the chosen classification.

### **1.18. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments.
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

### **1.19. 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.

These 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. 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 an extended and indeterminate useful life such that any depreciation charge would be negligible. The carrying values of Heritage Assets are reviewed when there is evidence of impairments for example when an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any reductions to the carrying value of the assets are recognised and measured in accordance with the Council's general policy on impairments.

### **1.20 Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the Intangible Asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no Intangible Asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an Intangible Asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure

### **1.21. 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 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.

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

The Council has an agreement with the Trust and 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

## **1.23. Inventories (Stock)**

Inventories are measured at the lower of cost and net realisable value, except where inventories are acquired through a non-exchange basis in which case their cost is deemed to be fair value at the date of acquisition. Inventories are also measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In this context inventories do not include work in progress under construction contracts and financial instruments.

## **1.24. Investment Property**

Investment properties are those that are used solely to earn rental income and/or for capital appreciation. The definition does not apply if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on "the highest or best price that can be obtained in the most advantageous market, in an arms' length transaction between knowledgeable participants at the measurement date". Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental Income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for sale proceeds, the Capital Receipts Reserve.

## **1.25. Leases**

The Council has adopted the new leases standard “IFRS 16: Leases” from 1 April 2024, in accordance with the CIPFA Code of Practice, which mandates the implementation from that date.

### **The Council as Lessee**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later.) The leases are typically for fixed periods in excess of one year but may have extension options.

The right-of-use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee’s incremental borrowing rate specific to the term and start date of the lease. It is remeasured, with a corresponding adjustment to the right-of-use asset, when there is a change in future lease payments resulting from a rent review, a peppercorn arrangement, change in an index or rate such as inflation, or change in the Council’s assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The Council has elected to apply the following exemptions:

- Leases with a term of less than 12 months, or
- Leases with a right-of-use asset opening net present value of less than £10,000

### **Lease expenditure**

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed. Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **The Council as Lessor**

#### **Finance Leases**

Leases are classified as finance leases 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 purposes. Leases that do not meet the definition of Finance Leases are accounted for as Operating Leases. Rentals payable are charged to the comprehensive income and expenditure statement on a straight-line basis over the term of the lease, generally meaning that 54 rentals are charged when they become payable. Where the Authority is the lessor, income is credited to cost of services in the comprehensive income and expenditure statement on a straight-line basis over the term of the lease, generally meaning that rentals are credited when they are due.

The council has determined that, unless clearly stated in the lease agreement, all leases of land and long-life infrastructure of 99 years and above have been assessed as finance leases. Where inconclusive, leases below 99 years are therefore presumed to be operating leases.

### **1.26. Minimum Revenue Provision (MRP)**

The Council is not required to use Council tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

### **1.27. Overheads And Support Services**

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

### **1.28. Prior Period Adjustments**

Prior period adjustments arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are only accounted for prospectively i.e. in the current and future years which are affected by the changes, they 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 in accounting policy is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances for the current year and comparative amounts for the prior period as if the new policy had always been applied.

Where material errors are discovered in prior period figures they are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **Prior Period Restatement – Note 14 Officers Remuneration and Exit Packages**

The 2023/24 comparator note has been restated to remove pension contributions which were included in error in the original note.

## 1.29. Service Concessions (PFI Contracts)

Service concessions are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under these schemes, 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 Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets related to these contracts and recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council. The amounts payable to the contract operator are analysed into the following elements:

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.

### 1.30 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

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.

#### Measurement

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.

The Council does not capitalise borrowing costs.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Community assets - depreciated historical cost.
- Assets under construction - historical cost.
- Surplus assets – the current value measurement base is current value, defined as “the highest or best price that can be obtained in the most advantageous market, in an arms’ length transaction between knowledgeable participants at the measurement date”.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for 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. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

When decreases in value are identified, they are accounted for in the same way as an impairment. 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.

Capital expenditure is not recognised until 31st March therefore no depreciation is charged in year of acquisition or enhancement. Where capital expenditure has occurred the expenditure in year is deemed to have increased the current value of the asset by a “pound for pound” amount. Where, if capital expenditure is assessed as not adding value to the asset, the corresponding value will be written off as impairment.

## **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and 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 as follows:

- 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 in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, car parks, quay walls and lock gates, some Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer.
- Vehicles, plant and equipment – a straight-line basis

The Council applies component accounting to all assets with a net book value more than £1m - where the item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, identified components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposals and Non-current Assets Held for Sale**

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. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or is 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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal more than £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **1.31. 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 45 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.

## **1.32. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place whereby the Council has 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. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the relevant provision. Estimated settlements are reviewed at the end of each financial year, where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service.

### **Contingent Liabilities**

A 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. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

### **Contingent Assets**

A 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 assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

## **1.33. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee

benefits and do not represent usable resources for the Council. These reserves are explained in the relevant notes.

### **1.34. Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

### **1.35. Schools**

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the single entity accounts of the Council (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

As at the 31 March 2025, The Council has 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.

Other types of school, such as voluntary aided and voluntary controlled schools, academies and free schools are outside of the Council's control and therefore not included in this Statement of Accounts.

### **1.36. Value Added Tax**

The Comprehensive Income and Expenditure Account exclude amounts relating to VAT and will be included as an expense only if it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

### **1.37. Rounding**

Unless otherwise stated the convention used in these Financial Statements is to round amounts to the nearest one hundred thousand pounds. All totals are the rounded additions of unrounded figures and therefore may – from time-to-time – not be the strict sums of the figures presented in the text or tables.

### **1.38. Community infrastructure levy**

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and

Expenditure Statement in accordance with the accounting policy for government grants and contributions.

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

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 2024/25 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

a) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8.

The following Standards have also been issued / amended but are not yet adopted – these are not considered to have a material impact on the Council's accounts

b) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how the Council should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

c) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

### 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the accounting policy note 1, 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:

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 of £30.3m (£33m/17% in 2024) of the Energy from Waste facility in Plymouth based on the financial allocation model agreed between Torbay, Plymouth, and Devon County Councils. This valuation is based on a cost-based approach annual re-valuation as at 31<sup>st</sup> March 2025. Where the useful economic life is due to expire November 2039. The Council has 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 initial forecast unitary payments over the life of the facility from the three councils. Based on £10.8m/37% from 2025. 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.

**IFRS16 Leases** The council has reviewed leases in accordance with IFRS16, which requires the recognition of all leases on the balance sheet (excluding low value and short-term exemptions less than one year term). IFRS16 introduces significant changes in lease accounting, including the recognition of right of use assets and a lease liability. Authorities must exercise judgement in:

- Identifying lease contracts
- Determining lease terms, especially where extension or termination options exist
- Assessing discount rates for lease liabilities
- The council assesses factors relating to whether the lease transfers substantially all of the risks and rewards of ownership.

These judgements are based on detailed analysis of the lease and the underlying economic realities of the arrangement, ensuring that the lease is accounted for accurately in line with the principles of IFRS 16.

The council has examined the leases and classified them as either operational or finance leases. In some cases, the lease transaction is not always conclusive, and the council uses judgement in determining whether the lease is a financial lease arrangement that transfers substantially all the risks and rewards incidental to ownership. The council has determined that, unless clearly stated in the lease agreement, all leases of land and long-life infrastructure of 99 years and above have been assessed as finance leases. Where inconclusive, leases below 99 years are therefore presumed to be operating leases. In reassessing the lease, the council has estimated the implied interest rate within the lease to calculate the interest and principal repayments.

## 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 cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2025 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 2025 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 £318.5m. Similarly, a change in the life expectancy assumption of 1 year would result in a change of £335.1m. However, the assumptions interact in complex ways.</p> <p>A table on sensitivity of assumptions is included in the Pensions Note.</p>
<b>Property, Plant and Equipment Value</b>	
<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 £3.22m change in cost value.</p> <p>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. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 14 November 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 14 November 2025, and the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date, but the following transactions have taken place since the end of the financial year.

### **Torbay Economic Development Company Limited**

Following the balance sheet date of 31 March 2025, the company has transferred Freehold and Leasehold land and buildings to Torbay Council for a total of £7,356,000.

- Freehold land and buildings at Kings Ash Road
- Freehold land and buildings at Torbay Business Park
- Leasehold land and buildings at EPIC
- 

### **Torvista Homes Limited**

On 12 September 2025 Torvista Homes Limited transferred land at Preston Down Road to Torbay Council for £6,250,000.

### **Torbay Education Limited**

On 1 September 2025, the service provided by Torbay Education Limited was transferred into Torbay Council.

## 6. Other Items of Expenditure and Income

In December 2023 the Council took the decision to begin the winding up of Torbay Economic Development Company – TEDC (Trading as Torbay development Agency TDA), with effect 1 April 2024. TEDC has a number of subsidiaries including TorVista, a Social Housing Association. The intention is to absorb the trade and assets of these subsidiary companies and therefore the companies will ultimately cease to trade at the appropriate time in the future. Assets are being transferred from these companies to the Council at the earliest opportunity, with the first property transfers taking place during 2024/25.

During 2024/25 the total value of the properties transferred from both TorVista and TDA is £9.2m

All assets have been transferred at their fair value at date of transfer and recognised as fixed assets in the Council's Balance Sheet. Associated with these properties are a number of loans and grants requiring repayment to the Council. These total £3.2m and have been accrued for in the 2024/25 accounts.

## 7. 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.

2023-24				2024-25		
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 (Note 6a)	Adjustments between Funding and Accounting basis (Note 6b)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£m	£m	£m		£m	£m	£m
55.5	1.6	57.1	Adults' Services	64.6	0.5	65.1
46.5	2.0	48.5	Children's Services	50.4	1.2	51.6
13.6	0.4	14.0	Corporate Services	15.4	0.7	16.1
(10.6)	0.9	(9.7)	Finance	(11.0)	(10.7)	(21.7)
7.4	34.1	41.5	Place	21.4	10.4	31.8
9.3	0.0	9.3	Public Health	9.6	0.0	9.6
121.7	39.0	160.7	Cost of Services	150.4	2.1	152.5
0.0	0.0	0.0	Other operating expenditure	0.5	(0.2)	0.3
(126.1)	(8.3)	(134.4)	Other Income and Expenditure	(150.2)	(17.0)	(167.2)
(4.4)	30.7	26.3	(Surplus) or Deficit on Provision of Services	0.7	(15.1)	(14.4)

**a. Adjustments to arrive at net amount chargeable to the General Fund and balances**

2023-24			2024-25			
Earmarked Reserves	General Fund	Total		Earmarked Reserves	General Fund	Total
£m	£m	£m		£m	£m	£m
(65.7)	(5.8)	(71.5)	Opening balances	(69.6)	(6.4)	(76.0)
(3.9)	(0.6)	(4.5)	Movement in reserves	2.8	(2.1)	0.7
(69.6)	(6.4)	(76.0)	Closing General Fund balance	(66.8)	(8.5)	(75.3)

	2024-25			
	Position as reported to Council	Adjustments relating to other income and expenditure (i)	Adjustments relating to transfers to and from reserves (ii)	Net Expenditure chargeable to the General Fund
	£m	£m	£m	£m
Adults' Services	55.4	(0.1)	9.3	64.6
Children's Services	53.6	(4.2)	1.0	50.4
Corporate Services	14.8	0.3	0.3	15.4
Finance	(18.2)	9.3	(2.1)	(11.0)
Place	26.3	(2.2)	(2.7)	21.4
Public Health	11.0	(1.1)	(0.3)	9.6
Cost of Services	142.9	2.0	5.5	150.4
Other Operating Expenditure	0.0	0.5	0.0	0.5
Other Income and Expenditure	(143.3)	(2.1)	(4.7)	(150.2)
(Surplus) or Deficit on Provision of Services	(0.4)	0.4	0.7	0.7

This note was not part of the Statement of Accounts in 2023/24. It has been reinstated for 2024/25, however detailed comparator figures for 2023/24 are not available.

- (i) Adjustments relating to other income and expenditure include levies,
- (ii) Transfers to and from reserves which are included in the outturn report but are not shown within the CIES.

## b. Adjustments between Funding and Accounting basis

	Financing and Accounting Adjustments				
	Capital and Assets (i)	Pensions (ii)	Tax Collection (iii)	Other (iv)	Total
2024-25	£m	£m	£m	£m	£m
Adults' Services	0.6	(0.1)	0.0	0.0	0.5
Children's Services	2.1	(0.3)	0.0	(0.6)	(3.2)
Corporate Services	0.7	(0.1)	0.0	0.1	0.7
Finance	(9.0)	(1.7)	0.0	0.0	(6.4)
Place	11.2	(0.1)	0.0	(0.7)	10.5
Public Health	0.0	0.0	0.0	0.0	0.0
Other operating expenditure	(0.2)	0.0	0.0	0.0	(0.2)
Cost of Services	5.6	(2.3)	0.0	(1.2)	2.1
Other Operating Expenditure	(0.2)	0.0	0.0	0.0	(0.2)
Other Income and Expenditure from the Expenditure and Funding Analysis	(15.4)	(0.0)	(1.6)	0.0	(17.0)
<b>Total for 2024-25</b>	<b>(10.0)</b>	<b>(2.3)</b>	<b>(1.6)</b>	<b>(1.2)</b>	<b>(15.1)</b>

  

	Financing and Accounting Adjustments				
	Capital and Assets (i)	Pensions (ii)	Tax Collection (iii)	Other (iv)	Total
2023-24	£m	£m	£m	£m	£m
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	0.0	0.0	0.0	0.0	0.0
Cost of Services	40.8	(1.2)	0.0	(0.6)	39.0
Other Income and Expenditure from the Expenditure and Funding Analysis	(8.6)	(0.8)	2.2	(1.1)	(8.3)
<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>

### **b(i) - Adjustments for Capital Purposes**

Adjustments relating to capital include depreciation, amortisation of intangible assets impairment, revenue funded from capital under statute, movements in investment property valuations, gain / loss on disposal of non-current assets, capital grants and contributions, minimum revenue provision and revenue contribution to capital outlay.

### **b(ii) - Net change for Pension Adjustments**

Adjustments relating to pensions are the removal of employee pension costs for the Local Government Pension Scheme and their replacement with current service costs and past service costs plus the net interest on the defined pension liability

### **b(iii) Taxation**

This represents the difference between what is chargeable under statutory regulations for council tax and NNDR i.e., the amount estimated in the preceding January and the actual income due on an accruals basis. This difference is held within the Collection Fund.

### **b(iv) - Other Differences**

Other adjustments include employee benefit accruals

## **8. Analysis of Income and Expenditure by Nature**

<b>2023-24</b>		<b>2024-25</b>
<b>Surplus / Deficit on the Provision of Services</b>		<b>Surplus / Deficit on the Provision of Services</b>
<b>£m</b>		<b>£m</b>
74.8	Employee benefits expenses	84.0
249.2	Other service expenses	273.5
12.3	Interest payments	11.1
39.3	Depreciation, amortisation, impairment etc	21.8
18.3	Investment Properties changes in fair value	0.1
0.4	Precepts and levies	0.5
0.3	Gains on the disposal of assets	(0.2)
394.6	Total Expenditure	390.8
(39.4)	Fees, charges and other service income	(43.5)
(4.4)	Interest income	(5.1)
(15.3)	Investment income	(13.9)
(111.1)	Council Tax and Non-Domestic Rate income	(124.0)
(198.2)	Grants and Contributions	(218.7)
(368.4)	Total income	(405.2)
26.2	Net (Surplus) / Deficit on Provision of Services	(14.4)

The Council has identified contractual arrangements in place in relation to Deferred Payments, where care users can use the value of their home to help pay care home costs. The following amounts were recognised in the Comprehensive Income and Expenditure Account as income.

	2023/24 £m	2024/25 £m
Client Contributions	16.9	20.5
Deferred Payments	0.8	1.1
<b>Total</b>	<b>17.7</b>	<b>21.6</b>

## 9. Other Operating Expenditure

	2023/24 £m	2024/25 £m
Precepts and levies	0.4	0.5
Losses/(gains) on the disposal of non-current assets	0.1	(0.2)
<b>Total</b>	<b>0.5</b>	<b>0.3</b>

## 10. Financing and Investment Income and Expenditure

	2023/24 £m	2024/25 £m
Interest payable and similar charges	13.4	11.1
Changes in the Fair Values of Financial Instruments	0.1	(0.1)
Pensions net interest cost	(0.8)	0.0
Interest receivable and similar income	(5.5)	(5.1)
Income and expenditure in relation to Investment Properties	(13.2)	(11.0)
Changes in fair value of Investment Properties	18.3	0.1
<b>Total</b>	<b>12.3</b>	<b>(5.0)</b>

## 11. Taxation and Non-Specific Grant Income

	2023/24 £m	2024/25 £m
Council tax income	(81.4)	(90.7)
Non-domestic rates	(29.7)	(33.3)
Non-service-related government grants	(19.6)	(21.9)
Capital grants and contributions	(16.5)	(16.3)
<b>Total</b>	<b>(147.2)</b>	<b>(162.2)</b>

## 12. Pooled Budgets

### Joint Equipment Store

Under section 75 of the National Health Service 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 National Health Service 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 and now includes the Discharge Funding for both the Local Authority and the ICB.

£29.7m of funding is reported and monitored as part of the Better Care Fund, although £2.3m of DFG and £8.8m of iBCF is managed by the Council and not included in the pooled budget. The remaining BCF funding of £14.6m is provided by Devon ICB, of which £4.1m (£3.87m 23/24) was paid to the Council to commission adult social care services and £10.5m (£9.9m 23/24) was used by the ICB to commission health related services. The Council only recognises the income and expenditure attributable to it.

The Discharge Funding is similarly split, with £2.1m (£1.2m 23/24) going to the Local Authority to support local authorities to build additional ASC and community-based reablement capacity to reduce hospital discharge, and £1.8m (£1.0m 23/24) for the ICB to purchase bedded step down capacity, plus associated clinical support, for patients with no criteria to reside but who cannot be discharged with the capacity available through existing funding routes or the Adult Social Care Discharge Fund.

Total BCF Funding	2023/24 £m	2024/25 £m
BCF Funding	13.9	14.7
Torbay Council (DFG Capital Grant)	2.1	2.3
Torbay Council (iBCF)	8.8	8.8
Local Authority Discharge Fund	1.2	2.1
ICB Discharge Fund - Torbay Element	1.1	1.8
<b>Total</b>	<b>27.1</b>	<b>29.7</b>

## 13. Members Allowances

	2023/24 £'000	2024/25 £'000
Members Allowances	497	526
Expenses	5	8
<b>Total</b>	<b>502</b>	<b>534</b>

## 14. Officers Remuneration and Exit Packages

Where a senior officer's annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed individually by way of job title. For those senior officers whose salary is £150,000 or more, their name is also disclosed. The remuneration paid during the year was as follows:

Post holder information (Post title) Financial Year 2024-25	Salary (Inc. fees & Allowances) £	Pension Contributions £	Total Remuneration £
Chief Executive Anne-Marie Bond	158,177	29,105	187,282
Director of Children's Services Nancy Meehan	177,369	32,636	210,005
Director of Adult Services and Community Services Joanna Williams	155,659	28,641	184,300
Director of Pride in Place	136,795	25,170	161,965
Director of Public Health	138,363	19,716	158,079
Director of Finance S151 Officer	137,997	25,391	163,389
Director of Corporate Services	134,844	24,811	159,655
Head of Legal Services and Monitoring Officer	93,905	17,279	111,184
<b>TOTAL COST</b>	<b>1,133,109</b>	<b>202,750</b>	<b>1,335,859</b>

Post holder information (Post title) Financial Year 2023-24	Salary (Inc. fees & Allowances) £	Pension Contributions £	Total Remuneration £
Chief Executive Anne-Marie Bond	154,319	29,720	184,039
Director of Children's Services Nancy Meehan	197,308	31,840	229,148
Director of Adult Services and Community Services Joanna Williams	151,862	27,843	179,805
Director of Pride in Place	130,841	24,075	154,916
Director of Public Health	134,568	19,197	153,766
Director of Finance S151 Officer	136,964	25,201	162,165
Director of Corporate Services	129,206	23,774	152,980
Head of Legal Services and Monitoring Officer	93,056	17,122	110,178
<b>TOTAL COST</b>	<b>1,128,124</b>	<b>198,872</b>	<b>1,326,996</b>

In addition to the remuneration of senior employees set out above, the number of the Council's employees receiving more than £50,000 remuneration for the year (excluding employer's contributions) is set out in the table below.

## Prior Period Restatement

The 2023/24 comparator note has been restated to remove pension contributions which were included in error in the original note.

2023-24 re-stated			Remuneration Band	2024/25		
Council	Schools Council	Schools Governing Body		Council	Schools Council	Schools Governing Body
51	3	33	£50,000 - £54,999	45	3	31
36	3	5	£55,000 - £59,999	31	3	25
22	0	8	£60,000 - £64,999	14	2	3
14	2	2	£65,000 - £69,999	10	0	5
3	0	5	£70,000 - £74,999	5	2	3
5	1	4	£75,000 - £79,999	2	0	4
0	0	1	£80,000 - £84,999	3	1	3
3	0	0	£85,000 - £89,999	2	0	2
3	0	1	£90,000 - £94,999	4	0	0
4	0	1	£95,000 - £99,999	5	0	1
3	0	1	£100,000 - £104,999	1	0	1
0	0	0	£105,000 - £109,999	2	0	1
1	0	0	£110,000 - £114,999	0	0	0
1	0	0	£115,000 - £119,999	0	0	0
0	0	0	£120,000 - £124,999	2	0	0
1	0	1	£125,000 - £129,999	0	0	0
1	0	0	£130,000 - £134,999	0	0	0
0	0	0	£135,000 - £139,999	0	0	1
<b>148</b>	<b>9</b>	<b>62</b>		<b>126</b>	<b>11</b>	<b>80</b>

## Exit Packages

The numbers of exit packages relating to Council employees during 2024/25, with total cost per band and the total cost of compulsory and other redundancies are set out in the table below. The numbers and costs include packages agreed at the end of the year but not paid. Costs include the costs of early payment of pension in the cases of early retirement.

2023/24				Banding	2024/25			
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	0	6	34	£0 - £20,000	2	5	7	15
0	0	0	0	£20,001 - £40,000	0	1	1	30
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
1	0	1	101	£100,001 - £120,000	0	0	0	0
7	0	7	135	Total	2	6	8	45

## 15. External Audit Fees

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors Grant Thornton UK LLP.

	2023/24	2024/25
	£'000	£'000
External audit services	321	340
Other services	50	29
<b>Total</b>	<b>371</b>	<b>369</b>

## 16. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency (EFA), 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 2024/25 are as follows:

Capital Expenditure	2023/24		Schools Budget Funded by Dedicated Schools Grant	2024/25		
	Individual Schools Budget	Total		Capital Expenditure	Individual Schools Budget	Total
£m	£m	£m		£m	£m	£m
		132.88	Final DSG for year before academy and high needs recoupment			142.76
		(82.06)	Less academy and high needs recouped in year			(85.45)
		<b>50.82</b>	<b>Total DSG after academy and high needs recoupment for year*</b>			<b>57.31</b>
		2.43	Brought forward from previous year			3.51
<b>28.39</b>	24.85	<b>53.24</b>	<b>Agreed initial budgeted distribution in year</b>	<b>34.77</b>	<b>26.05</b>	<b>60.82</b>
<b>1.94</b>		1.94	In year adjustments	0.99	0.00	0.99
30.33	<b>24.85</b>	<b>55.18</b>	<b>Final budget distribution in year</b>	<b>35.76</b>	<b>26.05</b>	<b>61.81</b>
<b>(26.82)</b>		(26.82)	Less: Actual Central Expenditure	(32.97)		(32.97)
	(24.85)	(24.85)	Less: Actual ISB deployed to schools		(26.05)	(26.05)
3.51	<b>0.00</b>	<b>3.51</b>	<b>In year carry forward - surplus/(deficit)</b>	<b>2.79</b>	<b>0.00</b>	<b>2.79</b>
		(8.99)	DSG unusable reserve at the end of the previous year			(8.99)
		0.00	Addition to DSG unusable reserve at the end of the year			0.00
		(8.99)	Total of DSG unusable reserve at the end of previous year			(8.99)
		<b>(5.48)</b>	<b>Net DSG position at the end of the year</b>			<b>(6.20)</b>

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 for higher needs support for children.

For 2024/25 there was an overspend of £1.713m. The DSG reserve is a £6.209m deficit at the end of 2024/25, following a £8.260m contribution to the Safety Valve from the DfE, who have agreed to provide additional funding over 4 years (22/23 to 26/27) (to extinguish the deficit) subject to the Council delivering against a set of operational targets. This reserve is reported as an unusable reserve.

## 17. Grants

The Council credited the following grants and contributions to the comprehensive Income and Expenditure Statement in 2024/25:

	<u>2023/24</u>	<u>2024/25</u>
	<u>£m</u>	<u>£m</u>
<b>Adults Services</b>		
DWP Subsidy	36.4	35.3
Enhanced BCF Grant	8.8	8.8
Other Social Care Grants (Adults)	5.1	5.8
Various Homelessness Grants	1.8	1.9
SPF/Multiply Grant	0.3	0.9
Accom Repurposing Rev Grant	-	0.3
Homes for Ukraine	0.5	0.1
Asylum Dispersal Grant	0.2	0.1
Ukraine Sponsor Payments Grant	0.3	0.2
Adult Services Other	0.3	0.2
<b>Childrens Services</b>		
Children's Services Grants	61.7	69.3
Social Care Grant	14.3	18.7
Dedicated Schools Grant	-	1.0
Education Services Grants	0.4	0.7
Covid-19 School Grant	0.5	0.2
Nursery Funding	-0.4	-0.2
<b>Corporate Services</b>		
Household Support Fund	2.5	2.5
EBSS Alternative Funding Grant	0.7	-
New Burdens	0.3	0.3
Electoral Services	0.3	0.3
Strategic Planning	0.0	0.3
Police-Crime Commissioner	-	0.3
Corporate Services Other	0.2	0.1
<b>Finance</b>		
Public Health	10.4	11.0
PFI Grant - MRP	0.7	0.8
Finance Other	0.2	0.2
<b>Place</b>		
Travel & Transport Grants	0.5	0.6
Service Grants	1.3	0.2
Long-Term Plan Towns Grant	0.1	0.2
Safer Streets Fund	0.4	0.1
Hardship Fund	0.3	-
CDF Fund Grant	0.3	0.0
Place Other	1.1	0.9
<b>Public Health</b>		
Supp Substance Misuse Treat Grant	0.5	0.8
UEC Support Fund	0.4	-
Local Stop Smoking Service & Support Grant	-	0.2
Public Health - Other	0.0	0.4
<b>Total Service Grants</b>	<b>150.4</b>	<b>162.4</b>

## Credited to Taxation and Non-Specific Grant Income

Grant	2023/24	2024/25
	£m	£m
NNDR New Burdens Grant	8.9	9.8
Revenue Support Grant	7.7	8.2
S31 NNDR Top Up Grant Multi	2.6	3.3
NHB (Return of top slice)	0.3	0.3
New Homes Bonus Grant	0.0	0.2
Loc Reform & Comm Voices Grant	0.1	0.1
<b>Total</b>	<b>19.6</b>	<b>21.9</b>

## Grants Received In Advance

The Council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Capital Grants and Contributions Received in Advance	2023/24	2024/25
	£m	£m
Capital Grants and Contributions Received in Advance		
Government Grants	9.2	30.9
Section 106 Contributions	1.2	2.2
<b>Total</b>	<b>10.4</b>	<b>33.1</b>
Due < 1 year	2.2	18.2
Due > 1 year	8.2	14.9
<b>Total</b>	<b>10.4</b>	<b>33.1</b>

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

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2024-25	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£m	£m	£m	£m	£m
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>					
Amortise Intangible Assets	(0.1)	0.0	0.0	0.1	0.0
Depreciation and impairment of non-current assets	(21.7)	0.0	0.0	21.7	0.0
Movements in value of Investment Properties	(0.1)	0.0	0.0	0.1	0.0
Disposal of non-current assets	(0.1)	0.0	0.0	0.1	0.0
Capital receipts to Usable Capital Receipts Reserve	(0.3)	0.3	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	0.4	0.0	0.0	(0.4)	0.0
Difference between accounting and statutory credit for Council Tax & NNDR	1.6	0.0	0.0	(1.6)	0.0
Revenue Contribution to Capital Expenditure	2.9	0.0	0.0	(2.9)	0.0
Revenue Expenditure Financed from Capital under Statute	(6.8)	0.0	0.0	6.8	0.0
Revenue Expenditure Financed from Capital under Statute (Income)	4.0	0.0	0.0	(4.0)	0.0
Difference between accounting and statutory credit for pension costs	2.3	0.0	0.0	(2.3)	0.0
Pooled Fund Adjustment	0.0	0.0	0.0	0.0	0.0
FIAA adjustment re: discounts	(0.1)	0.0	0.0	0.1	0.0
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>					
MRP	10.0	0.0	0.0	(10.0)	0.0
Other adjustments					
Capital expenditure financed from Capital Receipts	0.0	0.0	0.0	(0.0)	0.0
Capital expenditure financed from Capital grants and contributions	19.8	0.0	0.0	(19.8)	0.0
<b>Total for 2024-25</b>	<b>15.1</b>	<b>0.3</b>	<b>(2.5)</b>	<b>(12.9)</b>	<b>0.0</b>

2023-24	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£m	£m	£m	£m	£m
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>					
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
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>					
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>

## 19.Usable 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 2025/26.

Description	Balance at 31 March 2023	Transfers out 2023/24	Transfers in 2023/24	Balance at 31 March 2024	Transfers out 2024/25	Transfers in 2024/25	Balance at 31 March 2025
	£m	£m	£m	£m	£m	£m	£m
Specific General Expenditure Reserve	(5.4)	1.9	0	(3.5)	1.4	(3.7)	(5.8)
Service Specific Reserve	(28.5)	3.6	(6.8)	(31.7)	18.9	(8.1)	(20.9)
NNDR Reserve	(3.8)	0.0	(0.8)	(4.6)	2.1	(3.0)	(5.5)
General Grants Reserve	(11.2)	2.0	(2.4)	(11.6)	5.5	(2.7)	(8.8)
Capital Funding Reserves	(1.4)	0.0	(0.3)	(1.7)	0.5	(4.4)	(5.6)
School Related Reserves	(1.3)	0.8	0.0	(0.5)	0.4	(0.4)	(0.5)
Schools Balances (held under a delegation scheme)	(2.9)	0.0	(0.5)	(3.4)	3.4	(4.1)	(4.1)
Ring Fenced	(11.2)	1.5	(2.9)	(12.6)	4.2	(7.2)	(15.6)
<b>Total</b>	<b>(65.7)</b>	<b>9.8</b>	<b>(13.7)</b>	<b>(69.6)</b>	<b>36.4</b>	<b>(33.6)</b>	<b>(66.8)</b>

### Purpose of the usable reserves

- Specific General Expenditure Reserve – to cushion the impact of unexpected events or emergencies.
- Service Specific Reserves – to provide financing to meet known or predicted future General Fund expenditure plans.
- General Grants Reserve - to hold grants without conditions or where conditions have been satisfied, but the grant has yet to be used to finance expenditure.
- Capital reserves – includes capital receipts and capital grants set aside to finance future capital spending plans.
- School Balances -amounts required by statute to be set aside for future expenditure in schools.

## 20. Property, Plant and Equipment

### Measurement Basis

- Non-Current assets are valued at fair value for their particular asset type (category). Fair Value will therefore reflect:
- Existing Use Value for most categories of Property Plant and Equipment (PP&E)
- Depreciated Replacement Cost for assets of a specialised nature with no readily identifiable market
- Depreciated Historical Cost for Community, Infrastructure and Vehicles, Plant and Equipment
- Historical Cost for Assets under Construction
- Modified Historical Cost for Infrastructure

### Depreciation method

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

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

### Useful lives used

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

The useful life ranges for depreciating PP&E are

	Years
Intangible	3-10
Other Land Buildings	3-135
Plant & Machinery	7-60
Vehicles, Plant & Equipment	5-20
Community	45-70
Surplus Assets	16-73

## Movements on Balances

Reconciliation of movements in 2024/25 in Property, Plant and Equipment by category of assets is shown in the tables below:

2024/25	Land & Buildings	Vehicles Plant etc	Commun. Assets	Assets under Construction	Surplus Props.	Total
	£m	£m	£m	£m	£m	£m
<b>Opening value 1 April 2024</b>	294.3	12.6	9.8	13.8	0.6	<b>331.1</b>
Additions	16.9	0.3	0.0	4.7	0.4	<b>22.3</b>
Disposals	(0.1)	0.0	0.0	0.0	0.0	<b>(0.1)</b>
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	(5.6)	0.0	0.0	0.0	(0.1)	<b>(5.7)</b>
Reclassifications	5.3	0.0	0.0	(5.3)	0.0	<b>0.0</b>
Revaluation increases/(decreases) recognised in the revaluation reserves	5.3	0.0	0.0	0.0	0.0	<b>5.3</b>
<b>Value 31 March 2025</b>	<b>316.1</b>	<b>12.9</b>	<b>9.8</b>	<b>13.2</b>	<b>0.9</b>	<b>352.9</b>
<b>Cumulative Depreciation:</b>						
<b>Opening value 1 April 2024</b>	(12.7)	(9.4)	(1.3)	0.0	0.0	<b>(23.4)</b>
Charge for the year	(8.7)	(0.5)	(0.2)	0.0	0.0	<b>(9.4)</b>
Impairment losses	0.5	0.0	0.0	0.0	0.0	<b>0.5</b>
Disposals	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Reclassifications	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Revaluations	2.3	0.0	0.0	0.0	0.0	<b>2.3</b>
<b>Balance 31 March 2025</b>	<b>(18.6)</b>	<b>(9.9)</b>	<b>(1.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>(30.0)</b>
<b>Net book value 31 March 2025</b>	<b>297.5</b>	<b>3.0</b>	<b>8.3</b>	<b>13.2</b>	<b>0.9</b>	<b>322.9</b>

2023/24	Land & Buildings	Vehicles Plant etc	Commun. Assets	Assets under Construction	Surplus Props.	Total
	£m	£m	£m	£m	£m	£m
<b>Opening value 1 April 2023</b>	269.6	11.8	9.8	19.5	0.5	<b>311.2</b>
Additions	20.2	0.8	0.0	14.8	0.1	<b>35.9</b>
Disposals	(0.3)	0.0	0.0	0.0	0.0	<b>(0.3)</b>
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	(25.3)	0.0	0.0	0.0	0.0	<b>(25.3)</b>
Reclassifications	20.5	0.0	0.0	(20.5)	0.0	<b>0.0</b>
Revaluation increases/(decreases) recognised in the revaluation reserves	9.6	0.0	0.0	0.0	0.0	<b>9.6</b>
<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>						
<b>Opening value 1 April 2023</b>	(12.4)	(8.8)	(1.2)	0.0	0.0	<b>(22.4)</b>
Charge for the year	(8.3)	(0.6)	(0.1)	0.0	0.0	<b>(9.0)</b>
Impairment losses	2.0	0.0	0.0	0.0	0.0	<b>2.0</b>
Disposals	0.1	0.0	0.0	0.0	0.0	<b>0.1</b>
Reclassifications	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Revaluations	5.9	0.0	0.0	0.0	0.0	<b>5.9</b>
<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>

## 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.

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.

Infrastructure Assets have been depreciated using useful lives of between 11-65 years

2024/25	£m
Infrastructure assets opening net book value at 1 April 2024	94.3
Additions	8.9
Depreciation charge for the year	(6.8)
Infrastructure assets closing net book value at 31 March 2025	96.4
Net book value of PPE excluding infrastructure assets	322.9
Total net book value of PPE on the balance sheet at 31 March 2025	419.3

2023/24	£m
Infrastructure assets opening net book value at 1 April 2023	97.6
Additions	3.7
Depreciation charge for the year	(7.0)
Infrastructure assets closing net book value at 31 March 2024	94.3
Net book value of PPE excluding infrastructure assets	307.7
Total net book value of PPE on the balance sheet at 31 March 2024	402.0

## 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 Construction	Surplus Props.	Total
	£m	£m	£m	£m	£m	£m
Carried at historical cost:		12.8	9.8	13.2		35.8
Carried at fair value as at:						
31-Mar-25	24.3				0.8	25.1
31-Mar-24	125.4					125.4
31-Mar-23	82.1					82.1
31-Mar-22	45.7					45.7
31-Mar-21	14.5					14.5
<b>Total cost or valuation</b>	<b>292.0</b>	<b>12.8</b>	<b>9.8</b>	<b>13.2</b>	<b>0.8</b>	<b>328.6</b>

## 21. 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 (buildings) 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.

2023-24					2024-25			
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	32.2	40.2	Net Carrying Amount at start of year	7.8	0.2	39.6	<b>47.6</b>
0.0	0.0	0.9	0.9	Additions	0.0	0.0	1.0	<b>1.0</b>
0.0	0.0	6.5	6.5	Revaluation increases/(decreases) recognised in the Revaluation Reserve	0.3	0.0	1.0	<b>1.3</b>
7.8	0.2	39.6	47.6	Carrying Amount 31 March	8.1	0.2	41.6	<b>49.9</b>

### Fine Arts Collection

Includes exhibits held at Torre Abbey. The valuation was undertaken by external valuers, Bearnas Hampton and Littlewood, in 2010 but the exhibits held at Torre Abbey were valued by Bearnas 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 from Torre Abbey.

## 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 £32.5m. 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.

## 22. Investment Properties

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

2023/24		2024/25
£m		£m
(15.3)	Rental income from investment property	(13.6)
2.1	Direct operating expenses arising from investment property	2.6
18.3	Net losses from fair value adjustments	0.1
5.1	Total	(10.9)
£m		£m
182.1	Balance at start of the year	163.8
(18.2)	Net losses from fair value adjustments	(0.1)
163.8	Balance at end of the year	163.7

Hierarchy	Number of properties	Gross Value £m
Level 1	0	0
Level 2	16	162.5
Level 3	2	1.2
<b>Total</b>	<b>18</b>	<b>163.7</b>

## Impairment Losses

Impairment losses and impairment reversals are charged to the Surplus or Deficit on the Provision of Services.

During 2024/25 the Council has recognised net impairment losses of £5.7m (£5.8m 23/24) in total on its property, plant and equipment charged to the Income and Expenditure account. Impairment losses in 2024/25 related primarily to the valuation of the newly operational Lymington Road Enterprise Centre and the revaluation of Victora Centre Multi Storey Car Park. In addition, the Council's investment properties are revalued each year. In 2024/25 this resulted in a net decrease in fair value of £0.1m.

## 23. Capital Expenditure and Capital Financing

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

2023/24		2024/25
£m		£m
<b>427.3</b>	<b>Opening Capital Financing Requirement 1 April</b>	<b>445.9</b>
-	Adjustments to liability re IFRS16 Restatement at 1 April	(14.1)
	<b>Restated Opening Balance Capital Financing Requirement 1 April</b>	<b>431.8</b>
	<i>Capital Investment</i>	
<b>35.8</b>	Property, Plant and Equipment	<b>21.5</b>
<b>3.8</b>	Infrastructure Assets	<b>8.9</b>
<b>0.1</b>	Investment properties	<b>0.0</b>
<b>0.8</b>	Heritage Assets	<b>1.0</b>
<b>0.0</b>	Intangible assets	<b>0.0</b>
<b>4.4</b>	Revenue Expenditure Funded from Capital under Statute (REFCUS)	<b>6.8</b>
<b>1.8</b>	Long Term Debtors	<b>0.9</b>
-	Recognition of assets arising from IFRS16	<b>2.2</b>
	<i>Sources of finance</i>	
<b>(0.1)</b>	Capital receipts	<b>(0.6)</b>
<b>(13.2)</b>	Government grants and other contributions	<b>(19.2)</b>
<b>(2.3)</b>	Sums set aside from revenue and reserves	<b>(2.9)</b>
<b>(3.2)</b>	Grants and contributions towards REFCUS	<b>(4.0)</b>
<b>(8.2)</b>	MRP	<b>(10.0)</b>
<b>(1.1)</b>	Repayment of loans	<b>(2.3)</b>
<b>445.9</b>	<b>Closing Capital Financing Requirement 31 March</b>	<b>434.1</b>

2023/24		2024/25
£m	Explanation of Capital Financing Requirement Movement in Year	£m
<b>(8.2)</b>	Minimum Revenue Provision	<b>(9.9)</b>
<b>(0.1)</b>	Use of Capital Receipt to Repay Debt	<b>(0.6)</b>
<b>26.9</b>	Increase in underlying need to borrow	<b>10.6</b>
-	Recognition of IFRS16	<b>(11.9)</b>
<b>18.6</b>	<b>Movement in Capital Financing Requirement</b>	<b>(11.8)</b>

## 24. 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 £1.3m.

Capital Commitments	Purpose	Total Commitments £m	2025/26 £m	2026/27 £m
<b><u>Housing</u></b>				
<b>St Kilda's</b>	Affordable housing project	<b>4.4</b>	4.4	0.0
<b><u>Regeneration</u></b>				
<b>Brixham Public realm</b>	Part of Levelling Up Partnership funded projects	<b>0.7</b>	0.7	0.0
<b>Station Square</b>	Part of Paignton Future High Streets Regeneration Project	<b>2.5</b>	1.3	1.2
<b>Victoria Centre</b>	Part of Paignton Future High Streets Regeneration Project	<b>1.6</b>	1.6	0.0
<b><u>Culture</u></b>				
<b>Oldway Mansion</b>	Restoration project	<b>2.8</b>	2.8	0.0
<b><u>Environment</u></b>				
<b>Preston Coastal Defence Scheme</b>	Sea Defence / Flood prevention work on Paignton seafront	<b>7.2</b>	3.6	3.6
<b>Total</b>		<b>19.2</b>	<b>14.4</b>	<b>4.8</b>

## 25. Financial Instruments

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

31 March 2024			31 March 2025	
Book Value	Fair Value		Book Value	Fair Value
£m	£m		£m	£m
4.4	4.4	Property Fund Investment Fair Value Through Profit and Loss	4.5	4.5
10.2	10.2	Investments at amortised cost	20.5	20.5
38.5	38.5	Long Term Debtors at amortised cost	35.5	35.5
614.1		Non-financial assets	633.4	
667.2	53.1	<b>Long term Assets</b>	<b>693.9</b>	<b>60.5</b>
0.0	0.0	Investment in Money Market Fund Fair Value Through Profit and Loss	0.0	0.0
35.7	35.7	Other investments amortised cost	39.3	39.3
3.1	3.1	Cash and bank accounts amortised cost	6.4	6.4
38.8	38.8	<b>Short Term Investments and cash</b>	<b>45.7</b>	<b>45.7</b>
33.0	33.0	Short Term Debtors amortised cost	30.1	30.1
4.5		Non-financial assets	4.9	
37.5	33.0	<b>Short Term Assets</b>	<b>35.0</b>	<b>30.1</b>
124.9	124.9	<b>Total Financial Assets</b>	<b>136.3</b>	<b>136.3</b>
618.6		<b>Total Non-Financial Assets</b>	<b>638.3</b>	
31 March 2024			31 March 2025	
Book Value	Fair Value		Book Value	Fair Value
£m	£m		£m	£m
(3.7)	(2.8)	PWLB Borrowing at amortised cost	(6.9)	(4.5)
(0.8)	(0.8)	PFI Liability - Schools at amortised cost	(2.1)	
(0.3)	(1.4)	PFI Liability - Waste at amortised cost	(0.1)	
(4.9)	(4.9)	Cash and bank accounts amortised cost	(4.5)	(4.5)
(38.8)	(38.8)	Short Term Creditors at amortised cost	(29.5)	(29.5)
(3.7)	(3.7)	Other	(0.1)	(0.1)
(14.6)		Non-financial liabilities	(39.6)	
(66.8)	(52.4)	<b>Short Term liabilities</b>	<b>(82.8)</b>	<b>(38.5)</b>
(345.3)	(258.3)	PWLB Borrowing at amortised cost	(334.9)	(215.6)
(10.0)	(11.3)	LOBO borrowing at amortised cost	(10.0)	(10.0)
(1.0)	(1.0)	Long Term Creditors amortised cost	(1.4)	(1.4)
(2.1)	(2.1)	PFI Liability - Schools at amortised cost	(3.1)	
(10.8)	(14.7)	PFI Liability - Waste at amortised cost	(6.7)	
(34.0)		Non-financial liabilities	(38.8)	
(403.2)	(287.4)	<b>Total Long Term Liabilities</b>	<b>(394.9)</b>	<b>(227.0)</b>
(421.4)	(339.8)	<b>Total Financial Liabilities</b>	<b>(399.3)</b>	<b>(265.5)</b>
(48.6)		<b>Total Non-Financial Liabilities</b>	<b>(78.4)</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:

Financial Instrument	Basis of measurement	Note
Investments – fixed rate	Carrying value adjusted for interest owed at year end	Investments have both fixed term and fixed interest rates
Investments – Money Market Funds	Increase in carrying value recognised in Income & Expenditure Account	Interest rate determinable on 1 <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

2024/25	Financial Liabilities Liabilities measured at amortised cost £m	Financial Assets Loans and Receivables £m	Financial Assets Assets at Fair Value through Profit and Loss £m	Total £m
Interest expense	11.1	0.0	0.0	11.1
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	11.1	0.0	0.0	11.1
Interest Income	0.0	(4.9)	(0.2)	(5.1)
(Gain)/Loss in fair value	0.0	0.0	(0.1)	(0.1)
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	0.0	(4.9)	(0.3)	(5.2)
<b>Net gain/(loss) for the year</b>	<b>11.1</b>	<b>(4.9)</b>	<b>(0.3)</b>	<b>5.9</b>
2023/24	Financial Liabilities Liabilities measured at amortised cost £m	Financial Assets Loans and Receivables £m	Financial Assets Assets at Fair Value through Profit and Loss £m	Total £m
Interest expense	13.4	0.0	0.0	13.4
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	13.4	0.0	0.0	13.4
Interest Income		(5.0)	(0.5)	(5.5)
(Gain)/Loss in fair value	0.0	0.0	0.1	0.1
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	0.0	(5.0)	(0.4)	(5.4)
<b>Net gain/(loss) for the year</b>	<b>13.4</b>	<b>(5.0)</b>	<b>(0.4)</b>	<b>8.0</b>

### 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 2025 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 2025 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 2025. 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 3 years on its 25-year School PFI contract for the construction element. The fair value of the liability based on Prior Year would be £2.3m (2.9m in 23/24) 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 15 years on its initial 25-year Energy from Waste PFI contract for the construction element. The fair value of the liability as £15m at 31st March 2025 (£16.1m 23/24) has been assessed using Level Two inputs using a PWLB annuity discount rate, i.e., an input other than quoted prices that are observable.

## 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 2024 £m				31 March 2025 £m		
Cash Investment	Property Fund	Total		Cash Investment	Property Fund	Total
10.0	4.6	14.6	Balance at the start of the year	10.2	4.4	14.6
0.2	(0.2)	0.0	Change in investment	10.3	0.1	10.4
10.2	4.4	14.6	Total Long Term Investments	20.5	4.5	25.0

### 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 2024 £m			31 March 2025 £m	
30.8	Deposits: fixed term and structured		38.1	
4.9	Notice/Call Accounts/MMFs		1.2	
-	Enhanced Money Market Fund		-	
35.7	Total Short term Investments		39.3	

## 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 2024		31 March 2025
£m		£m
	<b>Amounts falling due within one year:</b>	
(7.4)	Public Works Loans Board loans and interest	(7.0)
	<b>Amounts falling due more than one year:</b>	
(10.0)	Money Market loans	(10.0)
(345.3)	Public Works Loans Board loans	(335.0)
(362.7)	<b>Total</b>	(352.0)

### **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.

## **26. 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 Council's 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.

2024/25	Value as at 31st March 2025	Fitch rating A	Fitch rating A+	Fitch rating AAA	Historical experience of default	Historical experience adjusted for market conditions as at 31st March 2025	Estimated maximum exposure to default and collectability at 31st March 2025
	£m				%	%	£m
<b>Deposits with banks and other financial institutions</b>	17.7	2.7	0	15.0	0	0	0
<b>Deposits held in Money Market Fund</b>	1.2	0	0	1.2	0	0	0
<b>Deposits held with other public sector bodies</b>	43	n/a as public sector			0	0	0
<b>Units purchased in CCLA Property Fund</b>	5	0	0	5	0	0	0
<b>Trade and other Receivables, excluding loans (Sundry, Beach Huts &amp; Harbour Debt)</b>	13.2	Not applicable			0.5%	2.5%	1.9

Within the Council's sundry debt total of £13.2m, £12.7m is over three months due for payment. The due amounts can be analysed by age as follows:

31 March 2024 £m		31 March 2025 £m
2.2	Less than three months	0.8
4.5	Three months to one year	5.8
5.2	More than one year	6.6
11.9	<b>Total</b>	<b>13.2</b>

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 2024 £m		31 March 2025 £m
(3.7)	Less than one year	(5.6)
(5.6)	Between one and two years	(2.3)
(20.0)	Between two and five years*	(28.0)
(42.2)	Maturing in five to ten years	(36.2)
(57.5)	Maturing in ten to twenty years	(63.3)
(160.9)	Maturing in twenty to forty years	(159.2)
(69.0)	Maturing in more than 40 years **	(56.0)
(358.9)	<b>Total</b>	<b>(350.6)</b>
*£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 2025 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 2025 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 2025 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 2025 for a full financial year, this would generate an additional £0.27m 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.

### **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 2025 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 2025 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 2025. 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.

## 27. Leases

The Council adopted IFRS 16 from 1 April 2024, which has resulted in qualifying operating leases being reclassified as right-of-use assets. For these agreements, a right-of-use asset and a corresponding liability, has been realised within the Council's balance. As such there is no comparator information for right-of-use assets for 2023/24.

The main impact of IFRS 16 is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have historically been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired shown in long term liabilities). In contrast, operating leases have been treated as 'pay as you go' arrangements similar to renting an item, with rentals charged to revenue in the year they are paid and no requirement to reflect this in the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

### Council as Lessee

#### Right-of-Use Assets

The table below shows the change in the value of the liabilities associated with right-of-use assets held under leases by the Council:

Changes in Value of Right of Use Assets	Land & Buildings £m	Vehicles Plant & Equipment £m	Total 2024/25 £m
Balance at 1 April	0.0	0.0	0.0
Additions	0.6	0.1	0.7
Depreciation and amortisation	(0.0)	(0.0)	(0.1)
Revaluation	0.4	0.0	0.4
Balance at 31 March	<b>1.0</b>	<b>0.1</b>	<b>1.1</b>

Included within Short Term Creditors are the following Lease Liabilities:

Short Term Creditors	2024/25 £m
General Right of Use Assets	0.1
Plymouth Energy from Waste Right of Use assets	0.0
<b>Total Short-Term Creditor</b>	<b>0.1</b>

Included within Long Term Creditors are the following present value Lease values:

Long Term Creditors	2024/25 £m
General Right of Use Assets	0.2
Plymouth Energy from Waste Right of Use assets	0.3
<b>Total Long-Term Creditor</b>	<b>0.5</b>

The right-of-use liabilities are due to be settled over the following periods:

<b>Maturity Analysis of Lease Liabilities</b>	<b>2024/25 £m</b>
Less than one year	0.1
One to Five years	0.3
More than Five years	0.2
<b>Total undiscounted Liabilities</b>	<b>0.6</b>

The Council adopted IFRS 16 (Right-of-Use Assets) from 1 April 2024 so there are no prior period comparatives available.

The weighted average of the incremental borrowing rates used to discount liabilities for General right of use assets was 5% and for the Energy from Waste right of use asset was 4.75%

<b>Analysis of Amounts Included in the Comprehensive Income and Expenditure Statement</b>	<b>2024/25 £m</b>
<b>Comprehensive Income and Expenditure Statement</b>	
Interest expenses on lease liabilities	0.0
Expense relating to short-term leases	0.0
Expense relating to exempt leases of low value items	0.1
<b>Cash Flow Statement</b>	
Minimum lease repayments	0.1

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. The leases identified are individually immaterial.

### **Adjustment to Opening Balances**

The Code requires that there is no retrospective application of IFRS16 - it is prospective - which means that comparative prior periods are not adjusted. As the adjustment is immaterial the Council has made the adjustment in-year rather than adjusting the opening balances at 1st April 2024, as shown in the tables above.

## 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 2024/25 including turnover rents totalled £20.0m (£19.4m 2023/24).

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

31 March 2024 £m	Total payments due classified year of expiry of lease term	31 March 2025 £m
16.9	Not later than one year	17.5
16.3	Later than one year and not later than five years	21.6
110.4	Over 5 years	95.1
<b>143.6</b>	<b>Total</b>	<b>134.2</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: £0.4m per annum in 2024-25

31 March 2024 Re-stated £m	Finance lease debtor	31 March 2025 £m
<b>0.0</b>	<b>Current</b>	<b>0.0</b>
	<b>Non-Current</b>	
0.1	Later than one and less than five Years	0.1
4.8	Later than 5 years	4.8
21.7	Unearned finance income	21.4
<b>26.6</b>	<b>Gross Investment in the Lease</b>	<b>26.3</b>

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

31 March 2024 Re-Stated £m	Gross investment in the lease	31 March 2025 £m
0.4	Not later than one year	0.4
1.6	Later than one and less than five Years	1.6
24.7	Over 5 years	24.3
<b>26.7</b>	<b>Total</b>	<b>26.3</b>
31 March 2024 Re-Stated £m	Minimum lease payments	31 March 2025 £m
0.0	Not later than one year	0.0
0.1	Later than one and less than five Years	0.1
4.8	Over 5 years	4.8
<b>4.9</b>	<b>Total</b>	<b>4.9</b>

\*Re-stated 2024 following amended treatment of Waterside lease as purely Operational in nature. Values included in the Lessor note in both years.

## 28. Private Finance Initiatives (PFI) and Service Concessions

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

### 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 2025 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Service cost £m	Lifecycle cost £m	Reimbursement of capital expenditure £m	Interest cost £m	Total £m
Payable in 2025/26	1.3	0.1	2.1	0.2	3.7
Payable within 2 to 5 years	1.9	0.2	3.1	0.1	5.2
Payable within 6 to 10 years	-	-	-	-	-
Payable within 11 to 15 years	-	-	-	-	-
<b>Total</b>	<b>3.2</b>	<b>0.3</b>	<b>5.2</b>	<b>0.3</b>	<b>8.9</b>
<b>Paid in 2024/25</b>	<b>1.2</b>	<b>0.1</b>	<b>2.0</b>	<b>0.2</b>	<b>3.5</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:

2023/24 £m		2024/25 £m
(3.8)	Liability brought forward	(2.9)
-	Remeasurement on IFRS 16 transition	(4.1)
(3.8)	Opening liability	(7.0)
	Interest added	(0.2)
0.9	Lease payment in cash	2.2
-	Lease liability remeasurement	(0.2)
(2.9)	<b>Closing liability</b>	<b>(5.2)</b>
(0.8)	Short-term	(2.1)
(2.1)	Long-term	(3.1)
(2.9)	<b>Closing Liability</b>	<b>(5.2)</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 liability 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 2025 (excluding any estimation of inflation) is as follows

	Service Cost £m	Reimbursement of capital expenditure £m	Interest Cost £m	Total £m
Payable within one year	2.2	0.1	0.7	3.0
Payable with 2 to 5 years	9.0	0.6	2.7	12.3
Payable with 5 to 10 years	10.5	2.5	2.6	15.7
Payable with 11 to 15 years	10.2	3.5	1.1	14.9
<b>Total</b>	<b>31.9</b>	<b>6.8</b>	<b>7.1</b>	<b>45.8</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 value of the liability is assessed by calculating the present value of cash flows over the remaining term of the agreement. Under IFRS 16, the PFI liability is based on future cash flows remaining at current levels. The present value has been calculated based on the internal rate of return within the PFI model.

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:

2023/24		2024/25
£m		£m
(11.4)	Liability b/fwd	(11.2)
-	Remeasurement on IFRS 16 transition	3.8
(11.4)	Opening liability	(7.3)
	Interest added	(0.7)
0.2	Lease payment in cash	1.0
-	Lease liability remeasurement	0.3
(11.2)	<b>Closing liability</b>	<b>(6.8)</b>
(0.3)	Short-term	(0.1)
(10.9)	Long-term	(6.7)
(11.2)		<b>(6.8)</b>

Value of the deferred liability under the PFI contract

2023/24		2024/25
£m		£m
(14.2)	Opening deferred credit	(13.4)
0.8	Release of deferred income	0.9
(13.4)	Closing Liability	(12.5)

## 29. Debtors

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

31 March 2024		31 March 2025
£m		£m
	Amounts falling due within one year:	
5.2	Central government bodies	2.3
0.8	NHS	0.7
5.6	Other Local Authorities	3.2
25.9	All other bodies	28.8
<b>37.5</b>	<b>Total short term debtors</b>	<b>35.0</b>
23.1	Loans	21.6
13.8	Finance Leases	13.8
1.6	Social Service Client Debt	0.0
<b>38.5</b>	<b>Total Long Term Debtors</b>	<b>35.4</b>

## 30. Cash and cash equivalents

31 March 2024		31 March 2025
£m		£m
(2.0)	Bank current accounts	(0.8)
0.3	Short-term deposits with Liquidity Accounts	2.7
<b>(1.7)</b>	<b>Total Cash and Cash Equivalents</b>	<b>1.9</b>
3.2	Current Assets	6.4
(4.9)	Current Liabilities	(4.5)
<b>(1.7)</b>	<b>Total Cash and Cash Equivalents</b>	<b>1.9</b>

## 31. Creditors

31 March 2024		31 March 2025
£m		£m
	Amounts falling due within one year:	
(14.4)	Central government bodies	(8.5)
(5.7)	Other Local Authorities	(2.1)
(3.3)	NHS Bodies	(3.1)
(24.2)	All other bodies	(33.5)
<b>(47.6)</b>	<b>Total short term creditors</b>	<b>(47.2)</b>
(2.3)	s106 agreements	(2.0)
(0.5)	PFI Sinking Fund	(0.6)
(0.1)	Salix Finance	0.0
(0.4)	Other	(0.9)
<b>(3.3)</b>	<b>Total Long Term Creditors</b>	<b>(3.5)</b>

## 32. Provisions

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

	Business Rates Backdated Appeals	Insurance	Other	Total
	£m	£m	£m	£m
Balance outstanding at 1 April 2024	(2.4)	(0.4)	0.0	(2.8)
Additional provisions made during the year	(0.6)	(0.4)	0.0	(1.0)
Amounts used in the year	0.6	0.3	0.0	0.9
<b>Balance outstanding at 31 March 2025</b>	<b>(2.4)</b>	<b>(0.5)</b>	<b>0.0</b>	<b>(2.9)</b>
	Business Rates Backdated Appeals	Insurance	Other	Total
	£m	£m	£m	£m
Balance outstanding at 1 April 2023	(2.7)	(0.3)	(0.1)	(3.1)
Additional provisions made during the year	(0.5)	(0.2)	0.0	(0.7)
Amounts used in the year	0.8	0.1	0.1	1.0
<b>Balance outstanding at 31 March 2024</b>	<b>(2.4)</b>	<b>(0.4)</b>	<b>0.0</b>	<b>(2.8)</b>
	31 March 2024	31 March 2025		
	£m	£m		
<b>Short Term provisions</b>	(2.7)	(2.8)		
<b>Long Term provisions</b>	(0.1)	(0.1)		
<b>Total</b>	<b>(2.8)</b>	<b>(2.9)</b>		

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

Name of Provision	Description of Provision
Insurance	Reflects a reliable estimate of Council liability on all known claims outstanding as at 31 <sup>st</sup> March 2025, 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

### 33. Unusable Reserves

	Balance 1 April 2024	Comp-rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2025
	£m	£m	£m	£m
Revaluation Reserve	(148.1)	(10.0)	3.8	(154.3)
Capital Adjustment Account	(30.8)	0.0	(12.4)	(43.2)
Deferred capital receipts	(9.2)	0.0	0.0	(9.2)
Pensions Reserve	11.0	0.9	(2.3)	9.6
Collection Fund Adjustment Account	(2.8)	0.0	(1.7)	(4.5)
Accumulated Absences Account	1.5	0.0	(0.4)	1.1
Dedicated Schools Grant Deficit Account	9.0	0.0	0.0	9.0
Financial Instruments adjustment account	(1.3)	0.0	0.1	(1.2)
Pooled investment fund Adjustment A/c	0.5	0.0	0.0	0.5
<b>Total for 2024-25</b>	<b>(170.2)</b>	<b>(9.1)</b>	<b>(12.9)</b>	<b>(192.2)</b>
	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	(30.8)
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)	1.5
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	0.5
<b>Total for 2023-24</b>	<b>(179.8)</b>	<b>(23.8)</b>	<b>33.3</b>	<b>(170.2)</b>

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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 are consolidated into the balance on the Capital Adjustment Account.

2023/24		2024/25
£m		£m
(129.2)	Balance 1 April	(148.1)
	<b>Comprehensive Income &amp; Expenditure:</b>	
(22.2)	Loss/(Gain) on revaluation of assets	(8.8)
0.0	Loss/(Gain) on revaluation of assets adjustment re previous years	(1.2)
	<b>Adjustment to Capital Adjustment Account</b>	
	Accounting / Financing Adjustments:	
0.2	Amount written off the Revaluation Reserve charged to the Surplus/Deficit	0.1
3.1	Amount written off the Revaluation Reserve charged to the Capital Adjustment account	3.7
(148.1)	<b>Balance 31 March</b>	<b>(154.3)</b>

### Capital Adjustment Account

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 amortisation 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 gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 25 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2023/24		2024/25
£m		£m
(62.4)	Balance 1 April	(30.8)
	Accounting / Financing Adjustments:	
0.1	Write down Intangible Assets	0.1
39.5	Depreciation and impairment of non-current assets	21.7
18.3	Movements in value of Investment Properties	0.1
0.1	Gain or (loss) on sale of non-current assets	0.1
4.4	Revenue Expenditure Financed from Capital under Statute	6.8
(3.2)	Revenue Expenditure Financed from Capital under Statute - Income	(4.0)
0.0	Deferred Capital Receipts	0.0
(0.8)	Energy	(0.8)
(2.3)	Capital expenditure financed from revenue	(2.9)
(0.1)	Capital expenditure financed from Capital Receipts	(0.6)
(13.2)	Capital expenditure financed from Capital grants and contributions	(19.2)
(8.2)	MRP	(10.0)
(3.1)	Amount written off the Revaluation Reserve charged to the Capital Adjustment account	(3.7)
<b>(30.8)</b>	<b>Balance 31 March</b>	<b>(43.2)</b>

## Deferred capital receipts

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the capital receipts reserve.

2023/24		2024/25
£m		£m
(9.2)	Balance 1 April	(9.2)
	Accounting / Financing Adjustments:	
0.0	Deferred receipts received to Capital Receipts Reserve	0.0
<b>(9.2)</b>	<b>Balance 31 March</b>	<b>(9.2)</b>

## Pension Reserve

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 the pension fund or eventually pays 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 by the time the benefits come to be paid.

2023/24		2024/25
£m		£m
14.6	Balance 1 April	11.0
	Comprehensive Income & Expenditure:	
(1.1)	Remeasurement of the net defined benefit liability	1.0
(0.5)	DCC LGR adjustment	(0.1)
	Accounting / Financing Adjustments:	
(2.0)	Difference between accounting and statutory credit for pension costs	(2.3)
<b>11.0</b>	<b>Balance 31 March</b>	<b>9.6</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rate payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund

2023/24		2024/25
£m		£m
(5.0)	Balance 1 April	(2.8)
	Accounting / Financing Adjustments:	
2.2	Difference between accounting and statutory credit for Council Tax and NNDR	(1.7)
<b>(2.8)</b>	<b>Balance 31 March</b>	<b>(4.5)</b>

## Accumulated Absences

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, for example annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance be neutralised by transfers to or from the account.

2023/24		2024/25
£m		£m
2.1	Balance 1 April	1.5
	Accounting / Financing Adjustments:	
(0.6)	Difference between accounting and statutory employment benefit	(0.4)
<b>1.5</b>	<b>Balance 31 March</b>	<b>1.1</b>

## 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 and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans.

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2023/24		2024/25
£m		£m
0.0	Balance 1 April	(1.3)
	Comprehensive Income & Expenditure:	
(1.3)	Discounts on loans	0.1
<b>(1.3)</b>	<b>Balance 31 March</b>	<b>(1.2)</b>

## Pooled Investment Funds Adjustment Account

Reflects valuation changes in the pooled investment fund.

2023-24		2024-25
£m		£m
0.4	Balance 1 April	0.6
	Comprehensive Income & Expenditure:	
0.2	Gain/(Loss) revaluation Pooled Investment funds	0.0
<b>0.6</b>	<b>Balance 31 March</b>	<b>0.6</b>

## Dedicated Schools Grant Adjustment Account

Regulations effective from 1st April 2020 require that a schools Budget deficit must be carried forward to be funded from future Dedicated Schools Grant (DSG) income, unless permission is sought from the Secretary of State for Education to fund the deficit from the General Fund. They also require that where a local authority has a deficit on its Schools Budget relating to its accounts for a financial year beginning on 1st April 2020, 1st April 2021 or 1st April 2022, it must not charge the amount of that deficit to a revenue account but instead record any such deficit in a separate account. The Dedicated Schools Grant Adjustment Account has been created for that purpose and the in-year deficit for 2020/21 and cumulative deficit brought forward as at 1st April 2020 have been transferred into that account. Prior to 2020/21 this was treated as a usable reserve. Further details on the deployment of DSG are provided in Note 16

## 34. Defined Benefit Pension Schemes

The Council currently participates in three post-employment defined benefit pension schemes, two of which are treated for the purposes of the Statement of Accounts as defined contribution schemes:

The Local Government Pension Scheme (LGPS)

All staff, with the exception of teachers, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Devon County Council. The Fund provides members with benefits related to length of service and pensionable salary. The LGPS is a funded defined benefit pension arrangement for local authorities and is governed by statute principally now the Local Government Pension Scheme Regulations 2013.

### 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; then increased to 28.68% in 2024/25. Contributions of £3.8m were paid in 2024/25 (£2.9m in 2023/24).

The latest available accounts for the scheme 2024/25 recorded liabilities are £291bn. [Source: Teachers' Pension Scheme Annual Accounts 2024/25]. 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 12,911 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 (23.7% 2023/24). Contributions of £0.06m were paid in 2024/25 (£0.05m 2023/24).

The 2024/25 accounts for the scheme record liabilities of £456.2 billion (£430.1 billion 23/24). [Source: NHS Pension Scheme Annual Accounts 2024/25]. 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 121 local authorities (122 23/24) participating in the Scheme, amongst a total of 7,770 employers (7,823 23/24).

### **Characteristics of Defined Benefit Plans and Associated Risks**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement

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. The March 2025 valuation will set contributions for future periods from 1 April 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.

In 2023/24 our pension accounting position moved from an historic liability into an asset position, this was also the case in 2024/25 with the asset increasing. 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

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 latest valuation date, was an average age of 46 years for active members and 51 years for deferred pensioners, 72 years for pensioners.

In 2024/25 there were settlements from members transferring in/out of the Council as employer. The capitalised gain of this settlement was £682k (2023/24 loss £(119)k).

To assess the value of the Employer's liabilities at 31 March 2025, 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 2025 IAS19 report which was prepared for accounting purposes.
- Whole fund asset statement for the period to 31 March 2025
- Whole fund income and expenditure for the period to 31<sup>st</sup> March 2025
- Employer income and expenditure for the period to 31 March 2025
- Details of any new early retirement payments for the period to 31 March 2025
- Details of any settlements for the period to 31 March 2025

The service cost for the year ending 31 March 2025 is calculated using an estimate of the total pensionable payroll in year of £48.2m.

## 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 2024/25. 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:

2023/24		2024/25
£m	Comprehensive Income and Expenditure Statement	£m
6.6	Current Service Cost	7.5
0.2	Admin Expenses	0.2
6.8	<b>Cost of Services</b>	7.7
(0.8)	Net interest expense	0.0
(0.8)	<b>Financing and Investment Income and Expenditure</b>	0.0
6.0	<b>Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services</b>	7.7
(22.1)	Return on plan assets, less included in interest expense	4.8
0.0	Actuarial gains & losses:	0.0
(5.0)	Changes in demographic assumptions	(0.9)
(7.2)	Changes in financial assumptions	(47.6)
1.0	Other	(1.0)
32.2	Impact of asset ceiling adjustments	45.7
(1.1)	Remeasurement of the net defined benefit liability	1.0
4.9	<b>Total Comprehensive Income and Expenditure Statement</b>	8.7

For the year to 31 March 2026 the actuary has forecast a service cost of £6.15m, net interest of £(0.07)m and administration expenses of £0.2m with employer contributions of £9.3m.

2023/24 £m	Movement in Reserves Statement Accounting Adjustments	2024/25 £m
(6.0)	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	(7.7)
8.0	Employer's pension contributions and direct payments to pensioners payable in the year	9.4
2.0		1.7

## Assets and liabilities recognised on the balance sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

2023/24		2024/25
£m		£m
(345.2)	Present value of funded obligations	(318.5)
(5.4)	Present value of unfunded obligations	(4.7)
377.3	Fair value of fund assets	397.9
(32.1)	Adjustment to meet the requirements of IFRIC14	(79.4)
(5.4)	Net pensions liability	(4.7)

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

2023/24		2024/25
£m	Reconciliation of Fair Value of Employer Assets (Scheme Assets):	£m
341.3	Value of Assets at 1 April	377.3
17.4	Interest income on plan assets	18.9
2.7	Contributions by Members	3.2
8.0	Contributions by the Employer	9.4
22.1	Return on assets excluding amounts recognised in Other Comprehensive Income	(4.8)
0.0	Other experience	0.0
(14.7)	Benefits Paid	(17.1)
0.0	Unfunded benefits paid	0.0
(0.2)	Admin Expenses	(0.2)
0.7	Settlement process received/ (paid)	11.2
0.0	Contributions towards unfunded benefits	0.0
377.3		397.9

2023/24		2024/25
£m	Reconciliation of Defined Benefit Obligation (scheme Liabilities):	£m
(349.9)	Value of Liabilities at 1 April	(350.6)
(6.3)	Current Service Cost	(8.2)
(16.7)	Interest Cost	(17.4)
(2.7)	Contribution by Members	(3.2)
	Actuarial Gains and (Losses):	
5.0	Change in demographic assumptions	1.0
7.2	Change in financial assumptions	47.6
(1.0)	Other experience gains and (losses)	1.0
(0.1)	Losses on Curtailments	0.0
14.2	Benefits Paid	16.6
(0.8)	Liabilities (assumed)/extinguished on settlements	(10.6)
0.6	Unfunded benefits paid	0.6
(350.5)		(323.2)
(32.2)	Impact of asset ceiling adjustments	(79.4)
(5.4)	Net Liability at 31st March	(4.7)

## Fund Assets

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2025 is calculated to be 3.66%. The actual return on Fund assets over the year may be different. The estimated asset allocation for Torbay Council as at 31 March 2025 (6.51% of total fund) is as follows:

31 March 2024		Asset Category	31 March 2025	
£m	%		£m	%
5	1.3%	UK Equities	9	2.3%
202	53.6%	Overseas Equities	201	50.6%
29	7.7%	Property	33	8.3%
38	10.1%	Infrastructure	41	10.3%
9	2.4%	Target Return Portfolio	9	2.3%
8	2.1%	Cash	10	2.5%
86	22.8%	Other Bonds	94	23.7%
-	0.0%	Alternative assets	0	0.0%
<b>377</b>	<b>100.0%</b>	<b>Totals</b>	<b>397</b>	<b>100%</b>

The total asset values as at 31 March 2025 and further information on the investment activity is available on the Peninsula Pensions website.

Note: On 1 April 2024 employees transferred from Torbay Economic Development Company to Torbay Council. The assets and liabilities associated with the transfer are included in the above tables. The capitalised gain of this settlement is £682k and has been included in the Comprehensive Income and Expenditure Account.

## Actuarial Assumptions

### Valuation Approach

To assess the value of the employer's liabilities as at 31 March 2025, the actuary rolled forward the value of the employer's liabilities calculated for the funding valuation as at 31<sup>st</sup> March 2024, 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 2025 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 2024 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 2024 to 2025. 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 2025, like 31 March 2024, 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:

2023/24		2024/25
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
21.5	Men	21.4
22.7	Women	22.7
	<b>Longevity at 45 for future pensioners:</b>	
22.8	Men	22.7
24.1	Women	24.1

## Financial Assumptions

2023/24		2024/25
3.90%	Rate of inflation (RPI)	3.20%
2.90%	Rate of inflation (CPI)	2.90%
3.90%	Rate of increase in salaries	3.90%
2.90%	Rate of increase in pensions	2.90%
4.90%	Rate for discounting scheme liabilities	5.80%

These assumptions are set with reference to market conditions at 31 March 2025.

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.

Change in assumptions in the year	Present Value of obligation £m	Projected Service Cost £m
Rate for discounting scheme liabilities (increase by 0.1%)	318.9	5.9
1 year increase in member life expectancy	335.1	6.4
Rate of increase in salaries (increase by 0.1%)	323.6	6.2
Rate of increase in pensions (increase by 0.1%)	327.5	6.4

## **Impact on the Authority's cash flows**

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 total contribution expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2026 are £9.3m. Expected contributions for the Teacher Pensions Scheme in the year to 31 March 2026 are £3.9m.

The provisions of the LGPS and the Fund were amended with effect from 1 April 2014. Prior to that date benefits were paid on members' final salaries, whereas for service after that date benefits are based on career average salaries.

There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The actuary's estimate of the duration of the Employer's Liabilities as at 31 March 2025 is 14 years.

The Court of Appeal has recently issued its judgment in the Virgin Media case (Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors) which could affect any scheme which was contracted out of the State Second Pension on a final salary basis in the period between 6 April 1997 and 5 April 2016. The case centred on a change to benefits made in 1999 to the way in which deferred members' pensions were revalued in relation to inflation. The impact of the ruling on LGPS liabilities is not known and no adjustments to reflect the impact of the ruling have been made to the financial statements for the year. Management will continue to monitor the developments and consider the impact on the LGPS liabilities.

## 35. Cash Flow Statement – Operating Activities

2023/24 £m		2024/25 £m
(3.6)	Interest received	(3.8)
10.9	Interest paid	10.1
(0.3)	Dividends received	(0.2)
39.5	Depreciation, impairment and downward revaluations	21.9
0.1	Amortisation	0.1
18.3	Change in value of investment properties	0.1
1.9	(Decrease) / increase in creditors	2.4
(8.2)	(Increase) / decrease in debtors	(3.0)
0.0	(Increase) / decrease in inventories	0.0
0.0	Pooled investment adjustment	0.0
(2.0)	Movement in pension liability	(2.3)
0.3	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0.1
0.0	Other non-cash items charged to the net surplus or deficit on the provision of services	(0.7)
<b>49.9</b>	<b>Net cash flows from non-cash movements</b>	<b>18.6</b>

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities :

2023/24 £m		2024/25 £m
(16.7)	Any other items for which cash effects are investing or financing cashflows	0.0
(0.1)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(0.3)
<b>(16.8)</b>	<b>Net cashflows from investing and financing activities</b>	<b>(0.3)</b>

### 36. Cash Flow Statement – Investing Activities

2023/24		2024/25
£m		£m
0.1	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0.3
(42.3)	Purchase of property, plant and equipment, investment property and intangible assets	(32.1)
(9.5)	Purchase of short-term and long-term investments	(22.8)
50.3	Proceeds from the sale of short-term and long-term investments	8.9
(1.7)	Other payments for investing activities	(0.5)
18.5	Other receipts from investing activities	26.5
<b>15.4</b>	<b>Net cashflows from investing activities</b>	<b>(19.7)</b>

### 37. Cash Flow Statement – Financing Activities

2023/24		2024/25
£m		£m
1.0	Cash Receipts - long/short term borrowing	2.4
(22.3)	Repayment of Long-Term Borrowing	(10.4)
(2.2)	Cash payments for the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	(1.9)
0.3	Changes in Council Tax balances held for preceptors	0.1
0.3	Changes in National Non-Domestic Rates balances held for preceptors	0.4
0.0	Other receipts from investing activities	0.0
<b>(22.9)</b>	<b>Net cashflows from financing activities</b>	<b>(9.4)</b>

## 38. 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.

Some Members or members of their close families have an interest in voluntary organisations and community groups awarded grants by the Council. Both Council members and Directors have been asked to provide information regarding related party transactions. From the information received, it is believed that there have not been any significant transactions involving Directors or Council members during the year.

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates. It provides the majority of its funding in the form of grants, which are disclosed in Note 17.

The Council has interests in a number of companies over which it has significant influence or control as set out in the table below.

Name	Nature of Council relationship	Transactions with the Council	Principal Activities	Balances owed to / (from) the Council as at 31 3 2025
<b>Torbay Economic Development Company Ltd (TEDC)</b>	100% subsidiary. The Council has five Director posts on the Board	£365k payments from the Council to the Company. £222k payments to the Council from the Company	To bring about Regeneration in Torbay	£4.4m loan to the company. £6.9m owed to the company for the transfer of assets. £545k owed by the company for general accruals.
<b>Complete Facilities Management Services Limited</b>	100% subsidiary of TEDC. The Council has two Director posts on the Board	£51k payments made by the Council to the company.	To provide cleaning services to the Council, TDA and other clients	£49k owed by company to the Council
<b>C &amp; A Consultants (Torbay) Limited</b>	100% subsidiary of TEDC. The Council has two Director posts on the Board	Nil	Consultancy related to construction of civil engineering projects and other engineering activities	Nil
<b>KAH Holdings Limited</b>	100% subsidiary of TEDC. The Council has two Director posts on the Board	£3k payment to the Council	To manage property owned by Torbay Economic Development Company Ltd	£2k owed by company to the Council
<b>TEDC Developments Ltd</b>	100% subsidiary of TEDC. The Council has two Director posts on the Board	Nil	Development of building projects	Nil
<b>Torvista Homes Ltd</b>	100% subsidiary of TEDC. The Council has two Director posts on the Board	£3.9m property related transactions and assets transfers from company to the Council.	Buying and selling of own real estate and renting and operating of Housing Association real estate.	£5.2m loan from the Council. £3.3m owed to the company for the transfer of assets. £3.1m owed to the Council for returned grants and loans.
<b>Enterprise South West Ltd</b>	100% subsidiary of TEDC. The Council has two Director posts on the Board Dormant company	Nil	N/A	Nil
<b>Torbay Housing Company Limited</b>	100% subsidiary. The Council has one Director post on the Board. Dormant company	Nil	N/A	Nil
<b>English Riviera Tourism Company 07223987</b>	100% subsidiary. The Council has one Director post on the Board. Dormant company	Nil	N/A	Nil
<b>Torbay Education Ltd</b>	100% subsidiary. The Council has no Directors post on the Board. Do	Company received funding of £861k from the Council. £61k payments from the Council to the company. £108k payments from the company to the Council	Support the provision of education to children who cannot, for medical reasons, attend mainstream schools.	Company owed the Council £15k
<b>SWISCO Limited</b>	100% subsidiary. The Council has three Director posts on the Board. Dormant company	£21.6m payments from the Council to the company. £1.8m payments from the company to the Council. £897k loan drawdown from the Council.	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	£3.2m loan from the Council. £778k owed by the company. £995k owed by the Council.

## Joint Committees and Partnerships

The Council is part of several joint committees or partnerships where local authorities have joined together to provide a service. The most significant of these are the 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 12.

Other joint committees and partnerships include,

**Devon Assurance Partnership** is a Joint Committee formed by Torbay Council, Devon County Council and Plymouth City Council. The partnership provides, under a shared service agreement, an Internal Audit service to the three Councils and other local government clients across Devon. 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.

**The South West Devon Waste Partnership** is an equal partnership between Torbay Council, Devon County Council and Plymouth City Council which has established arrangements to convert waste into energy. The expenditure in year was £34k of contract management costs and £496k 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.

**Torbay and South Devon NHS Foundation Trust** 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 2024/25 the payment to the Trust in the year for funding adult social care was the annual agreement fee of £56.5m.

## 39. 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.

## Collection Fund Summary Account 2024/25

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

Council tax £m	NNDR £m	Total £m		Council tax £m	NNDR £m	Total £m
2023/24				2024/25		
(131.1)	-	(131.1)	Gross Council Tax Payable for Year	(138.0)	-	(138.0)
26.2	-	26.2	Council Tax Reduced Assessments	26.2	-	26.2
-	(29.0)	(29.0)	NNDR Payable for Year		(31.3)	(31.3)
<b>(104.9)</b>	<b>(29.0)</b>	<b>(133.9)</b>	<b>Council Tax &amp; NNDR Receivable</b>	<b>(111.8)</b>	<b>(31.3)</b>	<b>(143.1)</b>
			<b>Expenditure:</b>			
			<b>Precepts and Demands</b>			
12.2	-	12.2	Police and Crime Commissioner for Devon and Cornwall	13.0	-	13.0
4.5	0.3	4.8	Devon & Somerset Fire & Rescue Authority	4.7	0.3	5.0
-	13.6	13.6	MHCLG, (Central Government)	-	14.3	14.3
83.1	13.3	96.4	Torbay Council's Own Demand (Including Brixham Town Council)	88.5	14.0	102.5
<b>99.8</b>	<b>27.2</b>	<b>127.0</b>	<b>Total Precepts and Demands</b>	<b>106.2</b>	<b>28.6</b>	<b>134.8</b>
-	<b>0.2</b>	<b>0.2</b>	<b>Cost of Collection Allowance</b>	-	<b>0.2</b>	<b>0.2</b>
			<b>Distribution of Previous Years Estimated Surplus/(Deficit);</b>			
0.1	-	0.1	Police and Crime Commissioner for Devon and Cornwall	0.2	-	0.2
0.1	0.1	0.2	Devon & Somerset Fire & Rescue Authority	0.1	0.0	0.1
-	3.6	3.6	MHCLG, (Central Government)	-	0.6	0.6
1.1	3.5	4.6	Torbay Council	1.1	0.5	1.6
<b>1.3</b>	<b>7.2</b>	<b>8.5</b>	<b>Total Distribution of previous year's Surplus/(Deficit)</b>	<b>1.4</b>	<b>1.1</b>	<b>2.5</b>
			<b>Bad and Doubtful Debts/Appeals</b>			
0.5	0.1	0.6	Write Offs	0.8	0.1	0.9
2.4	0.5	2.9	Impairment for Uncollectable debt	2.1	0.0	2.1
-	(0.6)	(0.6)	Provision for Appeals	-	0.1	0.1
<b>2.9</b>	-	<b>2.9</b>	<b>Total Bad &amp; Doubtful Debt and Appeals</b>	<b>2.9</b>	<b>0.2</b>	<b>3.1</b>
<b>104.0</b>	<b>34.6</b>	<b>138.6</b>	<b>Total Expenditure</b>	<b>110.5</b>	<b>30.1</b>	<b>140.6</b>
<b>(0.9)</b>	<b>5.6</b>	<b>4.7</b>	<b>(Surplus)/Deficit for Year</b>	<b>(1.3)</b>	<b>(1.2)</b>	<b>(2.5)</b>
			<b>Movement of Collection Fund Balance</b>			
(1.6)	(7.1)	(8.7)	Balance brought forward as at 1st April	(2.5)	(1.5)	(4.0)
(0.9)	5.6	4.7	(Surplus)/Deficit for Year	(1.3)	(1.2)	(2.5)
<b>(2.5)</b>	<b>(1.5)</b>	<b>(4.0)</b>	<b>Balance carried forward as at 31st March</b>	<b>(3.8)</b>	<b>(2.7)</b>	<b>(6.5)</b>
			<b>Balance Attributable to major precepting bodies</b>			
(0.3)	-	(0.3)	Police and Crime Commissioner for Devon and Cornwall	(0.5)	-	(0.5)
(0.1)	0.0	(0.1)	Devon & Somerset Fire & Rescue Authority	(0.2)	0.0	(0.2)
-	(0.8)	(0.8)	MHCLG (Central Government)	-	(1.4)	(1.4)
(2.1)	(0.7)	(2.8)	Torbay Council	(3.1)	(1.3)	(4.4)
<b>(2.5)</b>	<b>(1.5)</b>	<b>(4.0)</b>	<b>Balance carried forward at 31st March</b>	<b>(3.8)</b>	<b>(2.7)</b>	<b>(6.5)</b>

## 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 2024/25 was £0.473m (£0.394m in 23/24) 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 £3.8m, an increase compared to the 23-24 surplus of £2.5m. The balance on the NNDR Fund was a surplus of £2.7m, an increase compared to the 23-24 surplus of £1.5m.

### A) Council Tax Base 2024/25

The number of dwellings Band D equivalent for 2024/25 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 2024/25" report from the Council meeting in December 2023.

For Council tax purposes the number of domestic properties in each band converted to a Band D equivalent for 2024/25 was as follows:

Valuation Band	Ratio to Band D	Amount payable by all Council Tax payers			Additional amount payable by Council Tax payers resident in the Brixham Town Council area		
		No Dwellings in valuation list	No of Dwellings Band D Equivalent	Average Council Tax Per Dwelling £	No Dwellings in valuation list	No of Dwellings Band D Equivalent	Average Council Tax Per Dwelling £
A Entitled to Disability Relief	5/9	19	9.0	1,240.47	5	2.2	42.07
A	6/9	13,469	5,671.0	1,488.56	1,336	561.0	50.49
B	7/9	17,507	10,431.8	1,736.66	2,179	1,285.8	58.90
C	8/9	16,766	12,465.6	1,984.75	2,418	1,805.0	67.32
D	1	10,473	9,385.3	2,232.85	1,587	1,436.5	75.73
E	11/9	5,259	5,980.8	2,729.04	705	799.3	92.56
F	13/9	2,365	3,208.6	3,225.23	336	457.5	109.39
G	15/9	1,251	1,976.5	3,721.41	101	156.3	126.22
H	2	115	219.4	4,465.70	3	8.0	151.46
TOTAL		67,224	49,348.0		8,670	6,511.6	
Less Allowance for Non-Collection @ 4.0% (4.0% 23/24)			(1,973.92)			(260.46)	
<b>TAX BASE 2024/25</b>			<b>47,374.08</b>	(46,274.88 23/24)		<b>6,251.14</b>	(6,185.57 23/24)
Band D Council Tax (excluding Brixham Town Council precept)				£2,232.85 (£2,132.74 23/24)	Band D Council Tax (including Brixham Town Council precept)		£2,308.58 (£2,196.23 23/24)

## 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 2025 was £99.1m (2023/24: £98.9m).

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 2024/25 was 49.9 pence per pound of rateable value (49.9p 23/24) and the non-domestic rating multiplier was 54.6 pence per pound (51.2p 23/24).

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 2025 that have not yet been determined by the valuation office. Torbay Council as a unitary authority is responsible for 49% of the NNDR income, Ministry of Housing, Communities and Local Government (MHCLG) 50%, and Devon and Somerset Fire Authority 1%.

# Group Accounts

## Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code) requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material. The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

The Council has interests in a number of companies that are classified as a subsidiary or joint venture, all of which have been considered for consolidation. Of these, SWISCo Ltd and the TDA group of companies re considered to be material to the financial statements. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with SWISCo Ltd and the TDA group of companies. Copies of the individual audited accounts are available from Companies House.

The purpose of each of the core statements is explained in the relevant sections of the single entity accounts. No amendments have been necessary to the accounts of the group entities as a result of material differences arising from the variation in accounting policies.

The following pages include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement
- Associated Notes to the Accounts where there are significant differences between the Council's single entity accounts and the consolidated Group.

## 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.

2023/24				2024/25		
Gross Exp	Gross Income	Net Exp		Gross Exp	Gross Income	Net Exp
£m	£m	£m		£m	£m	£m
<b>119.2</b>	(62.1)	57.1	Adult Services	127.8	(62.7)	65.2
<b>119.9</b>	(71.4)	48.5	Children's Services	132.5	(80.9)	51.6
<b>15.9</b>	(1.9)	14.0	Corporate Services	18.4	(2.4)	16.1
<b>21.9</b>	(31.6)	(9.7)	Finance	11.6	(33.3)	(21.7)
<b>76.9</b>	(36.4)	40.5	Place	77.7	(47.0)	30.7
<b>9.9</b>	(0.6)	9.3	Public Health	10.8	(1.3)	9.6
<b>363.7</b>	<b>(204.0)</b>	<b>159.7</b>	<b>Cost of services (Note G2)</b>	<b>378.9</b>	<b>(227.5)</b>	<b>151.4</b>
		0.5	Other operating expenditure			0.3
		12.7	Financing and investment income and expenditure			(4.5)
		(147.4)	Taxation and non-specific grant income			(162.6)
		<b>25.5</b>	<b>(Surplus)Deficit on provision of services</b>			<b>(15.5)</b>
		(22.2)	Deficit on revaluation of Property, Plant and Equipment assets			(11.7)
		(1.0)	Remeasurement of the net defined benefit liability/asset			1.1
		(0.5)	Adjustment Pension liability subsidiary and Devon County Council			(0.1)
		1.6	Surplus/deficit on financial assets measured at fair value			0.0
		<b>(22.1)</b>	<b>Other comprehensive (income) and expenditure</b>			<b>(10.7)</b>
		<b>3.4</b>	<b>Total comprehensive (income) and expenditure</b>			<b>(26.1)</b>

## 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.

	Note	General Fund Balance	Earmarked Reserves	Sub Total - General Fund	Capital Receipts	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiaries	Total Group Reserves
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Adjusted Balance at 1 April 2023</b>		<b>(5.8)</b>	<b>(65.7)</b>	<b>(71.3)</b>	<b>(1.4)</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>
<b>Movement in Reserves during 2023/24</b>											
Surplus or (deficit) on the provision of services		2.0	-	2.0	-	-	2.0	-	2.0	23.5	25.5
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	(23.8)	(23.8)	1.7	(22.1)
Adjustments between group accounts and authority accounts		24.3	-	24.3	-	-	24.3	-	24.3	(24.3)	-
<b>Total Comprehensive Expenditure and Income</b>		<b>26.3</b>	<b>-</b>	<b>26.3</b>	<b>-</b>	<b>-</b>	<b>26.3</b>	<b>(23.8)</b>	<b>2.5</b>		<b>3.4</b>
Adjustments between accounting basis and funding basis under regulations		(30.8)	-	(30.8)	-	(2.5)	(33.3)	33.3	-	0.9	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(4.5)	-	-	-	-	-	-	-	-	-
Transfers to/(from) Earmarked Reserves		3.9	(3.9)	(4.5)	-	(2.5)	(7.0)	9.5	2.5	0.9	3.4
<b>Increase/(Decrease) in 2023/24</b>		<b>(0.6)</b>	<b>(3.9)</b>	<b>(4.5)</b>	<b>-</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 31 March 2024 Carried Forward</b>		<b>(6.4)</b>	<b>(69.6)</b>	<b>(75.8)</b>	<b>(1.4)</b>	<b>(25.9)</b>	<b>(103.3)</b>	<b>(170.3)</b>	<b>(273.3)</b>	<b>(7.8)</b>	<b>(281.1)</b>
<b>Movement in Reserves during 2024/25</b>											
<b>Surplus or (deficit) on the provision of services</b>		<b>10.6</b>	<b>-</b>	<b>10.6</b>	<b>-</b>	<b>-</b>	<b>10.6</b>	<b>-</b>	<b>10.6</b>	<b>(1.1)</b>	<b>9.5</b>
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	(9.0)	(9.0)	(1.7)	(10.7)
Adjustments between group accounts and authority accounts		(25.0)	-	(25.0)	-	-	(25.0)	-	(25.0)	-	(25.0)
<b>Total Comprehensive Expenditure and Income</b>		<b>(14.4)</b>	<b>-</b>	<b>(14.4)</b>	<b>-</b>	<b>-</b>	<b>(14.4)</b>	<b>(9.0)</b>	<b>(23.4)</b>	<b>(2.8)</b>	<b>(26.1)</b>
Adjustments between accounting basis and funding basis under regulations		15.1	-	15.1	0.3	(2.5)	13.0	(13.0)	-	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		0.8	-	0.8	0.3	(2.5)	(1.4)	(22.0)	(23.4)	(2.8)	(26.1)
Transfers to/(from) Earmarked Reserves		(2.8)	2.8	-	-	-	-	-	-	-	-
<b>Increase/(Decrease) in 2024/25</b>		<b>(2.1)</b>	<b>2.8</b>	<b>0.8</b>	<b>0.3</b>	<b>(2.5)</b>	<b>(1.4)</b>	<b>(22.0)</b>	<b>(23.4)</b>	<b>(2.8)</b>	<b>(26.1)</b>
<b>Balance at 31 March 2025 Carried Forward</b>		<b>(8.5)</b>	<b>(66.8)</b>	<b>(75.3)</b>	<b>(1.1)</b>	<b>(28.3)</b>	<b>(104.7)</b>	<b>(192.2)</b>	<b>(296.9)</b>	<b>(10.5)</b>	<b>(307.4)</b>

## Group Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Group at 31 March 2025. The net assets of the Group are matched by Group reserves.

31-Mar-24		Note	31-Mar-25
£m			£m
329.4	Property, Plant & Equipment	G3	338.0
94.3	Infrastructure Assets	G3	96.4
47.6	Heritage Assets		49.9
0.7	Intangible Assets		0.6
163.8	Investment Property		163.7
14.6	Long Term Investments		25.0
24.7	Long Term Debtors		24.0
<b>675.1</b>	<b>Long Term Assets</b>		<b>697.4</b>
35.7	Short Term Investments		39.3
2.4	Inventories		2.4
38.5	Short Term Debtors		30.2
6.8	Cash and Cash Equivalents		10.8
0.0	Assets held for sale		0.0
<b>83.4</b>	<b>Current assets</b>		<b>82.7</b>
(51.4)	Short Term Creditors		(40.6)
(4.9)	Overdraft		(4.5)
(7.4)	Short Term Borrowing		(7.0)
(2.0)	Other Short term Liabilities		(3.3)
(2.2)	Capital grants receipts in advance		(18.2)
(2.7)	Provisions		(2.8)
<b>(70.6)</b>	<b>Current liabilities</b>		<b>(76.4)</b>
(355.3)	Long Term Borrowing		(344.9)
(0.7)	Long Term Provisions		(0.1)
(34.3)	Other Long Term Liabilities		(31.6)
(11.1)	Capital Grants Receipts in Advance		(14.9)
(5.4)	Net Defined Pension Liability		(4.7)
<b>(406.8)</b>	<b>Long-term liabilities</b>		<b>(396.3)</b>
<b>281.1</b>	<b>Net assets</b>		<b>307.4</b>
(105.3)	Usable Reserves		(106.7)
(175.8)	Unusable Reserves		(200.7)
<b>(281.1)</b>	<b>Total reserves</b>		<b>(307.4)</b>

## 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.

2023/24			2024/25
£m		Notes	£m
(23.1)	Net (deficit) / Surplus on the provision of services		17.0
49.9	Adjustment to net surplus on the provision of services for non-cash movements	G5	19.4
(16.8)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(0.3)
(0.1)	Taxation		(0.6)
9.9	Net cash flows from Operating Activities		35.5
13.0	Investing Activities	G6	(19.4)
(22.0)	Financing Activities	G7	(11.7)
<b>0.9</b>	<b>Net increase (decrease) in Cash and Cash Equivalents</b>		<b>4.4</b>
1.0	Cash and Cash Equivalents at the beginning of the reporting period		1.9
<b>1.9</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>6.3</b>

## Notes to the Group Accounts

### G1 Accounting Policies

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:

#### Basis of Identification of the Group Boundary

Group accounts are prepared by aggregating the transactions and balances of the Council and all its material subsidiaries, associates and joint arrangements. In its preparation of these Group Accounts, the Council has considered its relationship with entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Joint Arrangements (Joint Ventures) – where the Council exercises joint control with one or more organisations. Where these are material, they are included in the group.
- Associates – where the Council is an investor and has significant influence. A 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.
- No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Entity	Torbay Ownership	Company Type	Accounting Treatment
CSW Group Ltd	25%	Joint Venture	Not Material
Torbay Education Limited	100%	Wholly owned company	Consolidate
SWISCO Limited	100%	Wholly owned company	Consolidate
English Riviera Tourism Company	100%	Subsidiary (by control, not trading)	Not trading
<b>Torbay Housing Company Group of Companies: (not trading in 2024/25)</b>			
Torbay Housing Company Ltd	100%	Wholly owned company, Parent of Group	Not trading
<b>TDA Group of Companies</b>			
Torbay Economic Development Company (TEDC)			
(Trading as TDA)	100%	Wholly owned company, Parent of Group	Consolidate
TEDC Subsidiary Companies:			
Complete Facilities Management Services Ltd	100%	Subsidiary of TEDC	Consolidate
KAH Holding Company Ltd	100%	Subsidiary of TEDC	Consolidate
Enterprise South West Ltd	100%	Subsidiary of TEDC (not trading)	Not trading
C&A Consultants Limited	100%	Subsidiary of TEDC	Consolidate
TorVista Homes Ltd	100%	Subsidiary of TEDC	Consolidate
TEDC Developments Limited	100%	Subsidiary of TEDC	Consolidate

## **Basis of Consolidation – Group Accounts**

The Group Accounts have been prepared using the group accounts requirements of the 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 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 on a line-by-line basis, subject to the elimination of intra-group transactions from the statements, in accordance with the Code. Accounting policies have been aligned where applicable.

### **SWISCo Limited**

SWISCo Limited is a wholly owned subsidiary of Torbay Council. The company was incorporated on 18 September 2019. Since June 2020 the company has been providing waste collection, street cleaning, management and maintenance of highways, grounds, parks, natural environment, car parks, buildings and the Council's vehicle fleet; street and beach cleansing.

### **Torbay Economic Development Agency Limited (trading as TDA Ltd)**

TDA Limited is a wholly owned subsidiary of Torbay Council. The company was incorporated on 14 April 2011. Its primary purpose is to promote regeneration in Torbay. TDC has a number of subsidiary companies providing a variety of services as set out in the table above.

None of the other entities in which the Council has an interest are considered material enough to merit consolidation into the Council's Group Accounts. Details of these can be found within the Related Parties note in the Council's single entity accounts (Note 38).

### **Events after the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Director of Finance on 14 November 2025. Events taking place after this date are not reflected in the financial statements or notes.

### **Torbay Economic Development Company Limited**

Following the balance sheet date of 31 March 2025, the company has transferred Freehold and Leasehold land and buildings to Torbay Council for a total of £7,356,000. The properties below were held in fixed assets at the year-end at a combined value of £7,494,000.

- Freehold land and buildings at Kings Ash Road
- Freehold land and buildings at Torbay Business Park
- Leasehold land and buildings at EPIC
- 

### **Torvista Homes Limited**

On 12 September 2025 Torvista Homes Limited transferred land at Preston Down Road to Torbay Council for £6,250,000. The land was held as stock at the year-end at a value of £2,000,000.

### **Torbay Education Limited**

On 1 September 2025, the service provided by Torbay Education Limited was transferred into Torbay Council.

### **Group financial position**

Where there are no material changes to the statements the notes are as per the Council's single entity accounts. Where consolidation has resulted in material changes, additional notes are set out below.

## G2 Net Cost of Services

The Net cost of Services in the consolidated CIES includes gross income of £3.7m and gross expenditure of £2.6m associated outside of the group boundary.

## Revenue from Contracts with Customers

Further to a review of this area, the Group can confirm that there is no material contractual revenue income from customers to disclose. There is therefore nothing to disclose in relation to the introduction of IFRS 15-Revenues from Contracts with Customers.

## G3 Property Plant and Equipment

TDA Group property consists mainly of property held for regeneration purposes. SWISCO Ltd. property is primarily vehicles and equipment.

2023/24 Torbay Council	2023/24 SWISCO Ltd	2023/24 TEDC Ltd	2023/24 Total		2024/25 Torbay Council	2024/25 SWISCO Ltd	2024/25 TEDC Ltd	2024/25 Total
£m	£m	£m	£m		£m	£m	£m	£m
				<b>COST OR VALUATION</b>				
311.2	2.6	20.1	333.9	As at 1 April 2024	331.1	4.5	19.5	355.1
35.9	1.4	1.0	38.3	Additions	22.3	1.3	-	23.6
(0.3)	-	-	(0.3)	Disposals	(0.1)	-	(10.5)	(10.6)
-	-	-	-	Other movements	-	3.7	-	3.7
(15.7)	0.5	(1.6)	(16.8)	Revaluation	(0.4)	-	1.7	1.3
331.1	4.5	19.5	355.1	As at 31 March 2025	352.9	9.5	10.7	373.0
				<b>DEPRECIATION</b>				
24.4	0.8	0.6	25.8	As at 1 April 2024	23.4	1.5	0.8	25.7
9.0	0.7	0.2	9.9	Charge for the year on owned assets	9.4	0.7	0.1	10.2
-	-	-	0.0	Charge for the year on financed assets	-	0.5	-	0.5
(0.1)	-	-	(0.1)	Disposals	-	-	(0.1)	(0.1)
(2.0)	-	-	(2.0)	Other movements	-	1.5	-	1.5
(7.9)	-	-	(7.9)	Revaluation	(2.8)	-	-	(2.8)
23.4	1.5	0.8	25.7	As at 31 March 2025	30.0	4.2	0.8	35.0
				<b>NET BOOK VALUE</b>				
<b>307.7</b>	<b>3.0</b>	<b>18.7</b>	<b>329.4</b>	<b>As at 31 March 2025</b>	<b>322.9</b>	<b>5.2</b>	<b>9.9</b>	<b>338.0</b>

## Infrastructure Assets

2024/25	£m
Infrastructure assets opening net book value at 1 April 2024	94.3
Additions	8.9
Depreciation charge for year	(6.8)
<b>Infrastructure assets closing net book value at 1 April 2024</b>	<b>96.4</b>
Net book value of PPE excluding infrastructure assets	338.1
<b>Total net book value of PPE on the balance sheet 31 March 2005</b>	<b>434.5</b>

2023/24	£m
Infrastructure assets opening net book value at 1 April 2023	97.6
Additions	3.7
Depreciation charge for year	(7.0)
<b>Infrastructure assets closing net book value at 1 April 2024</b>	<b>94.3</b>
Net book value of PPE excluding infrastructure assets	329.4
<b>Total net book value of PPE on the balance sheet 31 March 2004</b>	<b>423.7</b>

### Note G4- Defined Benefit Pension Schemes

#### Local Government Pension Scheme

The Council, Torbay Education Ltd and SWISCo are all separate admitted bodies to the Devon County Pension Scheme. For details of the Scheme please see note 34 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.

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

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
Council	Subsidiaries	Total		Council	Subsidiaries	Total
£m	£m	£m		£m	£m	£m
341.3	27.1	368.4	Open balance as at 1 April	377.3	30.2	407.5
17.4	1.3	18.7	Interest on Assets	18.9	0.9	19.8
22.1	1.8	23.9	Return on Assets less Interest	(4.8)	(0.2)	(5.0)
0	(0.2)	(0.2)	Other Actuarial Gains (Losses)	-	-	-
(0.2)	0	(0.2)	Administration Expenses	(0.2)	-	(0.2)
2.7	0.2	2.9	Contributions from Scheme Participants	3.2	0.2	3.4
8.0	1.0	9.0	Employer Contributions	9.4	0.5	9.9
(14.7)	(1.0)	(15.7)	Benefits Paid	(17.1)	(0.5)	(17.6)
0.7	0	0.7	Settlement Process Received/(Paid)	11.2	(11.2)	0
<b>377.3</b>	<b>30.2</b>	<b>407.5</b>	<b>Closing balance as at 31 March</b>	<b>397.9</b>	<b>19.9</b>	<b>417.8</b>

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

2023/24 Council £m	2023/24 Subsidiaries £m	2023/24 Total £m		2024/25 Council £m	2024/25 Subsidiaries £m	2024/25 Total £m
<b>(349.9)</b>	<b>(26.0)</b>	<b>(375.9)</b>	<b>Opening balance at 1 April</b>	<b>(350.6)</b>	<b>(26.8)</b>	<b>(377.4)</b>
(6.4)	(0.7)	(7.1)	Current service cost	(8.2)	(0.5)	(8.7)
(16.7)	(1.2)	(17.9)	Interest cost	(17.4)	(0.8)	(18.2)
7.2	0.8	8.0	Change in Financial Assumptions	47.6	2	50.1
5.0	0.3	5.3	Change in Demographic Assumptions	1.0	-	1.0
(1.0)	(0.6)	(1.6)	Experience (loss)/gain on defined benefit obligation	0.9	-	0.9
(0.8)	-	(0.8)	Liabilities (assumed)/extinguished on Settlements	(10.6)	10.6	0
14.2	1.0	15.2	Benefits paid	16.6	1	17.1
(0.1)	(0.2)	(0.3)	Past service costs, including Curtailments	-	-	0
(2.7)	(0.2)	(2.9)	Contributions by scheme participants	(3.2)	(0.2)	(3.4)
0.6	-	0.6	Unfunded Pension payments	0.6	-	0.6
<b>(350.6)</b>	<b>(26.8)</b>	<b>(377.4)</b>	<b>Closing balance at 31 March</b>	<b>(323.3)</b>	<b>(14.7)</b>	<b>(338.0)</b>
(32.1)	(3.2)	(35.3)	Impact of asset ceiling adjustments	(79.4)	(5.0)	(84.4)
<b>(5.4)</b>	<b>-</b>	<b>(5.2)</b>	<b>Net Liability at 31st March</b>	<b>(4.8)</b>	<b>0</b>	<b>(4.5)</b>

## Net Pension Liability

2023/24 Council £m	2023/24 Subsidiaries £m	2023/24 Total £m		2024/25 Council £m	2024/25 Subsidiaries £m	2024/25 Total £m
<b>(345.2)</b>	<b>(26.8)</b>	<b>(372.0)</b>	<b>Present Value of Funded Obligations</b>	<b>(318.5)</b>	<b>(14.93)</b>	<b>(333.4)</b>
377.3	30.0	407.3	Fair Value of Fund Assets	397.9	19.9	417.8
<b>32.1</b>	<b>3.2</b>	<b>35.3</b>	<b>Net Liability</b>	<b>79.4</b>	<b>5.0</b>	<b>84.4</b>
(5.4)	0	(5.4)	Present Value of Unfunded Obligation	(4.7)	0	(4.7)
(32.1)	(3.2)	(35.3)	Impact of Asset Ceiling	(79.4)	(5.0)	(84.4)
<b>(5.4)</b>	<b>0</b>	<b>(5.4)</b>	<b>Net Liability in Balance Sheet</b>	<b>(4.7)</b>	<b>(0.0)</b>	<b>(4.7)</b>

The estimated asset allocation for Torbay Council and its subsidiaries as at 31 March 2025 is as follows:

2023/24 Council £m	2023/24 Subsidiaries £m	2023/24 Total £m		2024/25 Council £m	2024/25 Subsidiaries £m	2024/25 Total £m
5.3	-	5.3	UK Equities	8.8	0.4	9.2
201.7	16.0	217.7	Overseas Equities	201	10.0	211.0
29	2.0	31	Property	33.1	1.7	34.8
38.2	3.0	41.2	Infrastructure	41.2	2.1	43.3
8.9	1.0	9.9	Target Return Portfolio	9.4	0.5	9.9
8.5	1.0	9.5	Cash	10.3	0.5	10.8
85.7	7.0	92.7	Other Bonds	94.2	4.7	98.9
-0.1	-	-0.1	Alternative Assets	-	-	-
<b>377.3</b>	<b>30.0</b>	<b>407.3</b>	<b>Total</b>	<b>398.0</b>	<b>19.9</b>	<b>417.9</b>

## Sensitivity Analysis

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 service costs.

Change in assumptions in the year	Present Value of Obligation £m	Present Value of Obligation £m	Projected Service Cost £m	Projected Service Cost £m
	Council	Subsidiaries	Council	Subsidiaries
Rate for discounting scheme liabilities (increase by 0.1%)	318.9	14.6	5.9	0.4
1 year increase in member life expectancy	335.1	15.3	6.4	0.4
Rate of increase in salaries (increase by 0.1%)	323.6	14.9	6.2	0.4
Rate of increase in pensions (increase by 0.1%)	327.5	15.1	6.4	0.4

## Notes to the Cash Flow Statement

### G5 Cash Flow Statement – Operating Activities

	2024/25 £m
Depreciation, impairment and downward revaluations	23.2
Amortisation	0.1
Change in value of investment properties	0.1
(Decrease) / increase in creditors	(9.5)
(Increase) / decrease in debtors	10.0
(Increase) / decrease in Inventories	(0)
Pooled investment adjustment	-
Movement in pension liability	(2.4)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(1.6)
Other non-cash items charged to the net surplus or deficit on the provision of services	(0.5)
<b>Net cash flows from non-cash movements</b>	<b>19.4</b>

### G6 Cash Flow Statement – Investing Activities

	2024/25 £m
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0.9
Purchase of property, plant and equipment, investment property and intangible assets	(33.3)
Purchase of short-term and long-term investments	(21.9)
Proceeds from the sale of short-term and long-term investments	8.9
Other payments for investing activities	(0.5)
Other receipts from investing activities	26.5
<b>Net cashflows from investing activities</b>	<b>(19.5)</b>

## G7 Cash Flow Statement – Financing Activities

	2024/25 £m
Cash Receipts - long/short term borrowing	0.8
Cash payments for the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	(2.5)
Repayment of Long Term Borrowing	(10.4)
Changes in Council Tax balances held for preceptors	0.1
Changes in National Non-Domestic Rates balances held for preceptors	0.4
<b>Net cashflows from financing activities</b>	<b>(11.6)</b>

Note: The group accounts for 2023/24 did not include notes to accompany the group cash flow statement. These notes have been reinstated for 2024/25 however, detailed comparator figures for 2023/24 are not available.

## Glossary

**ACCOUNTING PERIOD** - This is the length of time covered by the accounts. This is normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

**ACCOUNTING POLICIES** – The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

**ACCRUALS** - The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

**ACTUARY** - An independent consultant who advises on the financial position of the Pension Fund.

**ACTUARIAL GAINS AND LOSSES** - For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because either:

Events have not coincided with the actuarial assumptions made for the last valuation; or

The actuarial assumptions have changed

**ACTUARIAL VALUATION** - Every three years a review is carried out by the actuary on the Pension Fund's assets and liabilities reporting to the Council on the Fund's financial position and recommended employers' contribution rates.

**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** - The writing off, of a loan balance or intangible asset over a period to revenue.

**ANNUAL GOVERNANCE STATEMENT** – The annual governance statement is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.

**ASSET** - An asset is something that the Council owns that has a monetary value. Assets are either current or long term.

- A current asset is one that will be used by the end of the next financial year (e.g. stock, debtors)
- A long term (fixed) asset provides the Council with benefits for a period of more than one year (e.g. property, plant, and equipment).

**BALANCE SHEET** - The Balance Sheet is a financial statement summarising the overall financial position of the Council at the end of the financial year.

**BILLING AUTHORITY** - The billing authority is responsible for levying and collecting the Council Tax

in its area, both on its own behalf and that of its precepting authorities.

**BUDGET** - The budget represents a statement of the Council's planned expenditure and income.

**CAPITAL ADJUSTMENT ACCOUNT** - This is the money set aside in the Council's accounts for capital spending and to repay loans.

**CAPITAL CHARGES** - This is a charge made to the Council's service revenue accounts to reflect the cost of utilising property, plant, and equipment in the provision of services.

**CAPITAL EXPENDITURE** - Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

**CAPITAL FINANCING** - This describes the various sources of money used to pay for capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, capital grants and by contributions from the internal sources, such as capital receipts and reserves.

**CAPITAL RECEIPT** - A capital receipt is the income that results from the sale of land, buildings and other capital assets. A specified portion of this may be used to fund new capital expenditure. The balance must be set-aside and may only be used for paying off debt, not for funding new revenue services.

**CASH AND CASH EQUIVALENTS** - Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short term, highly liquid investments that are readily convertible to cash, for example bank call accounts.

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

**CODE** - The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

**COLLECTION FUND** – A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities and the NNDR pool. The fund must be maintained separately from the Council's General Fund.

**COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT** – A statement which details the total income received and the expenditure incurred by the Council during a year in line with IFRS reporting as required by the Code.

**CONTINGENT ASSET** - A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

**CONTINGENT LIABILITIES** - A contingent liability is either:

- A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council

or

- A present obligation arising from past events where it is not probable that there will be an associated cost, or the amount of the obligation cannot be accurately measured.

**COUNCIL TAX** - A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

**COUNCIL TAX BASE** - An amount calculated by the billing authority, by applying the band proportions to the total properties in each band to ascertain the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

**CREDITORS** - Amounts of money owed by the Council for goods or services received.

**CURRENT ASSETS** - Items that can be readily converted into cash.

**CURRENT LIABILITIES** - Items that are due to be paid immediately or in the short term.

**DEBTORS** - Amounts of money owed to the Council for goods or services provided.

**DEDICATED SCHOOLS GRANT (DSG)** - A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

**DEPRECIATION** - A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis at the rate of £6,000 per annum. Depreciation forms part of the 'capital charges' made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

**DIRECT REVENUE CONTRIBUTIONS** - Funding of capital expenditure directly from revenue budgets.

**EARMARKED RESERVES** - Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

**EXIT PACKAGES** - The cost to the Council of early termination of staff employment before normal retirement age.

**EVENTS AFTER THE BALANCE SHEET DATE (POST BALANCE SHEET EVENTS)** - Events

after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

**EXTERNAL AUDITOR** - The auditor appointed by the Public Sector Audit Appointments (PSAA) to carry out an audit of the Council's accounts. The current auditor is Grant Thornton UK LLP.

**FAIR VALUE** - Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no motive in their negotiations other than to secure a fair price.

**FINANCE LEASE** - A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor).

**FINANCIAL YEAR** - The local authority financial year starts on 1 April and ends on the following 31 March.

**GENERAL FUND** - This is the main revenue account of the Council. The fund includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and the City Council's share of Council Tax. It excludes the Housing Revenue Account. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

**GOVERNMENT GRANTS** - Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some of these grants have restrictions on how they may be used whilst others are general purpose.

**GROUP ACCOUNTS** – Where a Council has a material interest in another organisation (e.g. a subsidiary organisation) group accounts must be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.

**HERITAGE ASSET** - Assets held and maintained principally for their contribution to knowledge and culture. Examples of Heritage Assets are historical buildings, civic regalia and museum and gallery collections.

**IMPAIRMENT** - This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

**INFRASTRUCTURE ASSETS** – Non-current assets that are unable to be readily disposed of the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

**INTANGIBLE ASSETS** - Assets which do not have a physical form but provide an economic benefit for a period of more than one year for example software licences.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)** – International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB).

**INVENTORIES** – Goods that are acquired in advance of their use in providing services of their resale.

**LEASING** - Method of financing the acquisition of capital assets, usually in the form of operating or financing leases.

**LIABILITIES** - Amounts the Council either owes or anticipates owing to others, whether they are due for immediate payment or not.

**JOINT VENTURE** - An arrangement under which the participants engage in joint activities with joint control by means of a separate vehicle/entity.

**MAJOR REPAIRS RESERVE (MRR)** - This reserve is for capital expenditure on HRA assets.

**MINIMUM REVENUE PROVISION (MRP)** - A statutory amount, that must be charged to revenue, to provide for the redemption of debt.

**MOVEMENT IN RESERVES STATEMENT** – This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

**NATIONAL NON-DOMESTIC RATE (NNDR)** – More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. Since 1 April 1990 the poundage level has been set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

**NET BOOK VALUE** - The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amounts provided for depreciation.

**NON-CURRENT ASSETS** - Assets which yield a benefit to the Council for a period of more than one year.

**NON-OPERATIONAL ASSETS** - Fixed assets held by a Council, but not directly occupied, used, or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

**OPERATING LEASE** - This is a lease where the effective ownership of the asset remains with the lessor.

**OPERATIONAL ASSETS** - Fixed assets held and occupied, used, or consumed by the Council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

**OUTTURN** - This is the actual level of expenditure and income for the financial year.

**PENSION FUNDS** - For the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of an employee.

**PENSION STRAIN** - The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

**PRECEPT** - This is the method by which a precepting authority obtains income from the billing authority to cover its net expenditure. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

**PRIOR YEAR ADJUSTMENT** - A material adjustment applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

**PRIVATE FINANCE INITIATIVE (PFI)** - PFI started in 1997/98 and offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

**PROPERTY, PLANT AND EQUIPMENT (PPE)** - Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

**PROVISIONS** - Amounts set aside to meet liabilities or losses which are likely or certain to be incurred but where the amount due or the timing of the payment remains uncertain.

**PRUDENTIAL CODE** - The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. To demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate 'Prudential Indicators'.

**PUBLIC WORKS LOAN BOARD (PWLB)** - A body, part of the Debt Management Office (a government agency) which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the national Loans Fund and rates of interest are determined by the Treasury.

**RATEABLE VALUE** - The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of nondomestic properties. Business rate bills are set by multiplying the rateable value by the year's NNDR poundage (which is set by the Government). Domestic properties are assigned to one of the eight council tax valuation bands.

**RELATED PARTIES** - Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party
- the parties are subject to common control from the same source
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

**RESERVES** - An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

**REVALUATION** - Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

**REVENUE EXPENDITURE** – The regular day to day running costs of items including salaries and wages and other running costs incurred to provide services.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFFCUS) -**

Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

**REVENUE SUPPORT GRANT (RSG)** – a General Government Grant funded from national taxation to support the Council's net expenditure

**SURPLUS ASSETS** - Assets not being used in the delivery of services that do not qualify as being 'held for sale' under accounting guidance.

**SOFT LOANS** - Funds received and advanced at less than market rates.

**UNSUPPORTED BORROWING** - Local authorities can set their own borrowing levels based upon their capital need and their ability to pay for the borrowing, costs are not supported by the Government so services need to ensure they can fund the repayment costs. The borrowing may also be referred to as Prudential Borrowing.

**USABLE CAPITAL RECEIPTS** - This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.