

Torbay Council Draft Unaudited
Statement of Accounts 2025-26



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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 2026. It gives information as to the Council's assets and liabilities at a point in time (31st March 2026) and detail on the Council's financial performance during 2025/26. 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 2025/26, 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

Introduction

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 have remained in a secure financial position now for a number of years. This has been achieved through robust financial management and decision making. We have though received a challenging budget position for the next three years and it is essential that we plan now to minimise the impact of reductions in future years. We are also mindful of the outcome of Local Government Reorganisation and the decision by the Torbay and South Devon NHS Foundation Trust to give notice on the Section 75 agreement which means the Council will take back the running of Adult Social Care in Torbay.

Our Council

Serving a population of 139,324, 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. Since then, we have had some changes to the political make up and are in no overall control. However, the Leader and Cabinet remain the same. As at May 2026, 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 set 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 Chief Executive, her 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 1,755 FTE's (as at end of March 2026) including 623 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. This was 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

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 to 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. The themes are

- 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

Our Council Business Plan is the delivery plan for our Community and Corporate Plan. Whilst the Community and Corporate Plan set 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 projects and performance indicator targets are reviewed and refreshed each year to drive our continuous improvement.

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

The Council's performance framework sets out how, across the whole organisation, we manage, embed 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 2025/2026 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 2025/2026:

Our town centres team have continued with their enforcement activity, effectively reducing the persistent anti-social behaviour (ASB) through prosecutions for breaches of Community Protection and Dispersal Notices. The Public Space Protection Orders led to

278 alcohol-related interventions, 36 dispersals and five criminal behaviour orders imposed on the towns' most prolific individuals. CCTV monitoring evidenced the impact the team have had, with notable reductions in begging (56%), aggression (26%) and rough sleeping (65%) in Torquay town centre. This success received national recognition, and the team have been shortlisted for a national ASB award.

Following the full review of our 74 play parks last year, a new improvement strategy has been agreed. We have also worked with Imagine This, Play Torbay and Community Builders to engage with children in schools across Torbay, gathering feedback to inform future designs. Work on the first parks has already started in the Shiphay Ward in Torquay.

We have supported the promotion of healthy behaviours and environments and have developed a healthy weight framework and action plan. These were endorsed by our Cabinet, Directors and Shadow Cabinet and have been uploaded onto our website. The frameworks cover all age cohorts.

Following approval of Our Carers Strategy we have now refreshed our action plan and begun implementing it. We have actively engaged with carers to develop a replacement care offer. We have commissioned a provider to support replacement care for people living at home.

To improve how we signpost customers to our information, advice and guidance on our website we carried out a user survey to identify barriers to accessibility and help us identify and prioritise needed changes. To support staff who upload information to the corporate website, we have written a web content policy, guidance and delivered training. We have invested in software that helps us analyse site behaviour which will aid our future improvements and design. Prototypes for a new homepage have been created, and we will soon be commissioning an external audit to check how the site meets accessibility standards.

We have reviewed our Public Health webpages to make sure all our content is up to date. 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 have had an increase in the number of Community Ward Fund applications and delivered more this year than last.

We take pride in show casing our activities to encourage civic pride and community action. This year it has included the positive outcomes of the work taken by our town centre enforcement teams and the stunning flower displays across the Bay. We have developed a forward plan for 2026/27 which, excitingly, includes the SUP World Cup which will be held in Torbay in June 2026.

Our project to develop a plan to support Torbay's community centres has begun with the first full conditions survey being completed at the Acorn Centre in Torquay. Further work to review all other centres will be taking place throughout 2026/27.

The Big Plan is a co-produced piece of work that the Learning Disability Ambassadors developed to help us focus on key outcomes that would improve the lives of people living with a learning disability. The key areas of focus in the Plan are; clients health, housing, education and accessibility. This year, we have focused on delivering access to annual health checks and screening, promoted personalisation of services using direct payments. We have also worked with Connect to Work and DWP on providing employment opportunities.

The Joint Strategic Needs Assessment which is supporting young people who experience Special Educational Needs and Disabilities (SEND) to live independently, has been produced. We have recommissioned our specialist placements with a focus on Social, Emotional and Mental Health (SEMH) ensuring we have the correct SEND specialist placements to meet the needs of our children and young people in Torbay. Following successful approval by the Department for Education we will be providing designated Autism Spectrum Disorder (ASD) in one of our schools.

As part of our priorities under our Torbay Suicide Prevention Action Plan, we were successful in securing the hosting of the Baton of Hope event. This national tour is designed to raise awareness and spread the message of suicide prevention. The event was delivered successfully, and a legacy plan has been developed with all partners. In addition to this, we have worked with our partners across Devon and developed a suicide Prevention Strategic Plan which will run from 2026- 2031.

We continue to deliver against our priorities within the Domestic Abuse and Sexual Violence Strategy. We have embedded trauma-informed practices, as well as delivered system-wide trauma stabilisation training. We have created a learning disability e-learning programme and completed the Older People's Project. A connecting narratives event was successfully delivered, focusing on intersectionality and multiple needs. IMABI Travel Guardian was launched in partnership with Stagecoach and safe accommodation work progressed to reduce barriers and improve access. We have implemented complex lives navigators and have delivered peer research training, completed the peer research project and strengthened our lived experience networks.

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 2025/2026:

Work to deliver our Housing Strategy has included progress on a number of Hotels to Homes projects. Brampton Court was acquired, refurbished and has successfully delivered 14 units of affordable accommodation which are now all fully occupied. Seabury has been acquired and the old building demolished and we are in the design and contract procurement phase. The St Kilda's scheme in Brixham, where a former care home has been demolished to make room for 23 new flats for social rent, is now in its delivery phase and expected to complete in August 2026.

The Devon and Torbay Combined County Authority (CCA) which was established in February 2025 now has its policy framework and full corporate, strategic and governance framework in place. This provides the platform for the CCA to move to a greater focus on delivery during 2026/27.

Work to support people experiencing homelessness has continued throughout the year, delivering significant progress. Despite a 50% increase in demand compared to 2024/25, the number of households placed in temporary accommodation has remained below our target. Operational improvements have also been introduced, including using the customer call centre, which has improved access to the Housing Options Service and addressed concerns raised by customers and partners.

The early help housing options approach with Children's Services, has achieved positive outcomes, significantly reducing the number of families requiring accommodation through Children's Services.

The establishment of a Homelessness and Rough Sleeping Forum has further strengthened partnership working. Targeted outreach activity has resulted in 105 people being successfully accommodated directly from the street.

We have made great progress across our three towns with our town centre regeneration schemes. Both Union Square in Torquay and Crossways in Paignton have been successfully designed and both granted planning permission. Crossways is predicted to deliver 92 Extra Care Housing units and a new day care provision for adults with additional needs. The development at The Strand in Torquay has had its design approved and we have shortlisted a possible user to operate the 4* hotel. The Victoria Centre in Paignton has been demolished and a temporary carpark established which is being well used.

As part of the Levelling Up Partnership, we have capital projects underway in Brixham town centre, the Paignton & Preston waterfront (with completion currently estimated for July 2027) and Oldway Mansion.

We continue to make good progress to enhance our cultural heritage. Two projects are entering the delivery phases and one project in the final stage of its delivery phase. This shows momentum against the Business Plans priorities as well as strengthening the long-term preservation, accessibility and public engagement of Torbay's cultural heritage assets. A highlight within the Pavillion stage one works was the public survey with more than 1,700 responses which was the second most responded survey in Torbay Council's history.

Our project to develop and deliver an updated cultural strategy has been progressing but with some delays. Working with a commissioned provider, we have undertaken a cultural infrastructure review and are awaiting the response which we will then use to inform our new strategy.

Our project to consider whether a showground can be established in Torbay has enabled us to look closely at the options available at both Paignton Green and Torre Abbey. As part of the sea defence works scheme on Paignton seafront, we will be improving the infrastructure on Paignton Green. We have been working with our contractors and engineers to establish improved additional power points, water points and the capability for WIFI infrastructure. As we develop our bid for the next phase of restoration at Torre Abbey, similar consideration on what is needed on site will be factored into the design.

As part of Operation Brighter Bay, we have introduced improvement teams. They are working with local business to deliver improvements to the visual appearance, safety and

usability of the street scene and green environments across Torbay. We have also increased the number of grass cuts during the growing season in residential areas from seven to eight and installed over 40 solar powered litter bins. We have developed partnerships with community groups and community payback services which help us remove graffiti, deliver scrub clearance, make improvements to play areas, sign and lamppost painting.

Delivery of our new Council Climate Action Plan has begun with approval for a new streetlighting improvement programme and purchase of new electric vehicles for use by council staff. We have also introduced a new carbon literacy training for all managers, installed five new heat pumps at Paignton Library and continued development of the two solar farms. We have undertaken energy audits and renewable energy assessments for 10 of the Council's buildings and developed an energy efficiency and PV programme. This will deliver carbon savings, reduced energy bills and improvement to our assets. Total Greenhouse Gas emissions are reducing, and we are currently about halfway towards meeting our Net Zero Carbon target by 2030.

SWISCo's Highways Team continue to review collision and speed data from our highway network to help improve road safety, especially around schools and address speeding traffic spots. The six, phase one, School 20mph limits/zones have all been completed and all enforceable. Five further school locations have been approved and will be implemented in 2026/27.

We continue to make improvements in our Planning Services. The service is transforming through improved processes, new IT systems, refined pre application services and enforcement prioritisation. This indicates a conscious move away from less effective ways of working in favour of targeted, outcome focused delivery.

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 2025/2026:

We have successfully delivered the UK Shared Prosperity Funding (UKSPF) which enabled us to deliver a range of skills projects. This has included a targeted project for those at risk of becoming NEET and building their confidence. With UKSPF ending, we are in discussion with Children's Services and Public Health to look to continue a similar programme. We are working to transition from employment and skills plans to embed relevant economic, social and community outcomes into social value of regeneration contracts.

The UKSPF programme is only one of our 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. We have commissioned the Connect to Work Programme with the aim of supporting economically inactive residents back into work.

As part of our project to deliver improved connectivity and sustainability, to, from and within Torbay, we have had our Local Transport Plan adopted. This will enable additional transport funding from the Combined County Authority. In addition to this, we have delivered the electric bus project. This is a significant milestone achieved as we are the first authority within the South West to have a fully electric bus fleet operating across our area. We are making steady progress on active travel schemes and will be consulting on a selection this summer.

The High-tech Cluster continues to build its membership and reputation. Currently, developing a vision for the sector to raise awareness of the High-Tech opportunities within Torbay. EPIC remains fully occupied by early-stage high growth businesses. In the last 12 months, EPIC has created a further 75 jobs and businesses have seen an additional £46 million worth of investment. Work continues to secure a site for Torbay Technology Park which will support the growth of growing businesses within EPIC. The review of the Destination Management Plan has started and is on schedule to be ready by December 2026.

The Enterprise Development Fund has been developed and implemented. The review of the Economic Growth Strategy Action Plan has been completed and went live in Summer 2025. We continue to work with our education providers to deliver wrap around childcare over the holiday period.

Our performance

In total 132 performance indicators are being used to track delivery of our Community and Corporate Plan and Council Business Plan. Below are some examples of these and their results.

Within the Community and People theme:

Through our latest Residents Satisfaction Survey, 66% of our residents told us that they feel very or fairly strongly that they belong to their local area. That is an improvement of 2% from when the survey was last carried out in 2023.

The percentage of residents who told us through the Residents Satisfaction Survey that they feel very or fairly safe in their local area after dark was on target at 40%. This though was a slight decrease from when the survey was carried out in 2023 (42%).

At the end of 2025/26, 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 total two year or more was 66% and on target. This is an improvement on the 2024/25 year end which was 64%.

The annualised rate of children becoming cared for per 10,000 children increased to 37 at the end of March 2026 meaning that more children need to be cared for by the Council. The target for this was 34.

The percentage of our adult carers who have reported to us that they are getting as much contact as they would like at the end of 2025/26 was above target (30%) at 36.3%. This is better than the last time this question was asked, which was in 2023/24 which a result of 29.8%.

The 2025/26 actual to date for average customer wait time when contacting Customer Services by phone was much better than target (5 minutes) at 2 minutes 37 seconds. This is an improvement on the performance from the previous year which was 5 minutes 40 seconds.

The percentage of Community Ward Fund spent was 63.3% for 2025/26. This was improved on the previous year, which was 51.8% but did not meet the planned target (85%).

Within the Pride in Place theme:

The average number of people in temporary accommodation on any one night for 2025/26 was 154, which exceeded the target of 169 which was set for this year. This was also an improvement on 2024/25 which achieved 157.

The target for 2025/26 for the number of families in B&B accommodation longer than 6 weeks to whom we owe a housing duty was 0. The actual for this year was 1, which was the same as in 2024/25.

The percentage of care experienced young people in suitable accommodation was better than target (90%) at 93% at the end of 2025/26. This is also better than at the end of 2024/25, which was 89%.

Through the Residents Satisfaction Survey, which was run again in 2025, 18% of residents told us that they feel very or fairly satisfied with the road maintenance services provided by the Council. This was a decrease by 2% from when the survey was carried out in 2023.

The number of repairs and interventions made to our carriageways and footways was much better than target at 9,142. This is an increase on the previous years of 1,485.

Based on provisional data subject to validation with the Department for Transport, the number of people killed or seriously injured on Torbay's roads was better than target at 34 for 2025/26. This is an improvement on 2024/25 which was 39 people.

For major Planning Applications, the average number of days taken to validate from when required information is received is worse than target at 6.81 days compared with the target of 5. Applications determined within timescales (including extensions of time) is much better than target at 100% compared to a target of 80%. The percentage determined within timescales (without extension of time) is slightly lower than the 30% target at 33.33%. Percentage of appeals allowed is much worse than the 30% target at 66.67%.

The number of organisations who are ambassadors for and directly promoting Torbay's UNESCO Geopark Status is now at 41 at the end of 2025/26. This is up from 40 at the end of 2024/25.

The percentage of grass cutting, street sweeping and weed spraying schedules due that were achieved during 2025/26, all met their targets of 100%. Line marking is at 90%.

The amount of money spent throughout the year of 2025/26 on flood alleviation and coastal protections schemes was £3,904,104. This is up from £1,273,030 which was spent in 2024/25.

Within the Economic Growth theme:

The percentage of former cared for children who are now aged 19-21 and in employment, education or training is much worse than target at 53% (target was 71%). However, comparing to last year, this is up by 5%. In 2024/25 48% was achieved.

The number of employed people who are undertaking training in 2025/26 was 214. This exceeded the target set which was 160. It is also better than the actual figure of 106 in 2024/25. This year, 83 people were supported into work. This was below the target set of 97 but exceeded the figure from 2024/25 which was 81.

The occupancy rate of Council Let Estate met its target of 90.1%. When comparing with 2024/25 this rate was better, as 89.2% of the estate was full.

For 2025/26, the number of individuals attending inclusive growth events delivered or commissioned by the Council was 716. This is better than 2024/25 when 499 people attended our events.

The percentage of total Council spend on goods and services from local businesses based in Torbay was 48% for 2025/26. This was lower than the target set of 55%, but equalled the total for 2024/25

The number of public electric vehicle charging points installed on council owned land has stayed the same as compared to last year, which was 16. This is well below the target set of 100.

Our Financial Performance

Revenue Financial Summary 2025/26

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 2025/26

The original revenue budget and council tax was agreed by Full Council on 27th February 2025 with a total net budget for the council services of £147.5 million (£139.4 million in 2024/25)

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 2025/26 budget by service area is detailed below:

2024/25 Net £m	Directorate/Service	2025/26 Net £m
55.9	Adult Services (Inc. Community & Customer Services)	60.4
(9.3)	Adult Services (Adult share of Social Care Grant)	(11.1)
54.6	Children's Services	57.1
(9.3)	(Children's share of Social Care Grant)	(11.1)
10.7	Public Health	11.6
(10.7)	(Public Health Grant)	(11.6)
14.0	Corporate Services and Chief Executive	15.4
7.1	Finance (Includes NIC Grant)	6.7
5.6	Treasury Management	5.6
(4.1)	Investment Properties	(4.1)
24.9	Place Services (Includes 50% ERP Grant)	28.6
139.4	TOTAL	147.5
	Sources of Funding	
88.4	Council Tax	96.2
0.2	Services Grant	0.0
8.2	Revenue Support Grant	8.5
42.4	Business Rates (National Non-Domestic Rates)	42.8
0.2	New Homes Bonus	0.0
139.4	TOTAL	147.5

Financial Performance 2025/26

The Council:

- Collected £120.8m of Council Tax which is an in-year collection rate of 93.73% (95.88% 2024/25) and £33.8m of National Non-Domestic Rates (Business Rates) which is an in-year collection rate of 96.40% (97.32% 2024/25).
- Held over £758m of non-current assets including £345.9m of operational assets (Property, Plant & Equipment) for delivering services, £101.1m of infrastructure assets (including roads and bridges) £52.5m of heritage assets, and £192m of investment properties which generated a net rent of £20.7m in the year.
- In 2025/26 spent £46.1m on capital projects (and loans for a capital purpose) funded from capital receipts, grants, contributions and borrowing.
- In 2025/26 the total revenue budget was £380m for day to day spend on a wide range of services.
- £295m was budgeted as income, consisting of grants, fees, charges, rent and other income; used to fund the delivery of its services.

Council Spending in 2025/26

Across the Council there was a total underspend at the 2025/26-year end of £0.174m. The table below provides a summary of the budget and the outturn position across Council services for 2025/26.

Directorate/Service	Final Budget £m	Outturn £m	Variation £m
Adults and Community Services	48.99	48.73	(0.26)
Children's Services	45.55	48.08	2.54
Corporate Services	15.42	15.83	0.41
Financial Services	13.05	10.13	(2.92)
Investment Portfolio	(4.13)	(4.13)	0.00
Pride In Place	28.62	28.69	0.07
Public Health	0.02	0.01	(0.01)
Total Cost of Services	147.50	147.33	(0.17)
Sources of Funding	147.50	147.50	0.00
Revenue Over/(Under) Spend	0.00	(0.17)	(0.17)

The variances by service are summarised below:

- **Adults and Community Services** – the underspend relates to primarily to Community Services rather than to Adult Social Care.
- **Children's Services** – The overspend is mainly due to pressures within budgets for Children's social care placements, where there is a total overspend of £3.833m. This is attributable to high-cost placements for children with complex needs, children not moving on to other low-cost arrangements as planned and increases in weekly placement costs, which can lead to large variances against budgets and projections. These reasons plus challenges in projecting costs relating to unregulated placements, has resulted in the above overspend. Conversely, there was an underspend of (£0.598m) in relation to staffing budgets (including agency), which has helped to offset the financial challenges highlighted above.
- **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. There was also a small overspend in the Coroner's Office, mitigated by an underspend in IT due to vacancy savings.
- **Finance Services** - The underspend is mainly a result of increased interest rates in respect of investments, meaning the Council has earned higher levels of interest on its cash investments than budgeted. We also have a saving on interest payable by the Council on the amounts borrowed as a result of managing borrowing requirements.
- **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** – There was an overspend of £0.240m relating to Torbay Coast and Countryside Trust (TCCT) as a result of the Trust going into liquidation and having to take back and resume management of the land and buildings owned by the Council and previously leased back to the Trust. SWISCO's finished the 2025/26

financial year with an overspend of £0.496m, mainly relates to agency staffing and insurance costs exceeding budget plus the projected level of enforcement income being much lower than budgeted. Conversely, Highways and Concessionary Fares reported underspends as did Car Parking, the later due to increased demand during the summer.

- **Public Health** - Public Health is reporting a balanced position within its ring-fenced grant. There is a small underspend of £0.010m against Council budgets.

The net 2025/26 underspend across the Council enables the £0.174m year-end surplus to be transferred into a specific reserve to be allocated across priority initiatives to be determined by Full Council on 23 July 2026.

Schools

As at the 31 March 2026, 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 2025/26 was £63.856m compared with £57.311m in 2024/25. The level of earmarked school reserves as at 31 March 2026 is £2.978m (£4.106m in 2024/25). Further details on school asset recognition and the use of Dedicated School Grant in 2025/26 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 31st March 2026, a total of 36 schools have converted.

Dedicated Schools Grant (DSG)

The Department for Education (DfE) 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 2028. This gives the Local authority (LA) time to deliver a new DSG SEND Reform Plan (now that the Safety Valve Programme ended at end of 25/26) with the aim to bring DSG annual spend back to a sustainable footing.

The Council was part of the Department for Education (DfE) Safety Valve Programme (this ended at the end of 25/26), which supported councils in achieving future financial sustainability in this area.

Torbay Council received £9.810m from the DfE through the Safety Valve Programme, without which the DSG cumulative deficit would have been £18.031m at the end of 25/26. The DSG overspend in 2025/26 was £3.563m, it is critical that the Council continues to deliver on its new DSG SEND Reform 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. The contract value for 2025/26 was £59.1m. This agreement will be ending on 31st March 2027, and the Adult Social Care contract will come back in-house to Torbay Council from 1st April 2027.

Capital Plan

The Council spent £46.07m on capital expenditure in 2025/26 (£39.0m 24/25). which is part of a wider 4-year capital programme approved as part of the annual budget setting process.

The level of cost inflation on construction contracts remains high and along with supply chain issues have impacted on the “pace” of spend and capital expenditure for the year being less than forecast. The balance on unspent capital budgets will be transferred into future years.

A summary of actual spend, the budget revisions, budget reprofiles and proposed budget carry forwards (variance to budget) are summarised in the table below.

Project Name	Total Spend Previous Years £000's	2025/26 Budget and Spend					
		Approved Budget £000's	Budget Revisions £000's	Budget Reprofiled £000's	Revised Budget £000's	Actual Spend £000's	Variance to Budget £000's
Schools Capital Programme	54	4,663	65	339	5,067	2,918	(2,149)
Projects under Feasibility and Development	22,831	17,631	766	119	18,516	13,343	(5,174)
Economic Development / Regeneration	2,799	1,750	0	30	1,780	1,736	(44)
Housing Development / Investment	3,122	15,013	30	153	15,196	11,832	(3,364)
Environment / Climate Capital Investment	2,602	3,298	0	374	3,672	1,725	(1,947)
Transport Capital Investment	479	8,232	0	980	9,212	8,548	(664)
Coastal Defence / Flood alleviation	1,499	5,401	3,332	364	9,097	5,595	(3,502)
Sports, Leisure and Culture	635	205	12	0	217	190	(27)
Schools Closed Projects	7,325	767	0	0	767	128	(639)
Other Closed Projects	60,226	677	0	0	677	50	(627)
Total	101,573	57,637	4,205	2,359	64,202	46,065	(18,136)

Torbay “Group” Companies

The Council has investments in a number of subsidiary companies.

SWISCo has experienced a number of financial pressures relating to operational delivery throughout 2025/26. An additional loan was made available to support a phased replacement of an ageing fleet of vehicles, to mitigate the additional costs associated with increased repairs and maintenance costs and associated hire costs, however these still had an impact during this financial year. SWISCO have also experienced increased insurance costs this year as well as agency staff costs that are much higher than budgeted due to the need to cover for various sickness and other absence in order to minimise service impact.

Torbay Economic Development Agency (TEDC) staff returned to Council management in April 2024, and assets and contracts transferred at different times throughout the last year, with further transfers of assets taking place through this year. It is still necessary for the company to be in existence, until all assets are transferred, however we do not anticipate any material impact on the Council's accounts.

Torbay Education Limited staff and functions returned to the Council during 2025/26.

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 2026 the Council had £350m of borrowing, primarily from the Public Works Loans Board ("PWLB"), a decrease of £1m in year.

The Council had £35m (31/3/2025 - £39m) of cash investments at year end, together with £24m of longer-term and strategic investments (31/3/2025 – £25m).

The overall net debt position (including PFI liabilities) was £291m at the year-end compared with £387m at 31/3/2025.

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. 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.

For the Local Government Pension Scheme (LGPS) at the end of 2025/26, there is a net pensions liability of £5.858m (£4.741m net liability in 2024/25). See note 34 for more information.

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 as part of the 2026/27 budget setting process.

Although the 2026/27 settlement for Torbay Council is reasonable, of real concern is its allocation of funding in years two and three of the multi-year settlement. Despite being able to present a balanced budget for 2026/27, with some areas of marginal investment, of real concern is its allocation of funding in years two and three of the multi-year settlement, when

there will be significant budget gaps for 2027/28 and 2028/29 as a result of reductions in Torbay's fair funding allocation. We will continue to work through the medium-term financial implications of this. Initial funding shortfalls are estimated to be circa £3m for each of these financial years assuming no further funding or management action is taken.

Inflation has reduced significantly from the highs of 2022 but has increased since the 1.7% (CPI) reported for Sept 2024. The CPI for Sept 2025 was 3.8% mainly due to increasing energy and food prices. This has resulted in many residents continuing to struggle with the cost of living, with a consequential effect on the demand for council support services and reducing council income levels. Inflation is expected to decrease over coming months with the Government's target rate remaining at 2%.

Financial stress remains across the sector, with many local authorities struggling to set balanced budgets. 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. The Council's reserves also need to be retained and used strategically to mitigate future risks.

Despite such uncertainty, at Full Council on 26 February 2026, the 2026/27 budget was agreed, and the Council Tax was set. The Revenue Budget of £205.3 million for 2026/2027 and a Capital Investment Plan of £126.9 million for the period up to 2028/29 were also agreed. This ensures we can continue to deliver our services to the residents of Torbay. (Details can be found on the Council website).

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

The budget for 2026/27 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. There are five proposals in total. Details of these can be found on the Devon LGR website www.devonlgr.co.uk

Full proposals had to be submitted by 28 November 2025. On 5 February 2026, the government launched a consultation on all of the local government reorganisation proposals received. The consultation ran for seven weeks, closing at 11:59 p.m. on 26 March 2026. 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 eight strategic risks and 68 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
ST04	Failure to set a robust budget and Medium-Term Resource Plan	25
ST05	Failure to supply sufficient housing for Torbay's needs	25
ST10	Failure of Torbay and South Devon NHS Foundation Trust to deliver Adult Social Care Statutory duties	20
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	Failure to implement the SEND inspection priority actions and improvements	20
CP15	Failure to stabilise the budget for the Higher Needs block	20
CP46	Effective Housing delivery	20
CP59	Risk of Fraud and Error causing financial loss or reputational damage to the council	20
CP86	Risk of increasing numbers of Elective Home Educated young people	20
CP21	GDPR Compliance and Effective Information Governance	16
CP68	ASC Transformation Programme fails to deliver financial sustainability	16
CP89	Oldway Mansion	16
CP73	Failure to adequately undertake proactive improvement works to cliffs and coastal defences	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

The 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.

The 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 2026.

Malcolm Coe
Director of Finance (Section 151 Officer)
30 June 2026

Independent auditor's report to the members of Torbay Council

Report on the audit of the financial statements (to follow)

Annual Governance Statement

2025/2026

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Executive Summary

Torbay Council is committed to maintaining the highest standards of governance, underpinned by integrity, transparency and accountability. This Annual Governance Statement sets out how the Council has complied with its updated Code of Corporate Governance and demonstrates our continued focus on delivering effective, lawful and value-for-money services for our communities.

Our governance framework brings together the systems, processes, culture and values that direct and control the organisation, ensuring that we manage risk appropriately while enabling the delivery of our strategic priorities. During 2025/2026, we have strengthened this framework through reviewing our organisational values, continuing to embed our performance and risk management frameworks, and a maintained focus on ethical behaviour and leadership.

We have continued to prioritise openness and engagement, with clear decision-making processes, active overview and scrutiny, and meaningful dialogue with residents, partners and stakeholders. Our Community and Corporate Plan and refreshed Business Plan provide a clear line of sight from long-term ambitions through to service delivery, supported by performance monitoring and transparent reporting.

Our robust financial management and internal control arrangements are supported by effective audit, risk management and counter-fraud frameworks. We have also continued to invest in organisational capacity through our People Strategy, leadership development and workforce planning.

Our annual review confirms that the Council's governance arrangements remain fit for purpose and continue to evolve in line with best practice. While areas for improvement have been identified, including strengthening data-driven decision-making, enhancing fraud risk coverage, and embedding our transparency and assurance frameworks, we are confident that these are being actively addressed.

Anne-Marie Bond
Chief Executive

Councillor David Thomas
Leader of the Council

Scope of responsibility

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

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

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

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

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

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

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

Key governance arrangements

The purpose of the governance framework

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

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

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

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

We behave with integrity – putting into practice our organisational values, ensuring members and officers behave in ways that exemplify high standards of conduct, and make sure our officers are supported and protected to speak up if they encounter behaviours which don't match our values.

- The Council's Core Values are well established but were subject to review during 2025/2026 (with further details set out in the next part of this Statement).
- 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 Constitution includes a Code of Conduct for Members, a Code of Conduct for Employees and a Local Protocol on Member and Officer Relations.
- The Whistleblowing and Acceptable Behaviour policies available to all staff via MyView.

We demonstrate our strong commitment to ethical values. We support the Standards Committee to champion high standards of ethical governance from elected members. We maintain robust policies and procedures so that ethical values are put into practice, including separate Codes of Conduct for members and officers and a Member/Officer Relations Protocol.

We operate ethical procurement policies to ensure that commitment to our values and integrity is delivered by external suppliers delivering services on our behalf.

- The Standards Committee is part of the Council's governance arrangements.
- 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.
- The Code of Conduct for Members and Employees includes details around conflicts of interest.
- Procedures are in place for the Assessment and Determination of Allegations of Breaches of the Member's Code of Conduct.
- The Constitution also includes Financial Regulations and Contract Procedures.
- 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.

We respect the rule of law, using our legal powers to the full benefit of the citizens and communities in the area. We appoint Statutory Officers who have the skills, resources and support necessary to perform effectively in their roles and support them to fulfil their responsibilities within legislative and regulatory requirements.

We make sure that all Members and Officers appointed to undertake roles as Directors on either Company or Charity Boards have access to appropriate guidance and support to ensure that they undertake their duties within the context of the relevant Acts that govern such bodies.

- 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 Council's Head of Legal Services is the designated Monitoring Officer. She is responsible for ensuring that agreed procedures and protocols are followed and that all applicable Statutes and Regulations are complied with.
- 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 2010 can be assessed, documented and considered by decision-makers prior to decisions being made.
- Advice and guidance are available to all directorates to ensure procurement is legally compliant.
- Standard Terms and Conditions ensure providers are legally compliant and held to account.
- A draft Local Operating Policy for governance of wholly owned companies has been prepared.

Principle B: Ensuring openness and comprehensive stakeholder engagement

We ensure openness through developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and services users.

We are rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny.

We take an active and planned approach to dialogue with, and are accountable to, the public to ensure effective and appropriate service delivery by the Council, in partnership or by commissioning.

- 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 and is refreshed annually.
- The Council's Constitution sets out the Council's formal governance framework with decisions made in accordance with Access to Information requirements.
- The Council has documented its internal governance structure and framework and has contract management arrangements 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.
- 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 2010 is assessed and documented in Equality Impact Assessments and considered by decision-makers prior to decisions being made.

We engage comprehensively with our institutional stakeholders. We ensure relationships between the Council and its partners are clear so that each knows what to expect of the other. We develop formal and informal partnerships to allow resources to be used more efficiently and for outcomes to be achieved more effectively.

We ensure effective monitoring of the performance and outcomes delivered by our arms-length companies.

- There are a range of partnerships in place:
 - A Section 75 Agreement is in place with the NHS for the delivery of adult social care by the Integrated Care Organisation. However, notice has been served on this contract which will end on 31 March 2027, whereby the Council will take over full management of statutory adult social care services.
 - 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 (as updated in 2023 and 2026)
 - The Community Safety Partnership (known as Safer Torbay)
 - Health and Wellbeing Board
 - Torbay Voluntary Sector Network
 - Torbay Place Leadership Board
- Shareholder Panels are in place for SWISCo and TorVista and include elected members and senior officers. Mechanisms are also in place to enable Overview and Scrutiny Board to have oversight of group companies.

We engage with individual citizens and service users effectively. We aim to deliver against our Community Engagement and Empowerment Strategy, including maintaining effective and accessible channels for dialogue and a commitment to sharing outcome of consultations and other community engagement mechanisms with the public and other stakeholders.

We proactively engage with Torbay's diverse communities and identify groups to inform the development of our services.

We maintain an effective complaints and compliments framework, so that we can identify where improvements in service delivery are needed and learn effectively from the complains that we have received.

- A Community Engagement and Empowerment Strategy is in place with an associated Engagement and Communications Forward Plan.
- 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.

- An Inclusion Partnership is in place which brings together VCSE partner organisations from traditionally seldom heard groups to provide critical friend challenge to the Council on proposals including policy and service delivery.
- The Council has a Complaints Procedure in place.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

We define outcomes through maintaining a Community and Corporate Plan and Council Business Plan which sets out the priorities which the Council will focus on to deliver its ambition for Torbay. We put our Community and Corporate Plan at the heart of our budgeting, business planning and service planning. We maintain a Medium Term Financial Plan which sets out our financial assumptions and provides a set of goals for financial decision making.

- 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.
- The Council Business Plan sets out milestones towards delivery of priority projects and Service Plans prepared for services across all Directorates.
- The Council's Medium Term Resource Plan provides a framework for planning and monitoring our resource requirements.

We deliver sustainable economic, social and environmental benefits. We aim to assess and address the economic, social, equality and environmental implications of our decisions.

We ensure that officers are clear about their role in meeting the Public Sector Equality Duty, including our Corporate Equality Objectives into service planning.

We maintain a Council-wide focus on tackling the social determinants of health inequalities.

- Our report template includes sections to assess and consider:
 - Procurement implications, including social value
 - The impacts on the environment
 - Socio-economic impacts (including impacts on child poverty and deprivation)
 - Public health impacts (including the impacts on the general health of the population of Torbay)
- An Inclusive Council training, which sets out our Public Sector Equality Duty, is a mandatory requirement for all staff.
- We publish our Equality Objectives with actions being taken in services to deliver against them included in our service planning.

Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes

In determining interventions, we aim to make sure there is effective leadership throughout the Council, being clear about executive and non-executive functions, levels of delegation, and the roles and responsibilities of the scrutiny function.

We ensure that decision makers receive accurate, relevant and timely performance information and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery.

We commit to seeking continuous feedback from residents and those who use our services, both in planning service changes and improvements.

- 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.
- 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.
- 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.
- 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

- Priority Impact Plan for the improvement in services for children and young people with Special Educational Needs and/or Disabilities
- Draft Local Operating Policy for Governance of Council Wholly Owned Companies in place.

In planning interventions, we aim to plan our activity at a strategic level through our budget and business planning cycle, in consultation with internal and external stakeholders, to ensure services are delivered efficiently and effectively across the organisation. We aim for consistent and effective service planning across the organisation. We establish appropriate performance indicators to measure the performance of services and projects, in order to continually improve effective service delivery arrangements.

- 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.
- The Council has in place a Performance Management Framework which includes setting annual targets for performance indicators.
- 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.
 - Priority Impact Plan for Special Educational Needs and/or Disabilities
 - 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.

In optimising our achievement of intended outcomes, we aim to make sure the Council makes best use of resources and that taxpayers and service users receive excellent value for money. We seek to embed social value into procurement and commissioning and integrate monitoring of these objectives with contract and performance management procedures.

- 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 E: Developing the organisation's capacity, including the capability of its leadership and the individuals within it

- We are developing the organisation's capacity. We make best use of human resources by taking an active and planned approach to meet our responsibility to staff and members, including making sure they have the skills, knowledge, experience and resources they need to perform well in their roles.
- We are embedding benchmarking within our business and service planning to help allocate resources to meet defined outcomes effectively and efficiently.
- Our People Strategy and associated action plan in place.
- Induction for new members of staff is in place, followed by the availability of a Corporate Training Programme.
- Member Development Programme (including Member Induction Programme) is in place and operational.
- 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.
- Service Plans include a section on benchmarking so that services can identify where improvements need to be made.

We are developing the capability of the organisation's leadership and other individuals. We aim to ensure that a constructive working relationship exists between Council Members and

officers and that the responsibilities of Members and officers are understood and carried out to a high standard.

We develop the capability of all members and those officers with governance responsibilities and evaluate their performance, as individuals and as a group. We seek to encourage 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.

- 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
- 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).
- Member Development Programme (including Member Induction Programme) is in place and operational. This is kept under regular review via the Leaders' Meeting to inform the development of future Programmes.
- Job Descriptions for specific Member and officer roles and Local Protocols published within the Council's Constitution.
- A specific communications and engagement plan is implemented in the run up to Local Elections to encourage people become councillors.

Principle F: Managing risks and performance through robust internal control and strong public financial management

We manage risk by making sure we have an effective risk management framework 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 manage performance by making sure there is an effective performance management framework in place.

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

We exercise leadership through a robust scrutiny function, which aims to effectively engage local people and all local institutional stakeholders, including partnerships, and develops constructive accountable relationships.

- The Council has in place a Performance Management Framework which includes setting annual targets for performance indicators.
- 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.
- 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.
- An annual report on the activity of the Overview and Scrutiny function is published.
- Quarterly budget monitoring and performance reports are presented to Senior Leadership Team, Cabinet Members and Overview and Scrutiny Board
- A Community Engagement and Empowerment Strategy is in place with an associated Engagement and Communications Forward Plan.

There is robust internal control. We maintain an Audit Committee which oversees the effectiveness of governance and risk management arrangements, internal systems of control, and anti-fraud and anti-corruption arrangements.

Our internal auditor's findings on the overall adequacy and effectiveness of our governance framework are reported to the Audit Committee, along with their findings in relation to the management and control of risk. The outcomes of the work of the external auditor are also reported to the Audit Committee.

- Audit Committee in place as part of the Council's governance arrangements.
- The Council has in place an Internal Audit Plan which sits alongside its governance framework and our information governance arrangements.
- Achievement against the Internal Audit Plan is reported to the Audit Committee on a twice-yearly basis
- The Annual External Audit Plan is considered by the Audit Committee.
- Achievement against the External Audit Plan is reported to the Audit Committee, together with the Annual External Audit Findings Report and the External Auditor's Annual Report.

We manage our data. We make sure we have effective arrangements in place for the safe collections, storage, use and sharing of data, including processes to safeguard personal data. We make sure effective arrangements are in place, and that they operate effectively, when sharing data with other bodies. We aim to review and regularly audit the quality and accuracy of data used in decision making and performance management.

- The Head of Information Governance is the Council's Data Protection Officer
- The Director of Corporate Services is the Council's SIRO

- The Director of Adult and Community Services is appointed as the Council's Caldicot Guardian.
- Effective Information Governance arrangements are in place
- Data Quality Policy is approved and in place
- Data Protection and Information Governance training is mandatory for all staff and must be repeated every two years
- All reported Data Breaches are investigated and reported to Heads of Services and the Information Commissioners Office (where necessary)

We have strong financial management. We maintain an approach to financial management that supports both the long term achievement of objectives, and shorter term financial and operational performance, whilst ensuring value for money. We make sure that appropriate and timely advice is given on all financial matters, that the required financial records and account are kept, and we oversee an effective system of internal financial control. We follow CIPFA's Prudential Code and Treasury Management Code of Practice which set of the risk framework through which the Council manages its balance sheet and makes capital investment decisions, and statutory guidance on best value.

- Monthly budget monitoring reports are shared with budget holders and members of the Senior Leadership Team, with high level budget monitoring considered by Directors and members of the Cabinet.
- Quarterly budget monitoring reports are considered by the Senior Leadership Team, the Overview and Scrutiny Board and Council.
- Standard format reports for decision makers which requires financial implications of decisions to be set out so they can be considered by the decision maker. There is proactive engagement between Financial Services and directorates on high profile/sensitive matters.
- A Treasury Management Strategy is in place which covers, amongst other things, the Minimum Revenue Provision policy, Borrowing Strategy, Investment Strategy and reporting arrangements.

Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability

We implement good practice in transparency through committing to publish information including reports, in a timely manner which is accessible to residents and other stakeholders.

We aim to ensure that our website is set out in a clear and easily accessible way, using plain language. We also ensure that our website is compliant with web content accessibility standards.

- We follow the Local Government Transparency Code, which includes requirements and recommendations for local authorities to publish certain types of data.
- 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.

- The Council's Standing Orders in relation to Overview and Scrutiny allows for any five members of the Council to "call-in" executive decisions to the Overview and Scrutiny Board for further debate.
- We use website analytics and feedback to improve findability and task completion.
- We write in plain English, aiming for a reading age of 9 years, and on our website we follow GOV.UK style guidance for titles, summaries and link text.
- We meet website accessibility requirements by testing against WCAG 2.2 AA and publishing and updating an accessibility statement.
- 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

We implement good practice in reporting. We publish, at least annually, on performance, value for money and stewardship of resources in an understandable way. We publish our Annual Governance Statement which provides evidence of good governance and includes an action plan for improvement. We publish performance information in a consistent and timely way which allows for comparison with other, similar organisations.

- 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.
- The draft Annual Governance Statement is prepared and considered by Audit Committee.
- Annual Governance Statement is included within the Statement of Accounts
- A summary of achievements is published each non-election year with the Council Tax invoices

In terms of assurance and effective accountability, we positively engage with external challenge, including from peer authorities, as well as internal and external report and audit, and inspections from regulatory bodies, giving thorough consideration to any arising recommendations.

We make sure that we respond to improvement recommendations made by Internal and External Auditors and other external assessors. We make sure that those recommendations are implemented within due dates.

We follow the prevailing internal audit standards which apply to local government, including a commitment to develop audit plans which are designed to invite comment from management and the Audit Committee.

- LGA Peer Reviews are utilised as a way of providing assurance and seeking to improve practice

- Recommendations from Internal and External Auditors are considered by the appropriate Director(s) and management actions agreed and implemented.
- Directors, Members of the Cabinet and the Audit Committee are invited to contribute to the development of the Internal Audit Plan

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. The Annual Governance Statement provides a summary of the reviews which have taken place over the course of the year.

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 A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

An updated set of values for the organisation were agreed in 2025 and announced at the Staff Awards in September 2025. This followed an exercise involving staff in team across the organisation who discussed the existing values with managers and colleagues from HR. Work has continued through 2025/2026 to describe the behaviours we expect to see from staff in demonstrating those values, as members of staff, as managers and as part of the Senior Leadership Team. This wider Behaviour Framework will be launched in Spring 2026. In the meantime, staff are asked to demonstrate how they meet the Council's values at their annual appraisal.

Our Directors' Commitments have been in place since June 2023 and were reviewed during 2025/2026. The Chief Executive holds her Directors to account for the delivery of those commitments both via Directors Overview Meetings and in her one-to-ones. Work is ongoing to ensure that they are embedded within each Directorate.

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.

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. Phase 2 of the Internal Engagement Strategy was approved by the Our People

Board in June 2025 with a focus on two way engagement and expanding employee recognition in order to recognise the good things people do every day.

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.

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. Members' training needs in this regard is kept under review each year. The agendas for the Leaderships and Quarterly Governance Leaders meetings includes Member behaviour and Good Governance where issues of concern are raised and discussed.

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 2024/2025 there continued to be a reported increase in the number of complaints received by the Monitoring Officer – this trend has continued throughout 2025/2026. 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.

The wider impact through unfounded and public criticism of Officers continues to affect 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. There has been no requirement for complaints to be determined by the Standards Hearing Sub-Committee since February 2025.

The Independent Person's views and opinions have also been sought on relevant matters relating to councillors' conduct as part of the Complaint Process. More recently, a general view and opinion was sought and obtained from the Independent Person of a meeting of the Council and the response advised of the need for prompt intervention and robust chairing to avoid tensions arising and escalating and that, instead of acting as the representatives of Torbay, the tone adopted by most of the Councillors was confrontational and party political.

Following concerns raised, the Monitoring Officer continues to engage 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 is in the process of agreeing its annual report, supported by officers. This work is yet to conclude.

Our procurement and contract management policies are reviewed annually as a minimum or when there is a change in legislation or statutory guidance or the need for change is identified as a result of non-compliant spend. For example, Financial Regulations and Contract Procedures were reviewed and updated following the introduction of The Local Government (Exclusion of Non-commercial Considerations) (England) Order 2026.

The effectiveness of procurement arrangements is regularly monitored, including an ongoing audit of all requests to start a procurement submitted where the result is a service led procurement to verify the agreed procurement procedure has been followed and all applicable requirements of Financial Regulations and Contract Procedures complied with. Any issues identified through the audit are raised on a case-by-case basis with the service and relevant Director, action is taken to prevent re-occurrence and quarterly reports detailing all non-compliant spend are shared with Directors

The Council's Customer Relationship Management (CRM) system provides a centralised platform for managing customer interactions. Devon Assurance Partnership's review in 2024/25 found that, whilst there was evidence of delivery against most aspects of the contract, there remained areas where delivery was not complete and subject to ongoing discussion with the Supplier. Further details are provided in the Exempt Appendix to this Statement.

All reports are 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 or Council for consideration. Work is continuing on supporting officers across the Council to complete the updated Equality Impact Assessments effectively.

Principle B: Ensuring openness and comprehensive stakeholder engagement

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

The Business Plan is refreshed on an annual basis with the latest version being approved by the Cabinet in March 2026.

Our Directors were asked to prepare a set of Service Plans which demonstrate how their services are delivering the Council's priorities. These are checked centrally to ensure that

there is full coverage of the actions within the Council Business Plan. They are then used to set objectives for staff members through their annual appraisals. Progress is monitored via team meetings and one-to-ones which are held at all levels of the organisation.

The Cabinet's Forward Plan is published when changes or new entries are made throughout the year. This describes how the decision will be made, including how representations can be made to the decision maker. Meetings of the Council, Cabinet and Planning Committee are live streamed.

In relation to adult social care, the Section 75 Executive Group has met regularly to oversee delivery of the adult social care transformation programme. In March 2026, Torbay and South Devon NHS Foundation Trust gave formal notice on the Section 75 arrangement for the delivery of adult social care in Torbay. A 12 month notice period applies until 1 April 2027. Robust programme and project arrangements are in place to prepare for this change in service delivery, including work to strengthen adult social care so that it is sustainable, outcomes focused and provides the best possible support.

Torbay Council 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.

The Torbay Place Leadership Board is a partnership of leaders from the private, public and community sectors. It provides Bay-wide place leadership, helps align priorities across Torquay, Paignton and Brixham, and champions the Torbay Story (Torbay's shared narrative). It also helps partners raise shared issues, unblock risks and present a clear Torbay offer to external partners and investors. The Board meets in public, publishes papers in advance, and members declare interests. It provides periodic updates to the Council's Overview and Scrutiny Board on progress, successes, risks and next steps.

Torquay Place Leadership Board is the town-wide board for Torquay and acts as the "neighbourhood board" for Pride in Place Phase 1 (Plan for Neighbourhoods, formerly the Long Term Plan for Towns). It has now moved into delivery, with an independent chair and open decision-making. Decisions are supported by a proportionate Delivery Assurance Framework so projects are checked for viability and compliance before funding is released.

Paignton Place Leadership Board is being set up for Pride in Place Phase 2 and will focus on the Blagdon and Blatchcombe area. Recruitment is underway for Board members and an independent chair. Once appointed, the Board will hold its first meetings and run a structured listening exercise with local residents and businesses to shape a 10-year vision and 4-year plan, and then produce the business plan for the first funding period. Key

programme deadlines include confirming membership and any boundary changes with MHCLG by 17 July 2026 and submitting the Pride in Place Plan by 28 November 2026.

The annual review report of the Place Leadership Boards is scheduled was considered by Overview and Scrutiny Board on 6 May 2026.

The Council's Regeneration Partnership with Wilmot Dixon and Milligan is managed through 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 undertaken by the Regeneration Partners.

Cost and performance management meetings continue with Devon County Council regarding the county wide Coroners' Service now hosted by the authority. Although a Service Level Agreement (SLA) has yet to be agreed, progress has been positive on taking steps towards an agreed set of outcomes and measurements, while the service provided continues to see improvements. An accompanying improvement plan is intended to sit alongside the SLA to ensure that both cost and performance meet the expectations of all local authorities within the service area.

Across the Council, we have and continue to engage widely and directly with residents. This has been through in-person events, which 40 have been held in various locations across Torbay this year. These engagement events have reached around 2,200 people. The Engagement and Communications team delivered and had strong participation in a range of consultations that have been used to shape recommendations and decision. These consultations this year received around 10,000 responses, a clear increase from the 6,300 last year. The second Residents Satisfaction Survey was also run, securing over 1,500 responses, which exceeded the 2023 return. These results demonstrate our commitment to inclusive engagement and to gathering and sharing meaningful feedback with communities and stakeholders.

The Council continues to deliver against its Public Sector Equality Duty, with a clear commitment to tackling discrimination and harassment, and strengthening community cohesion. Progress has been maintained through focused delivery of the Inclusion Strategy and its associated Equality and Diversity Action Plan alongside continued internal awareness raising of the importance of inclusion.

The Inclusion Partnership explored emerging inclusion issues and provided critical friend challenge to the Council across six meetings. Specifically, the group provided inclusion-focused input into the Local Plan consultation and Council's annual budget setting consultation. The Partnership was strengthened through introducing quarterly dedicated hate crime meetings, recognising the importance of this topic and the need to hear from seldom heard voices.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

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

The Business Plan is refreshed on an annual basis with the latest version being approved by the Cabinet in March 2026.

Our report template has been reviewed and updated during the year to ensure an appropriate focus on social value, the impacts on the environment as well as socio-economic and public health impacts.

Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes

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.

Regular informal meetings with councillors have been held during the year. The Leaders' Meeting has met on a regular basis to discuss emerging council business and key topics, Member behaviour and standards, and Constitution amendments. Other meetings include Overview and Scrutiny Briefing Meetings and the Cabinet and Shadow Cabinet. The role of this latter meeting was reviewed during the year by Group Leaders and it was determined that it would no longer meet, whilst remaining in the Constitution should future groups wish to use them. Shadow Cabinet Members are invited to the Leaders Meeting for specific issues when required..

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. From 1 April 2026,

responsibility for handling complaints relating to the adult social care transferred to the Council with a new process established. This process will be kept under review during the course of the year to ensure that it is as efficient and effective as possible.

Customer care and tone of voice training has been delivered for staff across the organisation to ensure that staff are aware of the expectations on them in delivering services.

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 Board.
- For children's social care:
 - Children's Continuous Improvement Board
 - Children and Young People's Overview and Scrutiny 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 Board

In line with the Performance Management Policy, Service Plans were prepared across the organisation for 2025/2026 with a new set in place for 2026/2027. Annual targets were set for all performance indicators taking account of historical outturn performance and our performance against our statistical neighbours.

The Council's Medium Term Resource Plan has been reviewed by Directors and members of the Cabinet at regular intervals throughout the year, with formal budget monitoring taking place quarterly by Overview and Scrutiny Board and the Council. The operation of the Treasury Management Strategy and the Council's counter fraud arrangements have been considered regularly by the Audit Committee.

Principle E: Developing the organisation's capacity, including the capability of its leadership and the individuals within it

The Council continues to deliver its Our People Strategy which focusses on empowering, supporting, developing, and engaging our workforce, both now and in the future, to achieve our ambitions for Torbay. Progress against the associated action plan is managed by the Our People Project Board with oversight from the Council Redesign Programme Board.

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. Having rolled out our Managers Framework, this is currently being reviewed within the Our People Project to ensure that it is fit for purpose and proportionate.

A programme of Workforce Planning has been in place over 2025/2026 with the focus now shifting to critical role analysis as the Council readies itself for potential local government reorganisation.

Work continues to embed the use of benchmarking into our service plans and wider decision making. A benchmarking section is included with the service plan templates. Yearly benchmarking reports are prepared and work is underway to automate this using LG Inform and PowerBI.

Following the delivery of the Member Induction Programme in 2023/2024, a 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 2025/2026 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 encouraged to attend free webinars and events run by the Centre for Governance and Scrutiny, the Local Government Association (LGA) and Planning and Advisory Service (PAS). Scrutiny Members 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.

The Council worked with the Devon Assurance Partnership who provided expert training for Members of the Devon and Torbay Combined County Authority (CCA), Devon County Council and Torbay Council with joint training to enhance their knowledge and share experiences in respect of Audit and Scrutiny functions. 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.

Work is now starting to prepare for the induction programme for May 2027, including consideration of how the Council can support to encourage new talent for membership of the Council as well as providing a more relational and person-centred approach.

Principle F: Managing risks and performance through robust internal control and strong public financial management

The Council continues to embed its Risk Management Policy with risk appetite and tolerance 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. The increased data around risk tolerances is helping to inform reports around risk which are considered by the Directors Overview Meeting.

Directors and Heads of Service have access to live dashboards through Power BI which show the current position with the Council's Strategic, Corporate and Service Risks, including those which are overdue for review. Heads of Service review their Service Risk Registers as part of their preparation of Service Plans.

Regular articles have been included in Staff News highlighting the whistleblowing arrangements that are in place within the Council. 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.

The Corporate Performance Report 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.

Work has been underway during 2025/2026 to transfer the performance indicators from the Corporate Performance Report into Power BI. This will enable data to be collected more easily (and in some cases automatically). The first phase of this work will be complete for Quarter 1 of the 2026/2027 financial year, with further work then undertaken to include the indicators from the recently published Local Outcomes Framework.

The Performance Management Policy was agreed in December 2024 and work continues to embed the associated framework across the organisation as the Council focusses on improving performance. In line with the Policy, Service Plans were prepared across the organisation for 2025/2026 with a new set in place for 2026/2027.

An informal governance framework is in place to support our formal governance arrangements, with work planned over the coming year to focus on data driven decision making. This will include the escalation of emerging issues and an updated report format, alongside a wider piece of governance training as part of the Managers Framework.

The Statement of Accounts 2025/2026 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 responses.

Our Medium Term Resource Plan was formally revised as part of setting the Council's budget in February 2026. The Council's budget was kept under review throughout the year by Directors and Members of the Cabinet with quarterly budget monitoring reports being considered by the Overview and Scrutiny Board.

The Audit Committee considered the Treasury Management mid-year review for 2025/2026 in October 2025, ahead of reviewing the draft Treasury Management Strategy for 2026/2027 in February 2026. The Audit Committee's views were considered by Council ahead of its approval in later in February.

The Capital and Growth Board meets monthly to provide a continual review of the Council's Capital Programme and the risks to delivery and budget. The project management governance which was introduced in 2023/2024 continues to promote greater accountability and transparency for all key projects. The Board also has oversight of the use of Section 106 and Community Infrastructure Levy monies.

Over the course of the year, bi-monthly meetings of the Investment Management Board were held to provide management oversight of the performance of our investment property portfolio. Revenue income and reserve levels remain robust. The Council's holding of assets is kept under regular view with an initial 'basket' of assets for disposal approved by members within the year.

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. During 2025/2026 work has continued to ensure that all documentation in respect of loans is collated. Within their review of Treasury Management for 2025/26, DAP highlighted that there was no formally documented governance framework or single storage location to support the loan lifecycle of Group Company loans. In response the Council has strengthened its governance and management of historic loans and has simplified the process and reporting of any newly approved Group Company loans.

Regular updates on the Council's counter fraud and anti-corruption arrangements are presented to Audit Committee. This included consideration of proposed updates to the Counter Fraud and Corruption Policy, as well as the introduction and implementation of an accompanying Counter Fraud and Corruption Policy. The views of the Audit Committee were considered ahead of the Director of Finance approving both the revised Policy and the new Strategy.

Work continues to raise awareness of fraud prevention across the Council with a range of training sessions and courses in place. The Council's anti-fraud arrangements are assessed by the external auditors alongside the Statement of Accounts with a recognition that fraud risk assessments are not completed across the organisation. Services are asked to

complete regular fraud risk assessments as part of preparing their Service Plans and whilst a Fraud Risk Register is in place, further work is required to ensure that this is comprehensive.

Devon Assurance Partnership operates in line with the Global 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 18 February 2026.

The Audit Committee prepared its second Annual Report which summarised the work of the Committee during 2025/2026 including how it had fulfilled its duty. This report is due to be presented to the Council at its Adjourned Annual Meeting in May 2026.

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.

An AI subgroup has been established under the Information Governance Steering Group and has produced an AI usage policy and guidance for staff. Governance arrangements around the approval of AI tools have been considered and an assessment process put in place to allow risks and mitigations of new AI tools to be identified.

Information Governance has continued to support a range of projects across the Council including the procurement of new services and systems and the development of new processes to ensure compliance and security. Advice and guidance has been provided on the project around Free School Meal eligibility to ensure that data matching can take place in a compliant way, which has allowed the identification of more children who are eligible for free school meals. Information Governance has been heavily involved in the implementation of the new case management system within Adult Social Care, ensuring that appropriate agreements are in place. This work has established the Council as a Joint Data Controller for adult social care data processed by Torbay and South Devon Foundation Trust. In partnership with colleagues, Information Governance has been identified as an enabler for on this project ensuring that IG issues are worked through to allow the project to move forward at pace.

Data protection impact assessments continue to be reviewed in relation to new processing activities or project to identify data protection or cyber security risks

Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability

The Forward Plan has been published during 2025/2026 when new entries are received or there are changes to entries. The Forward Plan is reviewed by Directors on a regular basis to ensure that it is up to date.

Agendas and reports for meetings of the Council, Cabinet and committees are published five clear working days ahead of the meeting, with minutes and Records of Decisions published after each meeting (as appropriate).

During 2025/2026, three decisions were called in for review by the Overview and Scrutiny Board. Cabinet have made the decision that the call-in procedure should not apply on two occasions where it was deemed that any delay likely to be caused by the call-in process would prejudice the Council's or the public's interest.

We have introduced a yearly website survey, built service dashboards for reviewing website analytics and implemented Microsoft Clarity to monitor user behaviour. We are now using this information to inform changes to the site and improve findability and task completion.

Our new website content policy sets clear standards for how we handle information on the site. This includes what we publish, how it is written and how it is reviewed and maintained.

We have published guidance for staff who produce documents, to help make all materials accessible by default, and have adapted this for suppliers creating materials on our behalf. We have also secured budget for an external accessibility audit of the main council site, which will identify any further areas for improvement and allow us to develop a roadmap for prioritising these changes.

Over the course of the year, we have undertaken a review of the Local Government Transparency Code to ensure that all aspects are up-to-date and published on our website. This has included updating the information about staff in the top three tiers of the organisation. Outstanding issues will be addressed over the coming year.

The Council considered the Annual Pay Policy on 26 February 2026.

The Statement of Account for 2025/2026 will include a Narrative Report which sets out our achievements against our Community and Corporate Plan and our Council Business Plan. Further, we provided our One Torbay booklet with Council Tax bills in March 2026 which described our achievements over the previous year as well as our plans for the coming year.

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 Code has been updated over the course of the year to reflect the current SOLACE/CIPFA guidance and is due to be considered by the Council at its Adjourned Annual Meeting in May 2026. The Council's Assurance Framework has been documented will be updated to reflect the new Code of Governance once approved.

Our Corporate Performance Reports are published on the Council’s website as well as with the agendas for Overview and Scrutiny Board. Work has been underway over the course of the year to transfer the performance indicators within the Corporate Performance Report to Power BI which will enable officers and members to more easily compare Torbay Council’s performance with that of other similar authorities.

The Council 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”. A progress review was undertaken in April 2025 with the action plan from the original challenge having been completed. Throughout the course of the year work has taken place to ensure that delivery continues and an update report was presented to the Audit Committee in October 2025. The improvement actions identified now form “business as usual”.

Children’s Service 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 the Care Quality Commission to improve the services for our children and young people who experience SEND.

The Annual Report of the Overview and Scrutiny Board was considered by the Council on 15 May 2025 and is also published on the Council’s website on the Overview and Scrutiny section.

Internal and external audit reports are considered by Directors and Divisional Directors with management action detailed against each recommendation.

Based on the work undertaken by Devon Assurance Partnership during 2025/2026, the Head of Internal Audit’s Opinion on the adequacy and effectiveness of the Council’s internal control framework is one of “Reasonable Assurance”.

Conclusion

The Council recognises that strong governance requires continuous improvement. Over the coming year, we will focus on delivering the actions set out in this Statement, including strengthening our use of data to inform decision-making, ensuring comprehensive fraud risk assessment across all services, and enhancing transparency through full compliance with the Local Government Transparency Code.

We will also update and embed our Assurance Framework in line with the revised Code of Corporate Governance, while maintaining close oversight of key service transformations,

including adult social care. Developing a more data-driven, insight-led organisation will be a particular priority, alongside continued investment in our people and leadership capability.

By delivering these improvements, we will further strengthen our governance arrangements and further ensure that the Council remains resilient, transparent and accountable, aiming to provide effective services and positive outcomes for the communities of Torbay.

Appendix 1: Action Plan

Agreed Action	Responsible Officer	Deadline
Keep the operation of the Adult Social Care complaints system under review to ensure it is efficient and effective.	Divisional Director – Corporate Services (Interim)	December 2026
Include the Local Outcomes Framework within the Corporate Performance Indicator Dashboard	Divisional Director – Corporate Services (Interim)	December 2026
Ensure full compliance with the Local Government Transparency Code, including addressing all identified gaps	Divisional Director – Corporate Services (Interim)	December 2026
Conclude contract delivery management actions on the Customer Relationship Management to ensure value for money is delivered against product functionality	Director of Corporate Services	December 2026
Subject to the outcome of Local Government Reorganisation in Devon, deliver a structured programme to improve the Council's use of data in decision-making, including full rollout of Power BI dashboards, data quality improvements and officer training	Divisional Director – Corporate Services (Interim)	March 2027

Embed the Performance Management Framework and Policy across all services, ensuring consistent use of performance data and reporting	Divisional Director – Corporate Services (Interim)	March 2027
Ensure comprehensive coverage and consistency of Fraud Risk Assessments across all services, including completion of a robust and comprehensive Fraud Risk Register	Director of Finance	March 2027
Update the Council’s Assurance Framework in line with the updated Code of Corporate Governance and review the Council’s Assurance Map	Divisional Director – Corporate Services (Interim)	March 2027
Support and embed the Council’s Behaviour Framework and organisational values across all Directorates, including monitoring impact on culture and staff experience	Chief Executive/Divisional Director – Corporate Services (Interim)	March 2027
Oversee and support the transition of Adult Social Care services from the Section 75 arrangement, ensuring strong governance, risk management and programme oversight	Director of Adult and Community Services	March 2027

Core Statements

Comprehensive Income and Expenditure Statement (CIES) for the year ended 31 March 2026

2024-25 Restated			Note	2025-26		
Expenditure £'000	Income £'000	Net £'000		Expenditure £'000	Income £'000	Net £'000
127,815	(62,665)	65,150	Adults' Services	117,123	(58,438)	58,685
132,511	(80,914)	51,597	Children's Services	156,682	(91,287)	65,395
18,449	(2,351)	16,098	Corporate Services	21,427	(4,225)	17,202
11,625	(33,321)	(21,696)	Finance	14,276	(35,469)	(21,193)
75,126	(43,344)	31,782	Place	87,094	(37,435)	49,659
10,843	(1,254)	9,589	Public Health	11,846	(13,010)	(1,164)
376,369	(223,849)	152,520	Cost of Services	408,448	(239,864)	168,584
2,728		2,728	Other Operating Expenditure	64	-	64
14,146	(19,029)	(4,883)	Financing and Investment Income and Expenditure	10	(12,702)	(24,562)
-	(162,248)	(162,248)	Taxation and non-specific grant income and expenditure	11		(195,677)
393,243	(405,126)	(11,883)	(Surplus) or Deficit on Provision of Services		395,810	(460,103)
		(9,988)	Surplus on revaluation of non-current assets.			(16,555)
		4,943	Surplus on revaluation of non-current assets re Lease PPA			-
		(61)	Adjustment Pension liability subsidiary and Devon County Council	34		406
		1,043	Remeasurement of the net defined benefit pension liability	34		5,008
		(4,063)	Other Comprehensive Income and Expenditure			(11,141)
		(15,946)	Total Comprehensive Income and Expenditure			(75,434)

Movement in Reserves Statement

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

2025/26	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2025	(8,462)	(66,825)	(1,079)	(28,320)	(104,686)	(184,775)	(289,461)
Movement in Reserves in 2025/26:							
Surplus (deficit) on the provision of services (accounting basis)	(64,293)	-	-	-	(64,293)	-	(64,293)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(11,141)	(11,141)
Total Comprehensive Income and Expenditure	(64,293)	-	-	-	(64,293)	(11,141)	(75,434)
Adjustments between accounting and funding basis under regulation - note 18	50,524	-	(1,057)	(5,066)	44,401	(44,401)	-
Net increase/decrease before transfers to Earmarked reserves	(13,769)	-	(1,057)	(5,066)	(19,892)	(55,542)	(75,434)
Transfers to/from Earmarked reserves - note 19	13,595	(13,595)	-	-	-	-	-
(Increase)/Decrease in Year	(174)	(13,595)	(1,057)	(5,066)	(19,892)	(55,542)	(75,434)
Balance at 31 March 2026	(8,636)	(80,420)	(2,136)	(33,386)	(124,578)	(240,317)	(364,895)

Movement in Reserves Statement (Continued)

2024/25 - Restated	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	(6,401)	(69,638)	(1,406)	(25,845)	(103,290)	(170,225)	(273,515)
Movement in Reserves in 2024/25:							
Surplus (deficit) on the provision of services (accounting basis)	(11,883)				(11,883)		(11,883)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(4,063)	(4,063)
Total Comprehensive Income and Expenditure	(11,883)	-	-	-	(11,883)	(4,063)	(15,946)
Adjustments between accounting and funding basis under regulation - note 18	12,634	-	327	(2,475)	10,487	(10,487)	-
Net increase/decrease before transfers to Earmarked reserves	751		327	(2,475)	(1,396)	(14,550)	(15,946)
Transfers to/from Earmarked reserves - note 19	(2,813)	2,813	-	-	-		-
(Increase)/Decrease in Year	(2,061)	2,813	327	(2,475)	(1,396)	(14,550)	(15,946)
Balance at 31 March 2025	(8,462)	(66,825)	(1,079)	(28,320)	(104,686)	(184,775)	(289,461)

Balance Sheet

31 March 2025 Restated £'000			31 March 2026 £'000
317,977	Property, Plant and Equipment	Note 20	345,924
163,657	Investment Properties	Note 22	191,981
96,368	Infrastructure Assets	Note 20	101,072
49,874	Heritage Assets	Note 21	52,550
560	Intangible Assets		461
24,972	Long Term Investments	Note 25	39,780
32,982	Long Term Debtors	Note 29	27,032
686,390	LONG TERM ASSETS		758,800
34,982	Short Term Debtors	Note 29	55,653
39,276	Short Term Investments	Note 25	17,130
41	Inventories		38
6,405	Cash and Cash Equivalents	Note 30	6,164
80,704	CURRENT ASSETS		78,985
(47,184)	Short Term Creditors	Note 31	(64,522)
(4,490)	Overdraft	Note 30	(2,950)
(7,008)	Short Term Borrowing	Note 25	(6,405)
(3,095)	Other Short Term Liabilities	Note 25	(3,393)
(18,237)	Capital grants receipts in advance	Note 9	(12,170)
(2,762)	Provisions	Note 32	(2,930)
(82,776)	CURRENT LIABILITIES		(92,370)
(14,932)	Capital grants receipts in advance	Note 9	(4,166)
(3,512)	Long Term Creditors	Note 31	(2,542)
(344,912)	Long Term Borrowing	Note 25	(344,912)
(26,636)	Other Long Term Liabilities	Note 25	(22,887)
(124)	Long Term Provisions	Note 32	(155)
(4,741)	Net Defined Pension liability	Note 34	(5,858)
(394,857)	LONG TERM LIABILITIES		(380,520)
289,461	NET ASSETS		364,895
(8,462)	General Fund	MIRS	(8,636)
(66,825)	Earmarked Reserves	Note 19	(80,421)
(1,079)	Capital Receipts Reserve	MIRS	(2,136)
(28,320)	Capital grants and contributions	MIRS	(33,386)
(104,686)	USABLE RESERVES		(124,579)
(150,405)	Revaluation Reserve		(163,638)
(37,446)	Capital Adjustment Account		(86,785)
(11,428)	Deferred capital receipts		(8,018)
9,601	Pensions Reserve		10,537
(4,482)	Collection Fund Adjustment Account		(1,422)
1,070	Accumulated Absences Account		694
8,999	Dedicated Schools Grant Deficit Account		8,999
(1,242)	Financial Instruments adjustment account		(1,241)
558	Pooled investment fund Adjustment A/c		558
(184,775)	UNUSABLE RESERVES	Note 33	(240,316)
(289,461)	TOTAL RESERVES		(364,895)

Cash Flow Statement

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

2024/25 Restated			2024/26
£'000		Notes	£'000
11,883	Net (deficit) / Surplus on the provision of services		64,293
21,115	Adjustment to net surplus on the provision of services for non-cash movements	35	(21,264)
(268)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	35	(991)
32,730	Net cash flows from Operating Activities		42,038
(19,641)	Investing Activities	36	(36,854)
(9,426)	Financing Activities	37	(3,885)
3,663	Net increase (decrease) in Cash and Cash Equivalents		1,299
(1,748)	Cash and Cash Equivalents at the beginning of the reporting period	30	1,915
1,915	Cash and Cash Equivalents at the end of the reporting period		3,214

Notes to the Statement of Accounts

1. Accounting Policies

1.1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26 (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 Clinical Commissioning Group where the Council's makes a fixed annual payment for the provision of Adult Social Care. The Trust are accounting for the partnership on the basis that the Council is funding the Trust to undertake delegated activities. The Trust will account for income and expenditure on the Adult Social Care functions in the appropriate service category and will account for the funding received for the Council as "providing" income. The Council will show the funding paid to the Trust for providing the delegated functions within its Income and Expenditure Account

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 – Leases where the Council is the lessor

During 2025/26 the Council carried out a detailed review of the historic accounting treatment applied to its long-term lease arrangements, where the Council acts as lessor and leases out assets to various external operators. This has resulted in the reclassification of two of the leases from operating to finance lease and the correction of the historic accounting treatment of these and other leases. This has necessitated a prior period adjustment to the impacted 2024/25 accounting entries to ensure that balances brought forward as at 1 April 2025 are materially correct. The impact on the financial statements and associated notes is set out in the tables below.

Adjustments to Balance Sheet and associated Notes re Lease review	Restated
	2024/25
	£'000
PPE - Land & Buildings Cost (Note 20)	(5,122)
PPE - Land & Buildings Depreciation (Note 20)	179
Long Term Debtors re Loan (Note 29)	(2,472)
Revaluation Reserve (Note 33)	3,936
Capital Adjustment Account (Note 33)	5,705
Deferred Capital Receipts Reserve (Note 33)	(2,226)
Total	0

Other Statements and Disclosures affected by the Lease Review	Restated
	2024/25
	£'000
CIES - Other Operating Expenditure and Surplus Deficit on provision of Services	2,472
MIRS and note 18 Accounting Adjustments - Surplus Deficit on provision of Services	2,472
EFA and Cashflow - Surplus Deficit on provision of Services	2,472

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.

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 year end. The council follows a five-year rolling programme with additional specific valuations undertaken for re-categorisation of assets. Indexation is applied to all other assets during the four intervening years. Full revaluations are undertaken in accordance with RICS Red Book requirements. Indexation is applied in the intervening periods to reflect market-based movements for assets groups.

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 2026, 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 2025/26 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 - these are not considered to have a material impact on the Council's accounts

- a. Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- b. Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- c. Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- d. Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

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 £27.7m (£30.3m/17% in 2025) of the Energy from Waste facility in Plymouth based on the financial allocation model agreed between Torbay, Plymouth, and Devon County Councils. The asset has been valued as a specialised operational property using the depreciated replacement cost method. The value of the asset is indexed against the base year of 2015. The valuation assumes that the asset has a remaining life of 164 months until November 2039. The date of the valuation is 31st March 2026. 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 £6.4m/17% from 2026. 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, where the Council is the lessor, 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. 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 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Uncertainties	Effect if Actual Results Differ from Assumptions
Net Pension Liability	
<p>The Council's liability as at 31st March 2026 is based on a number of complex judgements relating to</p> <ul style="list-style-type: none"> • the discount rate used • the rate at which salaries may change • changes in retirement dates • mortality rates • and expected return on pension fund assets. <p>A firm of pension actuaries are used to provide this information and every three years there is a detailed actuarial review of the fund.</p> <p>The value of pension assets is estimated (by the actuary) based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this difference is not considered to be material.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a future 0.1% decrease in the discount rate assumption would result in a change in the (gross) pension liability of £361.7m. Similarly, a change in the life expectancy assumption of 1 year would result in a change of £380.5m. However, the assumptions interact in complex ways.</p> <p>A table on sensitivity of assumptions is included in the Pensions Note.</p>
Property, Plant and Equipment Value	
<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 £3.17m 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 30 June 2026. 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 30 June 2026, 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.

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 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 and further transfers during 2025/26.

During 2025/26 the total value of the properties transferred from both TorVista and TEDC is £13.7m

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 £4.2m and have been accrued in the 2025/26 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.

2024-25 Restated				2025-26		
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
£'000	£'000	£'000		£'000	£'000	£'000
64,580	571	65,150	Adults' Services	58,177	508	58,685
50,446	1,151	51,597	Children's Services	65,527	(132)	65,395
15,436	661	16,098	Corporate Services	17,034	168	17,202
(11,030)	(10,665)	(21,695)	Finance	(19,386)	(1,806)	(21,193)
21,393	10,389	31,782	Place	25,328	24,331	49,659
9,620	(31)	9,589	Public Health	(1,122)	(42)	(1,164)
150,445	2,076	152,520	Cost of Services	145,558	23,027	168,584
473	2,255	2,728	Other operating expenditure	532	(468)	64
(150,167)	(16,964)	(167,131)	Other Income and Expenditure	(159,859)	(73,082)	(232,941)
751	(12,634)	(11,883)	(Surplus) or Deficit on Provision of Services	(13,769)	(50,524)	(64,293)

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

2024-25				2025-26		
Earmarked Reserves	General Fund	Total		Earmarked Reserves	General Fund	Total
£'000	£'000	£'000		£'000	£'000	£'000
(6,401)	(69,637)	(76,038)	Opening balances	(8,462)	(66,825)	(75,287)
(2,061)	2,812	751	Movement in reserves	(174)	(13,596)	(13,770)
(8,462)	(66,825)	(75,287)	Closing General Fund balance	(8,636)	(80,421)	(89,057)

2024-25 Restated					2025-26			
Position as reported to Council	Adjustments relating to other income and expenditure (i)	Adjustments relating to tfrs to and from reserves (ii)	Net Expenditure chargeable to the General Fund		Position as reported to Council	Adjustments relating to other income and expenditure (i)	Adjustments relating to tfrs to and from reserves (ii)	Net Expenditure chargeable to the General Fund
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
55,434	(155)	9,301	64,580	Adults' Services	48,726	10,767	(1,315)	58,177
53,638	(4,148)	956	50,446	Children's Services	48,080	12,290	5,158	65,528
14,755	359	322	15,436	Corporate Services	15,831	990	213	17,034
(18,174)	9,268	(2,125)	(11,031)	Finance	10,130	(25,973)	(3,543)	(19,386)
26,263	(2,204)	(2,666)	21,393	Place	28,686	(2,437)	(922)	25,327
11,008	(1,098)	(291)	9,619	Public Health	10	(1,224)	92	(1,122)
142,924	2,022	5,497	150,443	Cost of Services	151,463	(5,588)	(317)	145,558
-	474	-	474	Other Operating Expenditure	-	532	-	532
(143,271)	(2,149)	(4,746)	(150,166)	Other Income and Expenditure	(151,637)	5,056	(13,278)	(159,859)
(347)	347	751	751	(Surplus) or Deficit on Provision of Services	(174)	-	(13,595)	(13,769)

- (i) Allocation of income and expenditure to match CIES disclosure lines
- (ii) Transfers to and from reserves which are included in the outturn report but are not shown within the CIES as are within the MIRS

b. Adjustments between Funding and Accounting basis

	Financing and Accounting Adjustments				
	Capital and Assets (i)	Pensions (ii)	Tax Collection (iii)	Other (iv)	Total
2025-26	£'000	£'000	£'000	£'000	£'000
Adults' Services	889	(350)	-	(32)	507
Children's Services	1,544	(1,542)	-	(134)	(132)
Corporate Services	709	(475)	-	(66)	168
Finance	(431)	(1,350)	-	(26)	(1,807)
Place	25,536	(269)	-	(936)	24,331
Public Health	9	(32)	-	(18)	(41)
Cost of Services	28,255	(4,017)	-	(1,212)	23,026
Other Operating Expenditure	(468)	-	-	-	(468)
Other Income and Expenditure from the Expenditure and Funding Analysis	(75,682)	(460)	3,060	-	(73,082)
Total for 2025-26	(47,895)	(4,477)	3,060	(1,212)	(50,524)

	Financing and Accounting Adjustments				
	Capital and Assets (i)	Pensions (ii)	Tax Collection (iii)	Other (iv)	Total
2024-25	£'000	£'000	£'000	£'000	£'000
Adults' Services	636	(69)	-	3	570
Children's Services	2,057	(325)	-	(581)	1,151
Corporate Services	731	(101)	-	31	661
Finance	(8,976)	(1,703)	-	13	(10,666)
Place	11,232	(127)	-	(716)	10,389
Public Health	(28)	(11)	-	9	(31)
Cost of Services	5,652	(2,336)	-	(1,241)	2,075
Other operating expenditure	(217)	-	-	-	(217)
Other Income and Expenditure from the Expenditure and Funding Analysis	(12,914)	2	(1,638)	58	(14,492)
Total for 2024-25	(7,479)	(2,334)	(1,638)	(1,183)	(12,634)

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

2024-25		2025-26
Surplus / Deficit on the Provision of Services Restated		Surplus / Deficit on the Provision of Services
£'000		£'000
84,029	Employee benefits expenses	92,436
273,406	Other service expenses	293,503
11,138	Interest payments	10,688
21,819	Depreciation, amortisation, impairment etc	26,393
124	Investment Properties and Assets Held for Sale changes in fair value	(27,274)
473	Precepts and levies	532
2,254	Gains on the disposal of assets	(468)
393,243	Total Expenditure	395,810
(43,450)	Fees, charges and other service income	(58,049)
(5,067)	Interest income	(3,836)
(13,877)	Investment income	(20,727)
(123,995)	Council Tax and Non-Domestic Rate income	(131,613)
(218,737)	Grants and Contributions	(245,878)
(405,126)	Total income	(460,103)
(11,883)	Net (Surplus) / Deficit on Provision of Services	(64,293)

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.

	2024/25 £'000	2025/26 £'000
Client Contributions	20,461	19,596
Deferred Payments	1,061	1,291
Total	21,522	20,887

9. Other Operating Expenditure

	2024/25 Restated £'000	2025/26 £'000
Precepts and levies	473	532
Losses/(gains) on the disposal of non-current assets	(217)	(468)
De-recognition of Leases - PPA	2,472	-
Total	2,728	64

10. Financing and Investment Income and Expenditure

	2024/25 £'000	2025/26 £'000
Interest payable and similar charges	11,138	10,688
Changes in the Fair Values of Financial Instruments	(85)	-
Changes in the Fair Values of Assets Held for Sale	-	1,050
Pensions net interest cost	2	(460)
Interest receivable and similar income	(5,067)	(3,836)
Income and expenditure in relation to Investment Properties	(10,995)	(16,382)
Changes in fair value of Investment Properties	124	(28,324)
Total	(4,883)	(37,264)

11. Taxation and Non-Specific Grant Income

	2024/25 £'000	2025/26 £'000
Council tax income	(90,672)	(98,062)
Non-domestic rates	(33,324)	(33,551)
Non-service-related government grants	(21,906)	(23,935)
Capital grants and contributions	(16,346)	(40,129)
Total	(162,248)	(195,677)

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.

£30.3m of funding is reported and monitored as part of the Better Care Fund, although £2.6m of DFG and £8.8m of BCF is managed by the Council and not included in the pooled budget. The remaining BCF funding is provided by Devon ICB, of which £4.3m (£4.1m 24/25) was paid to the Council to commission adult social care services and £10.5m (£10.5m 24/25) 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 (£2.1m 24/25) being used to support local authorities to build additional ASC and community-based reablement capacity to reduce hospital discharge, and £1.8m (£1.8m 24/25) 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	2024/25 £'000	2025/26 £'000
BCF Funding (including ICB Discharge Fund for 25/26)	14,647	16,724
Torbay Council (DFG Capital Grant)	2,322	2,641
Torbay Council (including LA BCF and Discharge Funds for 25/26))	8,838	10,903
Local Authority Discharge Fund	2,065	-
ICB Discharge Fund - Torbay Element	1,848	-
Total	29,720	30,268

13. Member's Allowances

	2024/25 £'000	2025/26 £'000
Member's Allowances	526	552
Expenses	8	7
Total	534	559

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 2025/26	Salary (Inc. fees & Allowances) £	Pension Contributions £	Total Remuneration £
Chief Executive Anne-Marie Bond	164,465	30,036	194,501
Director of Children's Services Nancy Meehan	183,048	33,681	216,729
Director of Regeneration & Place Delivery	145,276	26,731	172,007
Director of Adult Services and Community Services	141,173	25,976	167,149
Director of Pride in Place	141,173	25,976	167,149
Director of Public Health	140,820	20,248	161,068
Director of Corporate Services	140,167	25,791	165,958
Director of Finance S151 Officer	120,332	22,141	142,473
Head of Legal Services and Monitoring Officer	96,879	17,826	114,704
TOTAL COST	1,273,333	228,404	1,501,738

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
TOTAL COST	1,133,109	202,750	1,335,859

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.

2024/25			Remuneration Band	2025/26		
Council	Schools Council	Schools Governing Body		Council	Schools Council	Schools Governing Body
53	3	31	£50,000 - £54,999	119	15	31
39	3	26	£55,000 - £59,999	62	1	31
28	2	3	£60,000 - £64,999	26	3	16
13	0	5	£65,000 - £69,999	15	1	5
6	2	3	£70,000 - £74,999	12	0	7
5	0	4	£75,000 - £79,999	8	2	4
1	1	3	£80,000 - £84,999	4	0	2
0	0	2	£85,000 - £89,999	6	0	3
5	0	0	£90,000 - £94,999	3	0	1
0	0	1	£95,000 - £99,999	3	0	0
4	0	1	£100,000 - £104,999	4	0	1
3	0	1	£105,000 - £109,999	2	0	0
2	0	0	£110,000 - £114,999	1	0	1
1	0	0	£115,000 - £119,999	2	0	1
1	0	0	£120,000 - £124,999	1	0	0
0	0	0	£125,000 - £129,999	0	0	0
0	0	0	£130,000 - £134,999	0	0	0
1	0	1	£135,000 - £139,999	0	0	0
0	0	0	£140,000 - £144,999	2	0	1
162	11	81		270	22	104

Exit Packages

The numbers of exit packages relating to Council employees during 2025/26, 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.

2024/25				Banding	2025/26			
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
2	5	7	14.9	£0 - £20,000	7	3	10	86.6
0	1	1	30.0	£20,001 - £40,000	3	0	3	83.8
0	0	0	0.0	£40,001 - £60,000	1	1	2	51.0
0	0	0	0.0	£60,001 - £80,000	1	0	1	62.7
0	0	0	0.0	£80,001 - £100,000	0	0	0	0.0
0	0	0	0.0	£100,001 - £120,000	0	0	0	0.0
2	6	8	44.9	Total	12	4	16	284.1

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.

	2024/25	2025/26
	£'000	£'000
External audit services	340	347
Other services	29	29
Total	369	376

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 2025/26 are as follows:

2024/25			2025/26			
Capital Expenditure	Individual Schools Budget	Total	Schools Budget Funded by Dedicated Schools Grant	Capital Expenditure	Individual Schools Budget	Total
£'000	£'000	£'000		£'000	£'000	£'000
		142,765	Final DSG for year before academy and high needs recoupment			154,614
		(85,454)	Less academy and high needs recouped in year			(90,758)
		57,311	Total DSG after academy and high needs recoupment for year*			63,856
		3,513	Brought forward from previous year			2,791
34,769	26,055	60,824	Agreed initial budgeted distribution in year	39,110	27,538	66,647
990		990	In year adjustments	1,354		1,354
35,759	26,055	61,814	Final budget distribution in year	40,464	27,538	68,002
(32,968)		(32,968)	Less: Actual Central Expenditure	(39,686)		(39,686)
	(26,055)	(26,055)	Less: Actual ISB deployed to schools		(27,538)	(27,538)
2,791	-	2,791	In year carry forward - surplus/(deficit)	778	-	778
		(8,999)	DSG unusable reserve at the end of the previous year			(8,999)
		-	Addition to DSG unusable reserve at the end of the year			-
		(8,999)	Total of DSG unusable reserve at the end of previous year			(8,999)
		(6,208)	Net DSG position at the end of the year			(8,221)

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.

The schools' Higher Needs Block in the Dedicated Schools Grant (DSG) continues to be under considerable financial pressure because of an increasing level of referrals for higher needs support for children.

For 2025/26 there was an overspend of £3.563m. The DSG reserve is a £8.221m deficit at the end of 2025/26, following a £9.810m contribution from DfE to the Safety Valve Programme, between 22/23 & 25/26. This reserve is reported as an unusable reserve.

Now that the Safety Valve Programme has ended at the end of 25/26, for 26/27 the DfE has announced a new High Needs Stability Grant to address DSG deficits.

For 26/27 all Local Authorities are required to submit a SEND Reform Plan and get this agreed by DfE. When agreed the DfE will write-off 90% of the DSG deficit balance at the end of 25/26, which was £8.221m. Therefore £7.399m would be written off, leaving the remaining 10% DSG deficit with the Council, which is £822k.

17. Grants

The Council credited the following grants and contributions to the comprehensive Income and Expenditure Statement in 2025/26:

	<u>2024/25</u>	<u>2025/26</u>
	<u>£'000</u>	<u>£'000</u>
Adults Services		
DWP Subsidy	35,258	26,278
Enhanced BCF Grant	8,838	8,838
Other Social Care Grants (Adults)	5,780	5,945
Various Homelessness Grants	1,950	2,698
SPF/Multiply Grant	890	510
Accom Repurposing Rev Grant	295	-
Homes for Ukraine	99	71
Asylum Dispersal Grant	87	49
Ukraine Sponsor Payments Grant	240	130
Adult Services Other	153	-
Childrens Services		
Children's Services Grants	69,256	12,538
Social Care Grant	18,685	22,115
Dedicated Schools Grant	990	65,165
Education Services Grants	680	495
Covid-19 School Grant	217	-
Nursery Funding	(192)	885
Corporate Services		
Household Support Fund	2,471	2,177
New Burdens	348	401
Electoral Services	306	2
Strategic Planning	282	37
Police-Crime Commissioner	269	1
Corporate Services Other	149	272
Finance		
Public Health Grant*	11,002	-
PFI Grant – MRP	780	821
Finance Other	212	334
Place		
Travel & Transport Grants	620	1037
Service Grants	227	-
Long-Term Plan Towns Grant	200	-
Safer Streets Fund	52	-
CDF Fund Grant	41	55
Place Other	875	5,218
Public Health		
Public Health Grant*	-	11,711
Supp Substance Misuse Treat Grant	799	799
Local Stop Smoking Service & Support Grant	217	232
Public Health - Other	366	252
Total Service Grants	162,439	169,064

*The Public Health Grant was moved from Finance to Public Health for the 25/26 financial year

Credited to Taxation and Non-Specific Grant Income

Grant	2024/25	2025/26
	£'000	£'000
NNDR New Burdens Grant	9,726	8,639
Revenue Support Grant	8,219	8,458
S31 NNDR Top Up Grant Multi	3,345	3,525
NHB (Return of top slice)	273	-
New Homes Bonus Grant	225	3
Loc Reform & Comm Voices Grant	118	-
NI Contribution Grant	-	1,225
Recovery Grant	-	2,085
Total	21,906	23,935

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	2024/25	2025/26
	£'000	£'000
Capital Grants and Contributions Received in Advance		
Government Grants	30,926	13,741
Section 106 Contributions	2,243	2,595
Total	33,169	16,336
Due < 1 year	18,237	12,170
Due > 1 year	14,932	4,166
Total	33,169	16,336

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.

2025/26	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(98)			98	-
Depreciation and impairment of non-current assets	(26,295)			26,295	-
Movements in value of Investment Properties	28,324			(28,324)	-
Movements in value of Assets Held for Sale	(1,050)			1,050	-
Disposal of non-current assets	(538)			538	-
Capital receipts to Usable Capital Receipts Reserve	1,057	(1,057)			-
Deferred Energy Credit	836			(836)	-
Capital grants and contributions to Capital Grants Unapplied Reserve	5,066		(5,066)		-
Difference between accounting and statutory employment benefit	376			(376)	-
Difference between accounting and statutory credit for Council Tax & NNDR	(3,060)			3,060	-
Revenue Contribution to Capital Expenditure	1,922			(1,922)	-
Revenue Expenditure Financed from Capital under Statute	(7,989)			7,989	-
Revenue Expenditure Financed from Capital under Statute (Income)	1,503			(1,503)	-
Difference between accounting and statutory credit for pension costs	4,477			(4,477)	-
Pooled Fund Adjustment	-			-	
FIAA adjustment re: discounts	0			0	
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
MRP	9,641			(9,641)	
Capital expenditure financed from Capital grants and contributions	36,352			(36,352)	
Total for 2025/26	50,524	(1,057)	(5,066)	(44,401)	-

2024/25 - Restated	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(139)	-	-	139	-
Depreciation and impairment of non-current assets	(21,679)	-	-	21,679	-
Movements in value of Investment Properties	(124)	-	-	124	-
Disposal of non-current assets	(50)	-	-	50	-
Capital receipts to Usable Capital Receipts Reserve	(327)	327	-	-	-
Deferred Energy Credit	835	-	-	(835)	-
Capital grants and contributions to Capital Grants Unapplied Reserve	2,475	-	(2,475)	-	-
Difference between accounting and statutory employment benefit	405	-	-	(405)	-
Difference between accounting and statutory credit for Council Tax & NNDR	1,637	-	-	(1,637)	-
Revenue Contribution to Capital Expenditure	2,859	-	-	(2,859)	-
Revenue Expenditure Financed from Capital under Statute	(6,751)	-	-	6,751	-
Revenue Expenditure Financed from Capital under Statute (Income)	4,014	-	-	(4,014)	-
Difference between accounting and statutory credit for pension costs	2,334	-	-	(2,334)	-
Pooled Fund Adjustment	-	-	-	-	-
FIAA adjustment re: discounts	(58)	-	-	58	-
Adjustments re Lease review Prior Period Adj	(2,472)	-	-	2,472	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
MRP	9,908	-	-	(9,908)	-
Capital expenditure financed from Capital Receipts	595	-	-	(595)	-
Capital expenditure financed from Capital grants and contributions	19,172	-	-	(19,172)	-
Total for 2024/25	12,634	327	(2,475)	(10,486)	-

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 2024	Transfers out 2024/25	Transfers in 2024/25	Balance at 31 March 2025	Transfers out 2025/26	Transfers in 2025/26	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Specific General Expenditure Reserve	(3,455)	1,421	(3,745)	(5,779)	1,849	(11,007)	(14,937)
Service Specific Reserve	(31,695)	18,929	(8,063)	(20,829)	6,075	(10,206)	(24,960)
NNDR Reserve	(4,583)	2,100	(2,980)	(5,463)	500	(6,262)	(11,225)
General Grants Reserve	(11,605)	5,491	(2,717)	(8,831)	1,466	(969)	(8,334)
Capital Funding Reserves	(1,743)	472	(4,411)	(5,682)	294	(1,237)	(6,625)
School Related Reserves	(500)	389	(385)	(496)	385	(241)	(352)
Schools Balances (held under a delegation scheme)	(3,407)	3,461	(4,107)	(4,053)	4,106	(2,990)	(2,937)
Ring Fenced	(12,647)	4,188	(7,232)	(15,692)	8,259	(3,618)	(11,051)
Total	(69,635)	36,451	(33,640)	(66,825)	22,934	(36,530)	(80,421)

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	45-74
Surplus Assets	17-75

Movements on Balances

Reconciliation of movements in 2025/26 in Property, Plant and Equipment by category of assets is shown in the tables below:

2025/26	Land & Buildings	Vehicles Plant etc	Commun. Assets	Assets under Construction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening value 1 April 2025	310,974	12,983	9,768	13,211	815	347,751
Additions	30,828	174	94	5,615	2,619	39,330
Disposals	(839)	(135)	-	-	-	(974)
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	(10,090)	-	-	-	(3,079)	(13,169)
Reclassifications	(6,245)	-	(5)	-	-	(6,250)
Revaluation increases/(decreases) recognised in the revaluation reserves	(7,902)	-	-	-	-	(7,902)
Value 31 March 2026	316,726	13,022	9,856	18,826	355	358,785
Cumulative Depreciation:						
Opening value 1 April 2025	(18,327)	(9,962)	(1,479)	-	(6)	(29,774)
Charge for the year	(9,356)	(679)	(132)	-	(98)	(10,265)
Impairment losses	5,006	-	-	-	98	5,104
Disposals	-	135	-	-	-	135
Reclassifications	-	-	-	-	-	-
Revaluations recognised in the revaluation reserve	21,939	-	-	-	-	21,939
Balance 31 March 2026	(738)	(10,506)	(1,611)	-	(6)	(12,861)
Net book value 31 March 2026	315,988	2,516	8,245	18,826	349	345,924

2024/25 – Restated	Land & Buildings	Vehicles Plant etc	Commun. Assets	Assets under Construction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening value 1 April 2024	294,314	12,676	9,767	13,822	427	331,006
Additions	16,860	322	1	4,709	460	22,352
Disposals	(50)	(15)	-	-	-	(65)
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	(5,654)	-	-	-	(72)	(5,726)
Reclassifications	5,320	-	-	(5,320)	-	-
Revaluation increases/(decreases) recognised in the revaluation reserve	5,306	-	-	-	-	5,306
Revaluation (decrease) recognised in the revaluation reserve relating to Lease PPA	(5,122)	-	-	-	-	(5,122)
Value 31 March 2025	310,974	12,983	9,768	13,211	815	347,751
Cumulative Depreciation:						
Opening value 1 April 2024	(12,667)	(9,294)	(1,347)	-	(5)	(23,313)
Charge for the year	(8,612)	(683)	(132)	-	(1)	(9,428)
Impairment losses	516	-	-	-	-	516
Disposals	-	15	-	-	-	15
Reclassifications	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the revaluation reserve	2,257	-	-	-	-	2,257
Revaluation decrease recognised in the revaluation reserve relating to Lease PPA	179	-	-	-	-	179
Balance 31 March 2025	(18,327)	(9,962)	(1,479)	-	(6)	(29,774)
Net book value 31 March 2025	292,647	3,021	8,289	13,211	809	317,977

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 10-72 years

2025/26	£'000
Infrastructure assets opening net book value at 1 April 2025	96,368
Additions	12,595
Depreciation charge for the year	(7,891)
Infrastructure assets closing net book value at 31 March 2026	101,072
Net book value of PPE excluding infrastructure assets	345,924
Total net book value of PPE on the balance sheet at 31 March 2026	446,996

2024/25	£'000 Restated
Infrastructure assets opening net book value at 1 April 2024	94,317
Additions	8,893
Depreciation charge for the year	(6,842)
Infrastructure assets closing net book value at 31 March 2025	96,368
Net book value of PPE excluding infrastructure assets	317,977
Total net book value of PPE on the balance sheet at 31 March 2025	414,345

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 1st April of the year of the revaluation. The only class of asset that has significant revaluations is "Other Land and Buildings" which is valued at existing use or depreciated replacement cost (DRC).

	Land & Buildings	Vehicles Plant etc	Community Assets	Assets under Construction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost:		12,720	9,856	18,538		41,114
Carried at fair value as at:						
31-Mar-26	64,089				355	64,444
31-Mar-25	29,671					29,671
31-Mar-24	111,322					111,322
31-Mar-23	67,168					67,168
31-Mar-22	40,445					40,445
Total cost or valuation	312,695	12,720	9,856	18,538	355	354,164

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.

2024-25					2025-26			
Fine Art Collection	Mayoral Regalia	Heritage Property	Total		Fine Art Collection	Mayoral Regalia	Heritage Property	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
7,763	209	39,646	47,618	Net Carrying Amount at start of year	8,079	209	41,585	49,873
-	-	1,004	1,004	Additions			158	158
316	-	935	1,251	Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,271	20	1,228	2,519
8,079	209	41,585	49,873	Carrying Amount 31 March	9,350	229	42,971	52,550

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 £33.6m. 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)

2024/25		2025/26
£'000		£'000
(13,877)	Rental income from investment property	(20,727)
2,883	Direct operating expenses arising from investment property	4,345
124	Net (gains)/losses from fair value adjustments	(28,324)
(10,870)	Total	(44,706)
£'000		£'000
163,781	Balance at start of the year	163,657
(124)	Net gains / (losses) from fair value adjustments	28,324
163,657	Balance at end of the year	191,981

Hierarchy	Number of properties	Gross Value £'000
Level 1	0	0
Level 2	16	190,805
Level 3	2	1,176
Total	18	191,981

Impairment Losses

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

During 2025/26 the Council has recognised net impairment losses of £10.1m (£5.7m 23/24) on its property, plant and equipment charged to the Income and Expenditure account. Impairment losses in 2025/26 were primarily related to the introduction of indexation valuations which gave a £4.7m loss. Other reductions related to the valuations of the Victoria Centre, EPIC and Kings Ash House and Union Square Shopping Centre.

In addition, the Council's investment properties are revalued each year. In 2025/26 this resulted in a net increase in fair value of £28.3m.

Surplus assets saw an impairment loss of £3.1m due to ongoing work at Oldway Mansion.

A £1.1m impairment of land north and south of Preston Down Road. The land was valued and marketed in 2025/26, but completion took place in April 2026.

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.

2024/25 Restated £'000		2025/26 £'000
445,861	Opening Capital Financing Requirement 1 April	443,284
(14,064)	Adjustments to liability re IFRS16 Restatement at 1 April	-
431,797	Restated Opening Balance Capital Financing Requirement 1 April	443,284
	<i>Capital Investment</i>	
16,532	Property, Plant and Equipment	51,925
8,893	Infrastructure Assets	-
1,004	Heritage Assets	158
6,751	Revenue Expenditure Funded from Capital under Statute (REFCUS)	7,989
5,388	Long Term Debtors	1,023
2,210	Recognition of assets arising from IFRS16	-
	<i>Sources of finance</i>	
(595)	Capital receipts	-
(18,775)	Government grants and other contributions	(36,374)
(2,859)	Sums set aside from revenue and reserves	(1,928)
(4,413)	Grants and contributions towards REFCUS	(1,503)
(9,915)	MRP	(9,641)
(2,375)	Repayment of loans and leases	(4,880)
9,641	Adjustments to CFR as a result of Leases review PPA	-
443,284	Closing Capital Financing Requirement 31 March	450,053

2024/25 £'000	Explanation of Capital Financing Requirement Movement in Year	2025/26 £'000
(9,915)	Minimum Revenue Provision	(9,641)
(595)	Use of Capital Receipt to Repay Debt	-
(1,255)	Increase in underlying need to borrow	16,410
(11,765)	Movement in Capital Financing Requirement	6,769

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 £19.2m.

Capital Commitments	Purpose	Total Commitments	2026/27	2027/28
		£'000	£'000	£'000
<u>Housing</u>				
St Kilda's	Affordable housing project	2,109	2,109	
<u>Culture</u>				
Oldway Mansion	Restoration project	5,007	4,281	726
<u>Environment</u>				
Preston Coastal Defence Scheme	Sea Defence / Flood prevention work on Paignton seafront	7,048	7,048	
Total		14,164	13,438	726

25. Financial Instruments

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

31 March 2025			31 March 2026	
Book Value	Fair Value		Book Value	Fair Value
£'000	£'000		£'000	£'000
4,528	4,528	Property Fund Investment Fair Value Through Profit and Loss	4,528	4,528
20,444	20,444	Investments at amortised cost	35,252	35,252
32,982	32,982	Long Term Debtors at amortised cost	26,951	26,951
628,436	0	Non-financial assets	691,988	0
686,390	57,955	Long term Assets	758,720	66,731
0	0.0	Investment in Money Market Fund Fair Value Through Profit and Loss	0	0
39,277	39,277	Other investments amortised cost	17,130	17,130
6,429	6,429	Cash and bank accounts amortised cost	6,164	6,164
45,706	45,706	Short Term Investments and cash	23,294	23,294
30,110	30,110	Short Term Debtors amortised cost	45,156	45,156
4,872	0	Non-financial assets	5,379	0
34,982	30,110	Short Term Assets	50,535	45,156
133,770	133,770	Total Financial Assets	135,182	135,182
633,308	0	Total Non-Financial Assets	697,367	
31 March 2025			31 March 2026	
Book Value	Fair Value		Book Value	Fair Value
£'000	£'000		£'000	£'000
(5,633)	(3,706)		PWLB Borrowing at amortised cost	(633)
(2,103)	0	PFI Liability - Schools at amortised cost	(2,280)	0
(142)	0	PFI Liability - Waste at amortised cost	(120)	0
(4,490)	(4,490)	Cash and bank accounts amortised cost	(2,951)	(2,951)
(43,164)	(43,164)	Short Term Creditors at amortised cost	(61,194)	(61,194)
(1,375)	(1,375)	Other	(5,772)	(5,772)
(20,999)	0	Non-financial liabilities	(15,611)	0
(77,905)	(52,735)	Short Term liabilities	(88,560)	(70,322)
(334,912)	(220,336)	PWLB Borrowing at amortised cost	(334,279)	(213,991)
(10,000)	10,005	LOBO borrowing at amortised cost	(10,000)	(9,757)
(1,106)	(1,106)	Long Term Creditors amortised cost	(565)	(565)
(3,379)	0	PFI Liability - Schools at amortised cost	(1,228)	0
(6,704)	0	PFI Liability - Waste at amortised cost	(6,137)	0
(38,194)	0	Non-financial liabilities	(27,174)	0
(394,296)	(211,436)	Total Long Term Liabilities	(379,384)	(224,313)
(413,008)	264,171)	Total Financial Liabilities	(425,159)	(294,635)
(59,193)	0	Total Non-Financial Liabilities	(42,785)	0

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

Financial Instrument	Basis of measurement	Note
Investments – fixed rate	Carrying value adjusted for interest owed at year end	Investments have both fixed term and fixed interest rates
Investments – Money Market Funds	Increase in carrying value recognised in Income & Expenditure Account	Interest rate determinable on 1 st April.
Investments – CCLA Property Fund	Treated as a Financial Instrument at Fair Value through Profit and Loss.	Carrying value of the fund at 31 st March is the fair value of the Fund. Dividends due in year are recognised in CIES. In addition, changes to the fair value of the fund are accounted for in the Income and Expenditure Account with a statutory override reversing the impact of these movements in the MIRS.
Investments – Other	Held at carrying value on basis of materiality	
Contractual Debt/payables	Held at invoiced or billed amount less an estimate of impairment for the 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, TEDC 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

2025/26	Financial Liabilities Liabilities measured at amortised cost £'000	Financial Assets Loans and Receivables £'000	Financial Assets Assets at Fair Value through Profit and Loss £'000	Total £'000
Interest expense	10,671	0	0	10,671
Total expense in Surplus or Deficit on the Provision of Services	10,671	0	0	10,671
Interest Income		(3,602)	(234)	(3,836)
(Gain)/Loss in fair value	0	0	0	0
Total Income in Surplus or Deficit on the Provision of Services	0	(3,602)	(234)	(3,836)
Net gain/(loss) for the year	10,671	(3,602)	(234)	6,835
2024/25	Financial Liabilities Liabilities measured at amortised cost £'000	Financial Assets Loans and Receivables £'000	Financial Assets Assets at Fair Value through Profit and Loss £'000	Total £'000
Interest expense	11,138	0	0	11,138
Total expense in Surplus or Deficit on the Provision of Services	11,138	0	0	11,138
Interest Income	0	(4,890)	(177)	(5,067)
(Gain)/Loss in fair value	0	0	(86)	(86)
Total Income in Surplus or Deficit on the Provision of Services	0	(4,890)	(262)	(5,152)
Net gain/(loss) for the year	11,138	(4,890)	(262)	5,986

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 2026 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 2026 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 2026. 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 2 years on its 25-year School PFI contract for the construction element. The fair value of the liability based on Prior Year would be £1.2m (£3.3m in 24/25) 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 14 years on its initial 25-year Energy from Waste PFI contract for the construction element. The fair value of the liability as £6.1m at 31st March 2026 (£10.8m 24/25) 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 2025 £'000				31 March 2026 £'000		
Cash Investment	Property Fund	Total		Cash Investment	Property Fund	Total
4,861	4,442	9,303	Balance at the start of the year	20,444	4,528	24,972
15,584	86	15,669	Change in investment	14,808	(0)	14,808
20,444	4,528	24,972	Total Long Term Investments	35,252	4,528	39,780

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 2025 £'000			31 March 2026 £'000
38,113	Deposits: fixed term and structured		16,930
1,164	Notice/Call Accounts/MMFs		200
-	Enhanced Money Market Fund		0
39,277	Total Short term Investments		17,130

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 2025		31 March 2026
£'000		£'000
	Amounts falling due within one year:	
(7,008)	Public Works Loans Board loans and interest	(6,405)
	Amounts falling due more than one year:	
(10,000)	Money Market loans	(10,000)
(334,912)	Public Works Loans Board loans	(334,912)
(351,920)	Total	(351,317)

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

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

2025/26	Value as at 31st March 2026	Fitch rating A	Fitch rating A+	Fitch rating AAA	Historical experience of default	Historical experience adjusted for market conditions as at 31st March 2026	Estimated maximum exposure to default and collectability at 31st March 2026
	£'000				%	%	£'000
Deposits with banks and other financial institutions	18,078	2,872	-	15,206	0	0	0
Deposits held in Money Market Fund	200	-	-	200	0	0	0
Deposits held with other public sector bodies	38,114	n/a as public sector			0	0	0
Units purchased in CCLA Property Fund	5,000	0	0	5,000	0	0	0
Trade and other Receivables, excluding loans (Sundry, Beach Huts & Harbour Debt)	17,254	Not applicable					

Within the Council's sundry debt total of £17.2m, £9.4m is over three months due for payment. The due amounts can be analysed by age as follows:

31 March 2025 £'000		31 March 2026 £'000
845	Less than three months	4,819
5,822	Three months to one year	4,578
6,610	More than one year	7,857
13,277	Total	17,254

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 2025 £'000		31 March 2026 £'000
(5,633)	Less than one year	(633)
(2,193)	Between one and two years	(1,955)
(27,975)	Between two and five years*	(27,737)
(36,224)	Maturing in five to ten years	(36,224)
(61,335)	Maturing in ten to twenty years	(61,178)
(161,185)	Maturing in twenty to forty years	(161,185)
(56,000)	Maturing in more than 40 years **	(56,000)
(350,545)	Total	(344,279)
*£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 31st March 2026 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 31st March 2026 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 31st March 2026 so there would be no impact.

b) Investments:

It is reasonable to assume that the Council's investments in "cash" accounts, money market funds and the fund manager should increase by the change in interest rates. If the Council's investment in these instruments were maintained at the level as at 31st March 2026 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 2026 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 2026 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 2026. 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, was realised within the Council's balance.

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

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

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:

Land & Buildings £'000	Vehicles Plant & Equipment £'000	Total 2025/26 £'000	Changes in Value of Right of Use Assets	Land & Buildings £'000	Vehicles Plant & Equipment £'000	Total 2025/26 £'000
-	-	-	Balance at 1 April	735	75	810
360	94	454	Additions	74	36	110
(56)	(19)	(75)	Depreciation and amortisation	(75)	(24)	(99)
-	-	-	Disposal	(4)	-	(4)
431	-	431	Revaluation	3,633	-	3,633
735	75	810	Balance at 31 March	4,363	87	4,450

Included within Short Term Creditors are the following Lease Liabilities:

Short Term Creditors	2024/25 £'000	2025/26 £'000
General Right of Use Assets	(71)	(88)
Plymouth Energy from Waste Right of Use assets	(14)	(15)
Total Short-Term Creditor	(85)	(103)

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

Long Term Creditors	2024/25 £'000	2025/26 £'000
General Right of Use Assets	(250)	(236)
Plymouth Energy from Waste Right of Use assets	(296)	(281)
Total Long-Term Creditor	(546)	(517)

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

Maturity Analysis of Lease Liabilities	2024/25 £'000	2025/26 £'000
Less than one year	85	103
One to Five years	315	286
More than Five years	231	231
Total undiscounted Liabilities	631	620

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%

Analysis of Amounts Included in the Comprehensive Income and Expenditure Statement	2024/25 £'000	2025/26 £'000
Comprehensive Income and Expenditure Statement		
Interest expenses on lease liabilities	32	34
Expense relating to short-term leases	5	5
Expense relating to exempt leases of low value items	67	18
Cash Flow Statement		
Minimum lease repayments	82	108

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 2025/26 including turnover rents totalled £22.5m (£19.7m 2024/25).

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

31 March 2025 £'000 Restated	Total payments due classified year of expiry of lease term	31 March 2026 £'000
16,448	Not later than one year	17,926
21,313	Later than one year and not later than five years	22,829
90,401	Over 5 years	85,196
128,162	Total	125,951

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: £0.46m per annum in 2025-26 (£0.46m 2024/25)

31 March 2025 £'000 Restated	Finance lease debtor	31 March 2026 £'000
32	Current	33
	Non-Current	
135	Later than one and less than five Years	139
7,929	Later than 5 years	7,893
25,175	Unearned finance income	24,754
33,271	Gross Investment in the Lease	32,819

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

31 March 2025 £'000 Restated	Gross investment in the lease	31 March 2026 £'000
453	Not later than one year	453
1811	Later than one and less than five Years	1,811
31,007	Over 5 years	30,555
33,271	Total	32,819
31 March 2025 £'000 Restated	Minimum lease payments	31 March 2026 £'000
31	Not later than one year	32
133	Later than one and less than five Years	135
7,885	Over 5 years	7,851
8,049	Total	8,018

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 24th October 2001 (i.e., expires in 2027).

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

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

Schools - PFI Property Plant and Equipment

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

School - PFI Payments

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

Payments remaining to be made under the PFI contract at 31 March 2026 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Service cost £'000	Lifecycle cost £'000	Reimbursement of capital expenditure £'000	Interest cost £'000	Total £'000
Payable in 2026/27	1,208	114	2,280	87	3,689
Payable within 2 to 5 years	532	64	932	-	1,528
Payable within 6 to 10 years	-	-	-	-	-
Payable within 11 to 15 years	-	-	--	-	-
Total	1,740	178	3,212	87	5,217
Paid in 2025/26	1,136	105	2,103	169	3,514

*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:

2024/25 £'000		2025/26 £'000
(2,915)	Liability brought forward	(5,186)
(4,051)	Remeasurement on IFRS 16 transition	-
(6,966)	Opening liability	(5,186)
(243)	Interest added	(169)
2,196	Lease payment in cash	2,272
(173)	Lease liability remeasurement	(129)
(5,186)	Closing liability	(3,212)
(2,103)	Short-term	(2,280)
(3,083)	Long-term	(932)
(5,186)	Closing Liability	(3,212)

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 2026 (excluding any estimation of inflation) is as follows

	Service Cost £'000	Reimbursement of capital expenditure £'000	Interest Cost £'000	Total £'000
Payable within one year	2,173	262	649	3,083
Payable with 2 to 5 years	9,299	648	2,520	12,468
Payable with 5 to 10 years	11,379	2,238	2,284	15,901
Payable with 11 to 15 years	7,887	3,251	693	11,831
Total	30,738	6,399	6,146	43,283

** 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:

2024/25		2025/26
£'000		£'000
(11,151)	Liability b/fwd	(6,845)
3,804	Remeasurement on IFRS 16 transition	-
(7,347)	Opening liability	(6,845)
(746)	Interest added	(700)
989	Lease payment in cash	842
259	Lease liability remeasurement	304
(6,845)	Closing liability	(6,399)
(142)	Short-term	(262)
(6,703)	Long-term	(6,137)
(6,845)		(6,399)

Value of the deferred liability under the PFI contract

2024/25		2025/26
£'000		£'000
(13,365)	Opening deferred credit	(12,530)
836	Release of deferred income	836
(12,530)	Closing Liability	(11,694)

29. Debtors

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

31 March 2025 Restated		31 March 2026
£'000		£'000
	Amounts falling due within one year:	
2,330	Central government bodies	1,406
727	NHS	3,717
3,224	Other Local Authorities	5,588
28,701	All other bodies	44,942
34,982	Total short term debtors	55,653
26,193	Loans	20,305
6,789	Finance Leases	6,727
32,982	Total Long-Term Debtors	27,032

30. Cash and cash equivalents

31 March 2025		31 March 2026
£'000		£'000
(779)	Bank current accounts	342
2,694	Short-term deposits with Liquidity Accounts	2,872
1,915	Total Cash and Cash Equivalents	3,214
6,405	Current Assets	6,164
(4,490)	Current Liabilities	(2,950)
1,915	Total Cash and Cash Equivalents	3,214

31. Creditors

31 March 2025		31 March 2026
£'000		£'000
	Amounts falling due within one year:	
(8,499)	Central government bodies	(6,306)
(2,129)	Other Local Authorities	(3,886)
(3,106)	NHS Bodies	(3,758)
(33,450)	All other bodies	(50,572)
(47,184)	Total Short-term creditors	(64,522)
(1,984)	s106 agreements	(1,527)
(579)	PFI Sinking Fund	(450)
(93)	Salix Finance	-
(856)	Other	(565)
(3,512)	Total Long-Term Creditors	(2,542)

32. Provisions

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

2025/26	Business Rates Appeals	Insurance	Total
	£'000	£'000	£'000
Balance outstanding at 1 April 2025	(2,473)	(412)	(2,885)
Additional provisions made during the year	(342)	(206)	(548)
Amounts used in the year	246	102	348
Balance outstanding at 31 March 2026	(2,569)	(516)	(3,085)
2024/25	Business Rates Appeals	Insurance	Total
	£'000	£'000	£'000
Balance outstanding at 1 April 2024	(2,448)	(331)	(2778)
Additional provisions made during the year	(626)	(364)	(990)
Amounts used in the year	601	283	884
Balance outstanding at 31 March 2025	(2,473)	(412)	(2,885)
	31 March 2025	31 March 2026	
	£'000	£'000	
Short Term provisions	(2,761)	(2,930)	
Long Term provisions	(124)	(155)	
Total	(2,885)	(3,085)	

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 st March 2026, 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.

33. Unusable Reserves

2025/26	Balance 1 April 2025	Comp-rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2026
	£'000	£'000	£'000	£'000
Revaluation Reserve	(150,405)	(16,554)	3,321	(163,638)
Capital Adjustment Account	(37,446)		(49,339)	(86,785)
Deferred capital receipts	(11,428)		3,410	(8,018)
Pensions Reserve	9,601	5,414	(4,478)	10,537
Collection Fund Adjustment Account	(4,482)		3,060	(1,422)
Accumulated Absences Account	1,070		(376)	694
Dedicated Schools Grant Deficit Account	8,999	-	-	8,999
Financial Instruments adjustment account	(1,242)		1	(1,241)
Pooled investment fund Adjustment A/c	558		-	558
Total for 2025-26	(184,775)	(11,140)	(44,401)	(240,316)
2024/25 Restated	Balance 1 April 2024	Comp-rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2025 Restated
	£'000	£'000	£'000	£'000
Revaluation Reserve	(148,098)	(5,045)	2,738	(150,405)
Capital Adjustment Account	(30,766)		(6,680)	(37,446)
Deferred capital receipts	(9,202)		(2,226)	(11,428)
Pensions Reserve	11,013	921	(2,333)	9,601
Collection Fund Adjustment Account	(2,844)		(1,638)	(4,482)
Accumulated Absences Account	1,475	-	(405)	1,070
Dedicated Schools Grant Deficit Account	8,999	-	-	8,999
Financial Instruments adjustment account	(1,299)	-	57	(1,242)
Pooled investment fund Adjustment A/c	558	-	-	558
Total for 2024-25	(170,164)	(4,124)	(10,486)	(184,775)

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.

2024/25 Restated		2025/26
£'000		£'000
(148,098)	Balance 1 April	(150,405)
	Comprehensive Income & Expenditure:	
(8,814)	Loss/(Gain) on revaluation of assets	(16,554)
(1,174)	Loss/(Gain) on revaluation of assets adjustment re previous years	-
4,943	Loss/(Gain) on revaluation of assets adjustment re PPA Lease review	-
	Adjustment to Capital Adjustment Account	
	Accounting / Financing Adjustments:	
51	Amount written off the Revaluation Reserve charged to the Surplus/Deficit	-
3,694	Amount written off the Revaluation Reserve charged to the Capital Adjustment account	3,321
(1,007)	Amount written off the Revaluation Reserve charged to the Capital Adjustment account re PPA Lease Review	-
(150,405)	Balance 31 March	(163,638)

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.

2024/25 Restated		2025/26
£'000		£'000
(30,766)	Balance 1 April	(37,446)
	Accounting / Financing Adjustments:	
139	Write down Intangible Assets	98
21,679	Depreciation and impairment of non-current assets	26,295
124	Movements in value of Investment Properties	(28,324)
-	Movements in value of Assets Held for Sale	1,050
(1)	Gain or (loss) on sale of non-current assets	762
6,751	Revenue Expenditure Financed from Capital under Statute	7,989
(4,014)	Revenue Expenditure Financed from Capital under Statute - Income	(1,503)
4,699	CAA Adjustments – relating to Leases	(3,605)
(836)	Energy	(836)
(2,859)	Capital expenditure financed from revenue	(1,928)
(595)	Capital expenditure financed from Capital Receipts	-
(19,172)	Capital expenditure financed from Capital grants and contributions	(36,375)
(9,908)	MRP	(9,641)
(3,694)	Amount written off the Revaluation Reserve charged to the Capital Adjustment account	(3,321)
1,007	Amount written off the Revaluation Reserve charged to the Capital Adjustment account – relating to PPA re leases	-
(37,446)	Balance 31 March	(86,785)

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.

2024/25 Restated		2025/26
£'000		£'000
(9,202)	Balance 1 April	(11,428)
	Accounting / Financing Adjustments:	
(2,226)	Deferred receipts received to Capital Receipts Reserve	3,410
(11,428)	Balance 31 March	(8,018)

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.

2024/25		2025/26
£'000		£'000
11,013	Balance 1 April	9,601
	Comprehensive Income & Expenditure:	
957	Remeasurement of the net defined benefit liability	5,008
(663)	DCC LGR adjustment	406
	Accounting / Financing Adjustments:	
(1,706)	Difference between accounting and statutory credit for pension costs	(4,478)
9,601	Balance 31 March	10,537

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

2024/25		2025/26
£'000		£'000
(2,844)	Balance 1 April	(4,482)
	Accounting / Financing Adjustments:	
(1,638)	Difference between accounting and statutory credit for Council Tax and NNDR	3,060
(4,482)	Balance 31 March	(1,422)

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.

2024/25		2025/26
£'000		£'000
1,475	Balance 1 April	1,070
	Accounting / Financing Adjustments:	
(405)	Difference between accounting and statutory employment benefit	(376)
1,070	Balance 31 March	694

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.

2024/25		2025/26
£'000		£'000
(1,299)	Balance 1 April	(1,242)
	Comprehensive Income & Expenditure:	
57	Discounts on loans	1
(1,242)	Balance 31 March	(1,241)

Pooled Investment Funds Adjustment Account

Reflects valuation changes in the pooled investment fund.

2024-25		2025-26
£'000		£'000
558	Balance 1 April	558
	Comprehensive Income & Expenditure:	
-	Gain/(Loss) revaluation Pooled Investment funds	-
558	Balance 31 March	558

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 28.68% in 2025/26 (28.68% 2024/25). Contributions of £4.0m were paid in 2025/26 (£3.8m in 2024/25).

The latest available accounts for the scheme are 2024/25 with recorded liabilities of £291bn. [Source: Teachers' Pension Scheme Annual Accounts 2024/25]. 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. In 2024/25 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 2025/26 (23.7% 2024/25). Contributions of £0.06m were paid in 2025/26 (£0.06m 2024/25).

The 2024/25 accounts for the scheme recorded liabilities of £456.2 billion. [Source: NHS Pension Scheme Annual Accounts 2024/25]. 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.

In 2024/25 the Council is one of 121 local authorities participating in the Scheme, amongst a total of 7,770 employers.

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 2025 and set contributions for the period from 1 April 2026 to 31 March 2029. 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 still the case at the end of 2025/26. 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 2025 latest valuation date, was an average age of 47 years for active members and 52 years for deferred pensioners, 74 years for pensioners.

In 2025/26 there were settlements from members transferring in/out of the Council as employer. The capitalised gain of this settlement was £126k (2024/25 gain £682k).

To assess the value of the Employer's liabilities at 31 March 2026, the actuary has used a number of information sources including:

- The results of the valuation as at 31 March 2025 which was carried out for funding purposes
- The results of the 31st March 2026 IAS19 report which was prepared for accounting purposes.
- Whole fund asset statement for the period to 31 March 2026
- Whole fund income and expenditure for the period to 31st March 2026
- Employer income and expenditure for the period to 31 March 2026
- Details of any new early retirement payments for the period to 31 March 2026
- Details of any settlements for the period to 31 March 2026

The service cost for the year ending 31 March 2026 is calculated using an estimate of the total pensionable payroll in year of £53.8m.

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 2025/26. 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:

2024/25		2025/26
£'000	Comprehensive Income and Expenditure Statement	£'000
8,181	Current Service Cost	6,822
(682)	Past Service Costs / Net Curtailment Costs / Net Settlement Costs	136
242	Admin Expenses	285
7,741	Cost of Services	7,243
2	Net interest expense	(460)
2	Financing and Investment Income and Expenditure	(460)
7,743	Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	6,783
4,780	Return on plan assets, less included in interest expense	(15,598)
	Actuarial gains & losses:	
(957)	Changes in demographic assumptions	9,551
(47,600)	Changes in financial assumptions	(14,101)
(874)	Experience (gain) / loss on defined benefit obligation	36,173
	Other actuarial (gain) / loss	1,684
45,694	Impact of asset ceiling adjustments	(12,701)
1,043	Remeasurement of the net defined benefit liability	5,008
8,786	Total Comprehensive Income and Expenditure Statement	11,791

For the year to 31 March 2027 the actuary has forecast a service cost of £7.12m, net interest of £0.69m and administration expenses of £0.28m with employer contributions of £9.04m.

2024/25	Movement in Reserves Statement Accounting Adjustments	2025/26
£'000		£'000
(7,743)	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	(6,783)
9,449	Employer's pension contributions and direct payments to pensioners payable in the year	10,674
1,706		3,891

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:

2024/25		2025/26
£'000		£'000
(318,519)	Present value of funded obligations	(360,721)
(4,741)	Present value of unfunded obligations	(5,858)
397,933	Fair value of fund assets	431,981
(79,414)	Adjustment to meet the requirements of IFRIC14	(71,260)
(4,741)	Net pensions liability	(5,858)

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

2024/25		2025/26
£'000	Reconciliation of Fair Value of Employer Assets (Scheme Assets):	£'000
377,306	Value of Assets at 1 April	397,933
18,929	Interest income on plan assets	22,718
3,173	Contributions by Members	3,596
9,449	Contributions by the Employer	10,674
(4,780)	Return on assets excluding amounts recognised in Other Comprehensive Income	15,598
-	Other actuarial gains and losses	(1,684)
(17,147)	Benefits Paid	(17,713)
-	Unfunded benefits paid	-
(242)	Admin Expenses	(285)
11,245	Settlement process received/ (paid)	1,144
-	Contributions towards unfunded benefits	-
397,933		431,981

2024/25		2025/26
£'000	Reconciliation of Defined Benefit Obligation (scheme Liabilities):	£'000
(350,565)	Value of Liabilities at 1 April	(323,260)
(8,181)	Current Service Cost	(6,822)
-	Past Service Costs	(262)
(17,356)	Interest Cost	(17,711)
(3,173)	Contribution by Members	(3,596)
	Actuarial Gains and (Losses):	
957	Change in demographic assumptions	(9,551)
47,600	Change in financial assumptions	14,101
874	Other experience gains and (losses)	(36,173)
16,572	Benefits Paid	17,144
(10,563)	Liabilities (assumed)/extinguished on settlements	(1,018)
575	Unfunded benefits paid	569
(323,260)		(366,579)
(79,414)	Impact of asset ceiling adjustments	(71,260)
(4,741)	Net Liability at 31st March	(5,858)

Fund Assets

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2026 is calculated to be 9.7%. The actual return on Fund assets over the year may be different. The estimated asset allocation for Torbay Council as at 31 March 2026 (6.42% of total fund) is as follows:

31 March 2025		Asset Category	31 March 2026	
£'000	%		£'000	%
8,833	2%	UK Equities	12,529	3%
200,952	50%	Overseas Equities	211,070	49%
33,084	8%	Property	31,803	7%
41,240	10%	Infrastructure	43,951	10%
9,365	2%	Target Return Portfolio	-	0%
10,276	%	Cash	10,489	2%
94,168	24%	Other Bonds	98,163	23%
15	0%	Alternative assets	(79)	0%
-	0%	Gilts	24,055	6%
397,933	100%	Totals	431,981	100%

The total asset values as at 31 March 2026 and further information on the investment activity is available on the Peninsula Pensions website.

Note: On 31 October 2025 employees transferred from Torbay Coast and Country Trust to Torbay Council. The assets and liabilities associated with the transfer are included in the above tables. The capitalised gain of this settlement is £61k 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 2026, the actuary rolled forward the value of the employer's liabilities calculated for the funding valuation as at 31st March 2025, using financial assumptions that comply with IAS19. The full actuarial valuation involved projecting future cash flows to be paid from the fund and placing a value on them.

The actuary is satisfied that the approach to rolling forward the previous valuation data to 31st March 2026 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 2025 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 2025 to 2026. 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 2026, like 31 March 2025, includes an allowance for the Court of Appeal judgement for the McCloud and Sargeant cases pending remedial regulations being introduced on 1st 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:

2024/25		2025/26
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.4	Men	21.5
22.7	Women	24.2
	Longevity at 45 for future pensioners:	
22.7	Men	23.1
24.1	Women	25.9

Financial Assumptions

2024/25		2025/26
3.20%	Rate of inflation (RPI)	3.3%
2.90%	Rate of inflation (CPI)	2.9%
3.90%	Rate of increase in salaries	3.9%
2.90%	Rate of increase in pensions	2.9%
5.80%	Rate for discounting scheme liabilities	6.1%

These assumptions are set with reference to market conditions at 31 March 2026.

The actuary's estimate of the duration of the Employer's liabilities is 14 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 £'000	Projected Service Cost £'000
Rate for discounting scheme liabilities (increase by 0.1%)	361,731	6,871
1 year increase in member life expectancy	380,539	7,356
Rate of increase in salaries (increase by 0.1%)	366,608	7,117
Rate of increase in pensions (increase by 0.1%)	371,671	7,369

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 2027 are £9.0m. Expected contributions for the Teacher Pensions Scheme in the year to 31 March 2027 are £4.1m.

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 2026 is 14 years.

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgement delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

'On 5 June 2025, the Government announced that it will 'introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standard.' Once the legislation has been passed, affected pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

Given this announcement, it is unlikely that there will be an impact on the LGPS liabilities, however management will continue to monitor developments.

35. Cash Flow Statement – Operating Activities

2024/25 Restated £'000		2025/26 £'000
(3,792)	Interest received	(2,076)
10,133	Interest paid	9,873
(190)	Dividends received	(234)
21,909	Depreciation, impairment and downward revaluations	26,295
139	Amortisation	98
124	Change in value of investment properties	(27,274)
2,389	(Decrease) / increase in creditors	(4,498)
(3,024)	(Increase) / decrease in debtors	(11,948)
(5)	(Increase) / decrease in inventories	4
-	Pooled investment adjustment	-
(2,334)	Movement in pension liability	(4,477)
50	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	536
(605)	Other non-cash items charged to the net surplus or deficit on the provision of services	-
2,472	Non-cash adj re Lease review – PPA	-
21,115	Net cash flows from non-cash movements	(21,264)

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

2024/25 £'000		2025/26 £'000
-	Any other items for which cash effects are investing or financing cashflows	
(268)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(991)
(268)	Net cashflows from investing and financing activities	(991)

36. Cash Flow Statement – Investing Activities

2024/25		2025/26
£'000		£'000
268	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	991
(32,063)	Purchase of property, plant and equipment, investment property and intangible assets	(51,973)
(22,772)	Purchase of short-term and long-term investments	22,313
8,901	Proceeds from the sale of short-term and long-term investments	(14,974)
(524)	Other payments for investing activities	2,402
26,549	Other receipts from investing activities	4,387
(19,641)	Net cashflows from investing activities	(36,854)

37. Cash Flow Statement – Financing Activities

2024/25		2025/26
£'000		£'000
2,382	Cash Receipts - long/short term borrowing	608
(10,378)	Repayment of Long-Term Borrowing	-
(1,945)	Cash payments for the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	(3,272)
87	Changes in Council Tax balances held for preceptors	(308)
428	Changes in National Non-Domestic Rates balances held for preceptors	(913)
(9,426)	Net cashflows from financing activities	(3,885)

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 2026
Torbay Economic Development Company Ltd (TEDC)	100% subsidiary. The Council has five Director posts on the Board	£296k payments from the Council to the Company. £417k payments to the Council from the Company	To bring about Regeneration in Torbay	£80k outstanding loan to the company. £12.6m owed to the company for the transfer of assets. £3.2m owed by the company for returned loans and grants and £1.1m for general accruals.
Complete Facilities Management Services Limited	100% subsidiary of TEDC. The Council has two Director posts on the Board	Nil	To provide cleaning services to the Council, TDA and other clients	Nil
C & A Consultants (Torbay) Limited	100% subsidiary of TEDC. The Council has two Director posts on the Board	£58k payments made by the Council to the company.	Consultancy related to construction of civil engineering projects and other engineering activities	£200k owed by company to the Council
KAH Holdings Limited	100% subsidiary of TEDC. The Council has two Director posts on the Board	£8k payments to the Council. £678k loan to Company from the Council	To manage property owned by Torbay Economic Development Company Ltd	£1.6m owed to the company for the transfer of assets. £1.8m owed by the company for returned loans and £675k for a further loan.
TEDC Developments Ltd	100% subsidiary of TEDC. The Council has two Director posts on the Board	Nil	Development of building projects	Nil
Torvista Homes Ltd	100% subsidiary of TEDC. The Council has two Director posts on the Board	£5k payments from the Council to the company. £306k payments from the company to the Council.	Buying and selling of own real estate and renting and operating of Housing Association real estate.	£1.7m loan from the Council. £8.6m owed to the company for the transfer of assets. £6.4m owed to the Council for returned grants and loans.
Enterprise South West Ltd	100% subsidiary of TEDC. The Council has two Director posts on the Board Dormant company	Nil	N/A	Nil
Torbay Housing Company Limited	100% subsidiary. The Council has one Director post on the Board. Dormant company	Nil	N/A	Nil
English Riviera Tourism Company 07223987	100% subsidiary. The Council has one Director post on the Board. Dormant company	Nil	N/A	Nil
Torbay Education Ltd	100% subsidiary. The Council has no Directors post on the Board. Dormant company	Company received funding of £421k from the Council. £26k payments from the Council to the company. £27k payments from the company to the Council. The company ceased trading on 1 September 2025 with staff and functions transferred to the council.	Support the provision of education to children who cannot, for medical reasons, attend mainstream schools.	Nil
SWISCO Limited	100% subsidiary. The Council has three Director posts on the Board. Dormant company	£27.1m payments from the Council to the company. £3.3m payments from the company to the Council. £348k 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	£3.0m loan from the Council. £827k owed by the company. £1.5m 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 £245k 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 2025/26 the payment to the Trust in the year for funding adult social care was the annual agreement fee of £59.1m. This agreement will be ending on 31st March 2027, and the Adult Social Care contract will come back in-house to Torbay Council from 1st April 2027.

The Devon and Torbay Combined County Authority (DTCCA) was established on 5 February 2025 following the making of statutory regulations under the Levelling Up and Regeneration Act 2023. These regulations gave legal effect to the devolution agreement between Government and the constituent councils of Devon County Council and Torbay Council.

The purpose of the DTCCA is to use devolved powers and funding to improve economic, social and environmental outcomes. Its core functions include economic growth, strategic planning and housing, adult skills and transport. Upon establishment, the DTCCA became the Local Transport Authority for Devon and Torbay.

The DTCCA is governed by a Board comprising elected members from the constituent councils, supported by an Audit and Governance Committee and an Overview and Scrutiny Committee. The Leaders of Devon County Council and Torbay Council have direct control over the DTCCA's financial and operating policies through decision-making at the DTCCA Board. Torbay Council's Chief Executive also acts as the Chief Executive of the DTCCA. The Head of Legal Services at Torbay Council and acts as the Monitoring Officer for the DTCCA.

The DTCCA acted as Agent for Government Grant Income received from the Department for Transport, totaling £48.9 million during the accounting period, of which £2.5m was paid out to Torbay Council. The DTCCA acted as Principal for all other Government Grant income received during the accounting period, of which £5.2m was paid to Torbay Council.

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 2025/26

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 £'000	NNDR £'000 2024/25	Total £'000		Council Tax £'000	NNDR £'000 2025/26	Total £'000
(137,974)	-	(137,974)	Gross Council Tax Payable for Year	(144,803)	-	(144,803)
26,200	-	26,200	Council Tax Reduced Assessments	24,028	-	24,028
	(31,326)	(31,326)	NNDR Payable for Year	-	(33,817)	(33,817)
(111,774)	(31,326)	(143,100)	Council Tax & NNDR Receivable	(120,775)	(33,817)	(154,592)
			Expenditure:			
			Precepts and Demands			
13,004		13,004	Police and Crime Commissioner for Devon and Cornwall	14,195	-	14,195
4,722	287	5,009	Devon & Somerset Fire & Rescue Authority	5,156	331	5,487
	14,330	14,330	MHCLG, (Central Government)	-	16,573	16,573
88,526	14,043	102,569	Torbay Council's Own Demand (Including Brixham Town Council)	96,428	16,242	112,670
106,252	28,660	134,912	Total Precepts and Demands	115,779	33,146	148,925
	199	199	Cost of Collection Allowance	-	196	196
			Distribution of Previous Years Estimated Surplus/(Deficit);			
160		160	Police and Crime Commissioner for Devon and Cornwall	446	-	446
59	11	70	Devon & Somerset Fire & Rescue Authority	162	24	186
	562	562	MHCLG, (Central Government)	-	1,188	1,188
1,087	551	1,638	Torbay Council	3,037	1,164	4,201
1,306	1,124	2,430	Total Distribution of previous year's Surplus/(Deficit)	3,645	2,376	6,021
			Bad and Doubtful Debts/Appeals			
829		829	Write Offs	3,338	1,504	4,842
2,074	110	2,184	Impairment for Uncollectable debt	(306)	(222)	(528)
	51	51	Provision for Appeals	-	198	198
2,903	161	3,064	Total Bad & Doubtful Debt and Appeals	3,032	1,480	4,512
110,461	30,144	140,605	Total Expenditure	122,456	37,198	159,654
(1,313)	(1,182)	(2,495)	(Surplus)/Deficit for Year	1,681	3,381	5,062
			Movement of Collection Fund Balance			
(2,460)	(1,549)	(4,009)	Balance brought forward as at 1st April	(3,773)	(2,731)	(6,504)
(1,313)	(1,182)	(2,495)	(Surplus)/Deficit for Year	1,681	3,381	5,062
(3,773)	(2,731)	(6,504)	Balance carried forward as at 31st March	(2,092)	650	(1,442)
			Balance Attributable to major precepting bodies			
(462)		(462)	Police and Crime Commissioner for Devon and Cornwall	(258)	-	(258)
(168)	(27)	(195)	Devon & Somerset Fire & Rescue Authority	(93)	6	(87)
	(1,365)	(1,365)	MHCLG (Central Government)	-	325	325
(3,143)	(1,339)	(4,482)	Torbay Council	(1,741)	319	(1,422)
(3,773)	(2,731)	(6,504)	Balance carried forward at 31st March	(2,092)	650	(1,442)

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 2025/26 was £0.53m (£0.47m in 24/25) and is received from Council Taxpayers in the Town Council's area. This precept is included in Torbay Council's demand on the collection fund.

The balance on the Council Tax Fund was a surplus of £2.1m, a decrease compared to the 24-25 surplus of £3.8m. The balance on the NNDR Fund was a deficit of £0.7m, a decrease compared to the 24-25 surplus of £2.7m.

A) Council Tax Base 2025/26

The number of dwellings Band D equivalent for 2025/26 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 2025/26" report from the Council meeting in December 2024.

For Council tax purposes the number of domestic properties in each band converted to a Band D equivalent for 2025/26 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	18	8.6	1,299.91	5	2.2	44.31
A	6/9	13,496	6,050.8	1,559.89	1,354	642.0	53.17
B	7/9	17,609	10,882.9	1,819.88	2,187	1,403.2	62.03
C	8/9	16,856	12,900.1	2,079.86	2,430	1,899.1	70.89
D	1	10,538	9,758.2	2,339.84	1,580	1,505.3	79.75
E	11/9	5,322	6,164.6	2,859.80	719	848.3	97.47
F	13/9	2,372	3,279.0	3,379.77	335	480.0	115.19
G	15/9	1,253	2,028.8	3,899.72	100	160.0	132.92
H	2	116	233.5	4,679.67	3	8.0	159.50
TOTAL		67,580	51,306.5		8,713	6,948.1	
Less Allowance for Non-Collection @ 4.0% (4.0% 24/25)			(2,052.26)			(277.92)	
TAX BASE 2025/26			49,254.24	(47,374.08 24/25)		6,670.18	(6,251.14 24/25)
Band D Council Tax (excluding Brixham Town Council precept)				£2,339.84 (£2,232.85 24/25)	Band D Council Tax (including Brixham Town Council precept)		£2,419.59 (£2,308.58 24/25)

B) Income from Business Rates

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a uniform rate. The total rateable value as at 31st March 2026 was £99.1m (2024/25: £99.1m).

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 2025/26 was 49.9 pence per pound of rateable value (49.9p 24/25) and the non-domestic rating multiplier was 55.5 pence per pound (54.6p 24/25).

In April 2013 the NNDR retention scheme was introduced with Councils now responsible for a percentage share of all transactions in relation to NNDR income in their area. This to include movement up and down in NNDR income, (up to a safety net), which includes the payment of any outstanding NNDR appeals as at 31st March 2026 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 2025/26 (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 TEDC 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 TEDC 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.

2024/25 Restated				2025/26		
Gross Exp	Gross Income	Net Exp		Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000		£'000	£'000	£'000
127,815	(62,665)	65,150	Adult Services	120,121	(72,180)	47,941
132,511	(80,914)	51,597	Children's Services	161,322	(108,215)	53,107
18,448	(2,351)	16,098	Corporate Services	21,526	(5,318)	16,209
11,625	(33,321)	(21,696)	Finance	40,824	(49,086)	(8,262)
77,705	(47,020)	30,685	Place	87,699	(36,464)	51,235
10,843	(1,254)	9,589	Public Health	14,443	(14,386)	57
378,947	(227,524)	151,423	Cost of services (Note G2)	445,934	(285,648)	160,286
		256	Other operating expenditure			64
		(4,519)	Financing and investment income and expenditure			(28,339)
		(162,637)	Taxation and non-specific grant income			(194,588)
		(15,478)	(Surplus)Deficit on provision of services			(62,578)
		(11,684)	Deficit on revaluation of Property, Plant and Equipment assets			(20,779)
		1,085	Remeasurement of the net defined benefit liability/asset			5,008
		(61)	Adjustment Pension liability subsidiary and Devon County Council			406
		0	Surplus/deficit on financial assets measured at fair value			0
		(10,660)	Other comprehensive (income) and expenditure			(15,365)
		(26,138)	Total comprehensive (income) and expenditure			(77,943)

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
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024		(6,401)	(69,638)	(76,039)	(1,406)	(25,845)	(103,290)	(170,225)	(273,515)	(7,753)	(281,268)
Movement in Reserves during 2024/25 (Restated)											
Surplus or (deficit) on the provision of services		13,074	-	13,074	-	-	13,074	-	13,074	(1,123)	11,951
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	(4,062)	(4,062)	(1,654)	(5,716)
Adjustments between group accounts and authority accounts		(24,957)	-	(24,957)	-	-	(24,957)	-	(24,957)	-	(24,957)
Total Comprehensive Expenditure and Income		(11,883)	-	(11,883)	-	-	(11,883)	(4,062)	(15,945)	(2,777)	(18,722)
Adjustments between accounting basis and funding basis under regulations		12,634	-	12,634	327	(2,475)	10,487	(10,487)	-	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		751	-	751	327	(2,475)	(1,396)	(14,549)	(15,945)	(2,777)	(18,722)
Transfers to/(from) Earmarked Reserves		(2,813)	2,813	-	-	-	-	-	-	-	-
Increase/(Decrease) in 2024/25		(2,061)	2,813	751	327	(2,475)	(1,396)	(14,549)	(15,945)	(2,777)	(18,722)
Balance at 31 March 2025 Carried Forward		(8,462)	(66,825)	(75,288)	(1,079)	(28,320)	(104,686)	(184,775)	(289,461)	(10,530)	(299,991)
Movement in Reserves during 2025/26											
Surplus or (deficit) on the provision of services		(28,909)	-	(28,909)	-	-	(28,909)	-	(28,909)	1,715	(27,194)
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	(11,141)	(11,141)	(4,224)	(15,365)
Adjustments between group accounts and authority accounts		(35,384)	-	(35,384)	-	-	(35,384)	-	(35,384)	-	(35,384)
Total Comprehensive Expenditure and Income		(64,293)	-	(64,293)	-	-	(64,293)	(11,141)	(75,434)	(2,509)	(77,943)
Adjustments between accounting basis and funding basis under regulations		50,524	-	50,524	(1,057)	(5,066)	44,400	(44,400)	-	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(13,769)	-	(13,769)	(1,057)	(5,066)	(19,893)	(55,541)	(75,434)	(2,509)	(77,943)
Transfers to/(from) Earmarked Reserves		13,595	(13,595)	-	-	-	-	-	-	-	-
Increase/(Decrease) in 2025/26		(174)	(13,595)	(13,769)	(1,057)	(5,066)	(19,893)	(55,541)	(75,434)	(2,509)	(77,943)
Balance at 31 March 2026 Carried Forward		(8,636)	(80,420)	(89,057)	(2,136)	(33,386)	(124,579)	(240,316)	(364,895)	(13,039)	(377,933)

Group Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Group at 31 March 2026. The net assets of the Group are matched by Group reserves.

31/03/2025 restated		Note	31-Mar-26
£'000			£'000
333,076	Property, Plant & Equipment	G3	354,173
96,368	Infrastructure Assets	G3	101,072
49,874	Heritage Assets		52,550
560	Intangible Assets		462
163,657	Investment Property		191,981
24,972	Long Term Investments		39,780
21,489	Long Term Debtors		23,036
689,996	Long Term Assets		763,054
39,277	Short Term Investments		17,130
2,383	Inventories		412
30,236	Short Term Debtors		34,293
10,827	Cash and Cash Equivalents		11,040
0	Assets held for sale		5,200
82,722	Current assets		68,075
(40,622)	Short Term Creditors		(39,815)
(4,515)	Overdraft		(2,951)
(7,008)	Short Term Borrowing		(6,405)
(3,258)	Other Short term Liabilities		(4,508)
(18,237)	Capital grants receipts in advance		(12,170)
(2,762)	Provisions		(2,930)
(76,402)	Current liabilities		(68,778)
(344,912)	Long Term Borrowing		(346,719)
(124)	Long Term Provisions		(164)
(31,617)	Other Long Term Liabilities		(27,509)
(14,932)	Capital Grants Receipts in Advance		(4,166)
(4,741)	Net Defined Pension Liability		(5,858)
(396,326)	Long-term liabilities		(384,417)
299,991	Net assets		377,933
(106,732)	Usable Reserves		(135,635)
(193,259)	Unusable Reserves		(242,298)
(299,991)	Total reserves		(377,933)

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.

2024/25 Restated			2025/26
£'000		Notes	£'000
14,488	Net (deficit) / Surplus on the provision of services		67,095
21,907	Adjustment to net surplus on the provision of services for non-cash movements	G5	(32,549)
(268)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(991)
(585)	Taxation		0
35,543	Net cash flows from Operating Activities		33,554
(19,415)	Investing Activities	G6	(21,914)
(11,727)	Financing Activities	G7	(9,863)
4,401	Net increase (decrease) in Cash and Cash Equivalents		1,777
1,911	Cash and Cash Equivalents at the beginning of the reporting period		6,312
6,312	Cash and Cash Equivalents at the end of the reporting period		8,089

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	Not Material – ceased trading on 1 September 2025
SWISCO Limited	100%	Wholly owned company	Consolidate
English Riviera Tourism Company	100%	Subsidiary (by control, not trading)	Not trading
Torbay Housing Company Group of Companies: (not trading in 2024/25)			
Torbay Housing Company Ltd	100%	Wholly owned company, Parent of Group	Not trading
TEDC Group of Companies			
Torbay Economic Development Company (TEDC)	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

TEDC Group 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. TEDC 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).

Torbay Education Limited

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

Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 30 June 2026. Events taking place after this date are not reflected in the financial statements or notes.

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 £437k and gross expenditure of £1.1m 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.

2024/25 Torbay Council (Restated)	2024/25 SWISCO Ltd	2024/25 TEDC Ltd	2024/25 Total		2025/26 Torbay Council	2025/26 SWISCO Ltd	2025/26 TEDC Ltd	2025/26 Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				COST OR VALUATION				
331,006	8,156	19,472	358,634	As at 1 April 2025	347,751	9,400	10,657	367,808
22,352	1,257	1	23,610	Additions	39,330	1,446	724	41,500
(65)	(13)	(10,513)	(10,591)	Disposals	(974)	0	(7,834)	(8,808)
-	-	-	-	Other movements	6,250	-	-	6,250
(5,542)	-	1,696	1,276	Revaluation	(21,071)	-	24	21,095
347,751	9,400	10,657	372,929	As at 31 March 2026	358,786	10,847	3,522	373,154
				DEPRECIATION				
(23,313)	(3,010)	(736)	(27,059)	As at 1 April 2025	(29,774)	(4,214)	(744)	(34,732)
(9,428)	(675)	(105)	(10,208)	Charge for the year on owned assets	(10,265)	(919)	(45)	(11,229)
-	(536)	-	(536)	Charge for the year on financed assets	-	(536)	-	(536)
-	8	97	105	Disposals	135	0	338	473
531	-	-	0.0	Other movements	-	-	-	0.0
2,436	-	-	2,788	Revaluation	27,042	-	-	27,042
(29,774)	(4,214)	(744)	(34,909)	As at 31 March 2026	(12,862)	(5,669)	(450)	(18,981)
				NET BOOK VALUE				
317,977	5,186	9,913	333,076	As at 31 March 2026	345,924	5,177	3,072	354,173

Infrastructure Assets

2025/26	£'000
Infrastructure assets opening net book value at 1 April 2025	96,368
Additions	12,595
Depreciation charge for year	(7,891)
Infrastructure assets closing net book value at 31 March 2026	101,072
Net book value of PPE excluding infrastructure assets	354,173
Total net book value of PPE on the balance sheet 31 March 2026	455,245

2024/25	£'000
Infrastructure assets opening net book value at 1 April 2024	94,317
Additions	8,893
Depreciation charge for year	(6,842)
Infrastructure assets closing net book value at 31 March 2025	96,368
Net book value of PPE excluding infrastructure assets	338,020
Total net book value of PPE on the balance sheet 31 March 2025	434,388

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

2024/25 Council £'000	2024/25 Subsidiaries £'000	2024/25 Total £'000		2025/26 Council £'000	2025/26 Subsidiaries £'000	2025/26 Total £'000
377,306	30,237	407,543	Open balance as at 1 April	397,933	19,877	417,810
18,929	945	19,874	Interest on Assets	22,718	1,147	23,865
(4,780)	(246)	(5,026)	Return on Assets less Interest	15,598	748	16,346
-	-	0	Other Actuarial Gains (Losses)	(1,684)	(446)	(2,130)
(242)	(12)	(254)	Administration Expenses	(285)	(14)	(299)
3,173	168	3,341	Contributions from Scheme Participants	3,596	160	3,756
9,449	533	9,982	Employer Contributions	10,674	500	11,174
(17,147)	(503)	(17,650)	Benefits Paid	(17,713)	(644)	(18,357)
11,245	(11,245)	0	Settlement Process Received/(Paid)	1,144	(275)	869
397,933	19,877	417,810	Closing balance as at 31 March	431,981	21,053	453,034

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

2024/25 Council £'000	2024/25 Subsidiaries £'000	2024/25 Total £'000		2025/26 Council £'000	2025/26 Subsidiaries £'000	2025/26 Total £'000
(350,565)	(27,067)	(377,632)	Opening balance at 1 April	(323,260)	(14,926)	(338,186)
(8,181)	(492)	(8,673)	Current service cost	(6,822)	(375)	(7,197)
(17,356)	(809)	(18,165)	Interest cost	(17,711)	(846)	(18,557)
47,600	2,482	50,082	Change in Financial Assumptions	14,101	939	15,040
957	39	996	Change in Demographic Assumptions	(9,551)	(148)	(9,699)
874	23	897	Experience (loss)/gain on defined benefit obligation	(36,173)	(2,246)	(38,419)
(10,563)	10,563	-	Liabilities (assumed)/extinguished on Settlements	(1,018)	227	(791)
16,572	503	17,075	Benefits paid	17,144	644	17,788
-	-	-	Past service costs, including Curtailments	(262)	-	(262)
(3,173)	(168)	(3,341)	Contributions by scheme participants	(3,596)	(160)	(3,756)
575	-	575	Unfunded Pension payments	569	-	569
(323,260)	(14,926)	(338,186)	Closing balance at 31 March	(366,579)	(16,891)	(383,470)
(79,414)	(4,951)	(84,365)	Impact of asset ceiling adjustments	(71,260)	(4,162)	(75,422)
(4,741)	0	(4,741)	Net Liability at 31st March	(5,858)	0	(5,858)

Net Pension Liability

2024/25 Council £'000	2024/25 Subsidiaries £'000	2024/25 Total £'000		2025/26 Council £'000	2025/26 Subsidiaries £'000	2025/26 Total £'000
(318,519)	(14,933)	(333,452)	Present Value of Funded Obligations	(360,721)	(14,699)	(375,420)
397,933	19,839	417,772	Fair Value of Fund Assets	431,981	19,602	451,583
79,414	4,906	84,320	Net Liability	71,260	4,903	76,163
(4,741)	0	(4,741)	Present Value of Unfunded Obligation	(5,858)	0	(5,858)
(79,414)	(4,906)	(84,320)	Impact of Asset Ceiling	(71,260)	(4,903)	(76,163)
(4,741)	0	(4,741)	Net Liability in Balance Sheet	(5,858)	0	(5,858)

The Estimated Asset Allocation for Torbay Council and its Subsidiaries as at 31 March 2026 is as follows:

2024/25 Council £'000	2024/25 Subsidiaries £'000	2024/25 Total £'000		2025/26 Council £'000	2025/26 Subsidiaries £'000	2025/26 Total £'000
8,833	442	9,275	UK Equities	12,529	611	13,140
200,952	10,038	210,990	Overseas Equities	211,070	10,287	221,357
33,084	1,653	34,737	Property	31,803	1,550	33,353
41,240	2,059	43,299	Infrastructure	43,951	2,142	46,093
9,365	467	9,832	Target Return Portfolio	-	-	-
10,276	513	10,789	Cash	10,489	511	11,000
94,168	4,704	98,872	Other Bonds	98,163	4,784	102,947
15	1	16	Alternative Assets	(79)	(4)	(83)
-	-	-	Gilts	24,055	1,172	25,227
397,933	19,877	417,810	Total	431,981	21,053	453,034

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 £'000	Present Value of Obligation £'000	Projected Service Cost £'000	Projected Service Cost £'000
	Council	Subsidiaries	Council	Subsidiaries
Rate for discounting scheme liabilities (increase by 0.1%)	361,731	16,628	6,871	326
1 year increase in member life expectancy	380,539	17,297	7,356	346
Rate of increase in salaries (increase by 0.1%)	366,608	16,921	7,117	335
Rate of increase in pensions (increase by 0.1%)	371,671	17,146	7,369	345

Notes to the Cash Flow Statement

G5 Cash Flow Statement – Operating Activities

2024/25 (Restated) £'000		2025/26 £'000
23,225	Depreciation, impairment and downward revaluations	27,785
139	Amortisation	98
124	Change in value of investment properties	-
(9,501)	(Decrease) / increase in creditors	(37,457)
9,956	(Increase) / decrease in debtors	10,658
(9)	(Increase) / decrease in Inventories	1,968
-	Pooled investment adjustment	-
(2,379)	Movement in pension liability	(4,477)
(1,646)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	102
1,996	Other non-cash items charged to the net surplus or deficit on the provision of services	(3,953)
21,907	Net cash flows from non-cash movements	(32,549)

G6 Cash Flow Statement – Investing Activities

2024/25 £'000		2025/26 £'000
851	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	15,572
(33,322)	Purchase of property, plant and equipment, investment property and intangible assets	(52,696)
(21,875)	Purchase of short-term and long-term investments	23,336
8,901	Proceeds from the sale of short-term and long-term investments	(14,974)
(519)	Other payments for investing activities	2,460
26,550	Other receipts from investing activities	4,387
(19,415)	Net cashflows from investing activities	(21,914)

G7 Cash Flow Statement – Financing Activities

2024/25 £'000		2025/26 £'000
676	Cash Receipts - long/short term borrowing	932
(2,539)	Cash payments for the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	(4,037)
(10,378)	Repayment of Long Term Borrowing	(5,537)
87	Changes in Council Tax balances held for preceptors	(308)
428	Changes in National Non-Domestic Rates balances held for preceptors	(913)
(11,727)	Net cashflows from financing activities	(9,863)

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.

RIGHT OF USE ASSET - An asset that represents a lessee's right to use an underlying asset for the lease term.

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.