



OSB 9th December 2020

LGA Peer Review and TDA Update

Introduction

- TDA is the trading name of TEDC Ltd which was formed in 2011.
- TEDC Ltd is wholly owned and controlled by Torbay Council.
- Control has been continuously exercised through the Memorandum and Articles of Association (drafted by Torbay Council). There are 42 reserved matters over which the council has total control and the council has three directors who sit on the Board, which comprises of 12 directors in total.
- Control is provided through regular meetings at multiple levels within Torbay Council, including Leader and Cabinet, CEO and SLT, Commissioning Officer, S151 Officer, OSB, Audit Committee and ultimately Full Council. System audits (by Devon Audit Partnership) and financial accounting audits (by PKF Francis Clark) are conducted each year.

LGA Peer Review

- In 2020 Cabinet commissioned LGA to carry out a peer review to look at the governance and influence of the Council over TDA.
- The scope, review, report and action plan are appended.
- The action plan has been approved by Cabinet in principle and TDA Directors have also welcomed the recommendations.
- The first Stakeholder Panel meeting has taken place and all the other actions are in train as envisaged.
- In summary, the recommendations (p37) will improve the influence of the political partnership and elected members. The inclusion of a CVS representative and Torbay's Commissioner at Board meetings will enhance transparency and provide a better understanding of the political priorities and social opportunities. Coordinated communications, through a variety of means as set out, will also ensure that we consult and engage with our residents more regularly e.g. to improve working relationships and celebrate our shared successes together.

Background

- TDA operates under social enterprise principles and trading surpluses are reinvested in Torbay's economy. TDA's four year Business Plan was approved Full Council in 2020.
- The company has three major divisions:
 - Economic Development
 - Asset Management and Professional Property Services
 - Torvista Homes Ltd
- Approximately 40% of TDA's £8.5m turnover comes from services provided to Torbay Council.
- Torbay Council's annual 'contract fee' budget for revenue based activity is £960,000. Total income from Torbay Council e.g. including capital projects, is c£3.5m plus £220k for cleaning services.

About Us

- TDA now employs 154 staff, of which 29 are former Torbay Council employees.
- The majority are professionally qualified and we provide a broad range of services to clients in many sectors and across a wide geographical area. All but three staff are employed in our Torbay locations.
- TDA pays rent to our landlords and generally we are self sufficient (excluding some IT and payroll services which are provided by Torbay Council, which we also pay for). TDA offers a Company Pension scheme generally (6% rate) and LGPS for our TUPE staff (22% rate).
- We operate a Group structure to maintain our Teckal Status, which saves Torbay Council and TDA the extra costs and time that would result from multiple tendering exercises.

Our external clients include

- 90 x Schools (Cornwall to Dorset)
- Somerset County Council
- 8 x District Councils (Somerset and Devon)
- 2 x NHS Hospital Trusts (Torbay and RD&E)
- Heart of the South West LEP
- Environment Agency
- Cavanna Homes Ltd (Devon)
- RICC (Torbay)
- Accord Healthcare (Barnstaple)
- Individual clients (e.g. St Ives)
- Clearsky Development (Westwood Ho)
- Acheson Construction (Crewkerne)
- Winsley White (Yeovil)
- Bridgetown Corridor (South Hams)
- SMC Construction (10 housing units for private developer)
- TCCT (Paignton)
- Plus many more....

2020 Forecast Turnover £8,490,000

	Forecast	Actual	Actual	
	2021	2020	2019	
	£	£	£	
Rental Income	1,360,000	1,252,766	1,209,995	
Professional Fees	4,225,000	4,039,865	3,723,216	
Property Service Charges	900,000	1,132,280	921,704	
Grant income	1,175,000	1,377,316	1,243,449	
Cleaning services	365,000	320,347	283,196	
Other Income	465,000	384,242	472,548	
Total	8,490,000*	8,506,816	7,854,108	

Current Trading Position (Q2 20/21)

Economic Development, Commercial and Housing combined has a surplus of £91k YTD split as follows:

	Actual surplus Sept YTD (£)	Budget surplus Sept YTD (£)	Variance to Budget (£)
Economic Development	0k	0k	0k
Commercial Group	229k	91k	138k
Housing Combined	-138k	0k	-138k
Total	91k	91k	0k

- Economic development is performing in line with the budget, therefore there is no surplus or deficit presently.
- For the Commercial Group forecast profit is £138k above budget YTD at £229k (prior YTD £119k).
- The housing companies are shown separately as they form a distinct part of the financial reporting structure. There is no income to date. All expenses are in relation to the set up of the company and gaining Registered Provider status. A new detailed housing budget is being prepared, which will incorporate the individual project decisions made to date.

Investment in Torbay's Economy

Due to the pandemic and uncertainty over income, TDA Economic Development spending for the year has been capped at £650k.

	£
Investment in Economic Development	
Spent to date	274k
Committed expenditure on projects	310k
Uncommitted, but allocated to projects	65k
Total planned expenditure	650k
Funding	
Total budgeted funds available in the current year for Investment in Economic Development	643k
Additional funding expected to be available from Contingencies	28k
Total available funding	671k
Available for additional projects if the £650k cap is lifted	21k

In Focus - Economic Development

Overall Economic Development Summary

Economic Development Project spending for the year

Project	Budget for the year	Spent to date	Remaining	Committed	Uncommitted	Projects under/(over) spend	
Salaries etc	336,216	160,481	175,735	171,930	0	3,805	
Other overhead	45,731	22,243	23,488	20,466	1,000	2,022	
Project expenditure							
EIE02	MADE Project	0	80	-80	0	0	-80
EIE03	Ready for work training	74,400	32,200	42,200	32,200	10,000	0
EIE05	Job fairs	3,000	60	2,940	0	0	2,940
EIE06	Careers hub/Focus Five	10,000	0	10,000	17,000	0	-7,000
EIE07	Apprenticeships and NAW	2,001	13	1,989	1,900	0	89
EIE09	Business case for new space	0	0	0	0	0	0
EIE10	Business start-up programme	20,400	10,002	10,398	10,002	0	396
EIE13	Soft Landings	9,996	0	9,996	10,000	0	-4
EIE14	Destination management plan	0	104	-104	0	0	-104
EIE16	Inward investment strategy	5,004	93	4,912	0	0	4,912
EIE18	Electronics photonics cluster	15,000	225	14,775	14,844	0	-69
EIE19	Town centre regeneration prog	9,996	640	9,356	0	9,616	-260
EIE22	Claylands	0	398	-398	0	0	-398
EIE23	Employment site development	20,000	1,070	18,930	2,000	16,965	-35
EIE24	Coastal productivity	0	4,034	-4,034	0	0	-4,034
EIE25	LEP Subscription	30,996	17,842	13,154	13,251	0	-97
EIE26	ERDF ENTERPRISE COACHING	0	0	0	0	0	0
EIE27	Training, Subs, Memberships	9,000	3,899	5,101	3,643	1,459	-1
EIE29	ERDF EPIC Revenue Grant	0	0	0	0	0	0
EIE30	Community Wealth Building	5,004	6,091	-1,087	0	0	-1,087
Cult	Culture contribution	23,100	4,050	19,050	4,500	15,000	-450
Mktg	Marketing Costs	0	27	-27	0	0	-27
Total project costs		237,897	80,824	157,073	109,340	53,040	-5,307
Total expenditure per original budget		619,844	263,548	356,296	301,736	54,040	520

In Focus - Economic Development (cont'd)

Additional projects/ Virements							
EIE31	ERDF RHSS	8,556	4,654	3,902	3,902	0	-0
EIE33	Be Business	6,000	6,000	0	0	0	0
EIE32	Torbay Economic Strategy Review	0	0	0	4,750	-4,750	0
EIE 34	Kickstart	16,500	0	0	0	16,500	0
Total additional costs		31,056	10,654	3,902	8,652	11,750	-0
Total expenditure per revised budget		650,900	274,202	360,198	310,388	65,790	520
Adjustment for under/overspend on projects		-520					
Total expected spend		650,380					
Sources of income funding		Budget/ expected for the year					
	RDA Grant - portion allocated to EC DEV in-year spendi	113,700					
	Reserves brought forward	132,000					
	LEP	56,000					
	Covid Support work	60,812					
	Additional Ec Dev funds available from TC	200,000					
	Contract fee income re AD	81,363					
	Total income per original budget	643,875					
Unbudgeted income							
{EIE33}	Be Business	6,000					
{EIE31}	ERDF RHSS (Reopening of the High Street Safely)	13,024					
{EIE34}	Kickstart	9,000					
Additional funding awarded		28,024					
Total funding income for the year		671,899					
UNALLOCATED Economic Development Funds		21,519					

Loan Facility Drawdown

Loans			
Purpose:	Facility	Drawn down	
Kings Ash House purchase and refurbishment	1,488,000	1,488,000	25 years, interest and principal being paid quarterly
Torbay Business park Unit E	1,500,000	1,500,000	40 years, interest and principal being paid quarterly
Cockington Village Car Park Loan	600,000	0	
TorVista Working Capital Loan	1,000,000	600,000	Interest only for first 10 years
TorVista Development Facility	25,000,000	0	
Crossways	11,000,000	0	
PDR	23,000,000	0	
Totals		3,588,000	

- Torbay Council earns a small margin on each of the loans varying from 0.2% to 1.2%

Confidentiality and Conflicts of Interest

- Potential conflicts of interest are addressed in the Company's Articles of Association, and more specifically, TDA maintains a Register of Directors Interests so that any areas of conflict can be identified in advance and recorded.
- Each Board and sub-committee meeting begins with a declaration of interest from Board members in respect of items on the Agenda.
- If it is considered that a transactional or perceived conflict exists, the Chairman will consider and the Director(s) concerned may be asked to leave and will take no part in the decision-making process for that item.

Further Questions and Answers