


2023 - 24



2023/24
STATEMENT OF ACCOUNTS

**Including Annual Governance
Statement**

UNAUDITED

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Torbay Council

Statement of Accounts 2023/2024

Introduction

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

The Statement of Accounts includes:

- Director of Finance's Narrative Statement
- Statement of Accounts including:
 - The Core Financial Statements for 2023/24, comprising Balance Sheet, Income and Expenditure Account, Cashflow and Movement in Reserves.
 - 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 Councils cannot be created or dissolved without statutory prescription, therefore a going concern basis is the only 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 2023/24 Statement has been included within this document but is not part of the accounts and is outside the external auditor's opinion on the accounts.

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 documents to help explain the meaning of some of the local government finance and accounting terms.

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

Director of Finance's Narrative Statement

Our Place

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

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

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

Our Council

As a unitary authority, Torbay Council is responsible for a wide range of services including social care, transport, culture, housing, parks, beaches, and waste.

Local elections are held every four years. Since May 2019, Torbay Council has operated with the Leader and Cabinet model of governance, having previously had an Elected Mayor for 12 years. A total of 36 Councillors represent Torbay's 16 wards.

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

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

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

Devolution

The Government has published proposals for a ground-breaking Devolution Deal for Devon and Torbay that could re-draw the future relationship with Whitehall and transfer a range of powers and funding to local democratic control. Further details are available at www.devontorbaydeal.org.uk.

A devolution deal is an agreement between Government and a group of councils. Deals cover issues such as transport, housing, skills, and support for business. Since November 2023 the Government has had four levels of devolution, each with different powers and functions. The devolution deal for Devon and Torbay is a level 2 deal.

In February 2024 Devon County Council and Torbay Council agreed to support the proposed deal and resolved to carry out a public consultation.

The results of the consultation were considered at the end of April 2024. The final proposal for the Devon and Torbay Combined County Authority, (DT CCA), was submitted to Government on 1 May 2024. This includes a table listing the powers and functions that will be devolved to the CCA. The next step is for the Government to draft and approve the regulations (a legal Order) to create the DT CCA. It was expected that this process would be completed in Autumn 2024.

However, the Government announced that there will be a General Election on Thursday 4 July, the general election has meant the timetable in respect of the legislative regulations to create the CCA is anticipated to change.

The Councils are jointly seeking clarity from Government officials on how the legislative process for setting up the Devon and Torbay Combined County Authority will be affected following the announcement of the General Election.

Torbay Council and Devon County Council remain committed to bringing forward our agreed devolution arrangement as soon as possible, and we collectively await clarity from Government officials.

Our Community and Corporate Plan

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

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

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

Link to the Corporate Plan: <https://www.torbay.gov.uk/council/policies/corporate/corporate-plan/>

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

- Community and People
- Pride in Place
- Economic Growth

The Corporate plan includes details of:

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

Council Business Plan 2024-27

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

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

Our Performance

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

Our Community and People

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

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

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

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

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

Economic Growth

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

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

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

The Cost of Living

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

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

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

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

The Council has continued to improve the in-year Council Tax collection rate, which increased to 96.13% (95.3% 22/23). In addition we have improved Council Tax processing times from 26 weeks, at the start of the financial year, to just 8 weeks.

Our Financial Performance

Financial Context

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

The Council:

- Collected £104.9m of Council Tax which is an in-year collection rate of 96.13% (95.3% 22/23) and £29m of National Non-Domestic Rates (Business Rates) which is an in-year collection rate of 94.77% (95.01% 22/23).
- Held over £679m of non-current assets including £293m of operational assets (Property, Plant & Equipment) for delivering services, £48.5m of heritage assets, and £190m of investment properties which generated a gross rent of £14m in the year.
- In 2023/24 spent £46.8m on capital projects (and loans for a capital purpose) funded from capital receipts, grants, contributions and borrowing.
- In 2023/24 the total revenue budget was £350m for day to day spend on a wide range of services. Total actual spend on the Balance Sheet was £377.3m.
- £218m was budgeted as income, consisting of grants, fees, charges, rent and other income; used to fund the delivery of its services. Total actual income on the Balance Sheet was £235.7m

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

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

Revenue Budget 2023/24

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

The Council raised its level of Council Tax by 4.99% which included a "precept" for Adult Social Care. This resulted in the Council setting its share of the Council Tax for a Band D property at £1,774. (£1,690 in 22/23).

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

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

Council Spending in 2023/24

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

Service	Budget £m	Final Outturn £m	Variance £m
Adult Services	51.559	52.129	0.570
Children's Services	50.338	51.210	0.872
Corporate and Executive Services	12.676	12.853	0.177
Finance Services	(12.859)	(16.228)	(3.369)
Investment Portfolio	(4.134)	(4.134)	0.000
Pride in Place Services	22.940	24.054	1.114
Public Health Services	10.430	10.420	(0.010)
Revenue sub-total	130.950	130.304	(0.646)
Sources of Finance	(130.950)	(130.982)	(0.032)
Revenue Over/Under spend	0.000	(0.678)	(0.678)

The outturn for the council in 2023/24 differed by £1.5m from the projected outturn at quarter 3 (overspend of £0.797m), with a small underspend of £0.678m being the outturn position. The variances across services were generally small in nature, the cause of the variances by service are summarised below:

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

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

Overall, the Council’s financial performance in 2023/24 was an underspend of £0.678m that has been transferred to earmarked reserves.

Capital Plan

The Council spent £46.8m on capital expenditure in 2023/24 (£33m 22/23). This spend was funded as shown in the table below.

	Budget	Outturn	Variation
	£ m	£ m	£ m
Unsupported (Prudential) Borrowing	29.9	27.8	(2.1)
Grants	23.7	15.9	(7.8)
Other Contributions	1.0	0.8	(0.2)
Revenue and Reserves	3.4	2.3	(1.1)
Capital Receipts	0.5	0.0	(0.5)
Total Funding	58.5	46.8	(11.7)

Of the £46.8m, £18.5m was added to the value of the Council’s non-current assets (before any in-year revaluation) – these are primarily land, buildings, and investment properties. A summary of capital expenditure in 2023/24 is shown below.

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

Torbay “Group” Companies – Overview of Financial Performance

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

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

Torbay Education Limited	Wholly-owned company	100%	0.9	0.1	0	0

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

Schools

As at 31 March 2024, The Council had 7 schools that are reflected in the Council's accounts, both within its Income and Expenditure Statement and its Balance Sheet. These are 4 primary schools, 2 secondary schools and 1 special school. These schools are funded by the Dedicated Schools Grant which for 2023/24 was £50.81m compared with £47.12m in 2022/23. The level of earmarked school reserves as at 31 March 2024 is £3.456m (£2.959m in 2022/23). Further details on school asset recognition and the use of Dedicated School Grant in 2023/24 are included in the notes to the accounts.

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

Economy, efficiency and effectiveness in its use of resources

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

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

Audit Committee agendas and minutes are available on the Council's website.

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

Overview of Financial Performance in 2023/24.

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

The Council's **gross** expenditure in the year was approximately £350m for revenue (day to day) spend and £46.8m for capital (spend on long term assets such as roads and schools).

Most of the Council's employees are members of the Devon County Council Local Government Pension Scheme. As a defined benefit scheme, the Council is liable for any

surplus or deficit on the fund. The Council's liability is calculated on an annual basis by the fund's actuary. This value estimates the liability of the Council if all liabilities were to be realised at a point in time. The impact on the Council is spread over a long period of time (i.e., over current, and future pensioners' lives) with the Council reducing the deficit by its employers' contributions to the fund over the long term (over 14 years from April 2020). A triennial review of the fund took place as at 31st March 2022, resulting in a re-measurement of the value of the Council's liabilities which resulted in a reduction in liabilities of c£50m at the time.

The actuarial review for 23/24 year-end has resulted in an increase to the Council's employer contribution rate from April 2024. The Council's net pension liability as at 31st March 2024, as calculated under IFRS19 which is a different basis to the triennial review, is assessed at £5m, which is a £3m decrease in net liability over the previous year. This is primarily due to the updated financial assumptions in the actuarial review.

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

The Council's Comprehensive Income and Expenditure Statement (CIES) is presented on an IFRS basis. This includes earlier recognition of grants, based on conditions attached to the grant rather than matching the grant to expenditure, and several "non-cash" items such as depreciation and pension assumptions, which should then allow the Council's accounts to be comparable to other sectors' accounts. The total for the Provision of Services for 2023/24 is a deficit of £10.4m (£30m deficit in 2022/23).

The total from the Comprehensive Income and Expenditure statement is reflected in the Movement of Reserves Statement which then adds the impact of any reserve movements to usable reserves and unusable reserves to get to the "bottom line" Council position for 2023/24. Within this is the reversal of a number of accounting entries made under IFRS that appear in the Council's Comprehensive Income and Expenditure statement such as depreciation and pension assumptions, which are allowed, under statute, to be reversed to ensure that these entries do not have a "cash" impact on the Council Taxpayer. After these adjustments the Council's net outturn for the year was a small surplus, which matches the Council's management financial reporting position. This statement shows that the Council's useable reserves had a net increase of £5.3m.

On the Balance Sheet there were some significant changes in year. There was a net increase of £18.5m in the value of the Council's non-current assets and a £34.2m decrease in the value of the Council's current assets. There was a £3.2m decrease in the Council's net pension liability, mainly as a result of the re-measurement of the prior year's balance from the Triennial Review as detailed above.

The Council's General Fund Reserve was £5.7m at 31st March 2024, which is equivalent to 4.4% of the Council's 2023/24 net revenue budget.

Overall, the Council's net assets were higher than the previous year by £109.4m resulting in a net worth of £375.6m.

Torbay's net worth significantly changes year on year primarily because of the pension liability. In years where the liability increases significantly it does not mean Torbay is not a going concern. Councils are required to operate within the framework set out in the Local Government Acts and Torbay will continue to budget for a positive General Fund balance but is not required to maintain a positive net worth. The Pensions Liability of £5m does not represent an immediate call on the Authority's reserves and is a snap-shot valuation in time

based on assumptions. The true value of the deficit is assessed on a triennial basis with contribution rates set to recover the balance over the longer-term. This 'snapshot' approach to valuing the pension deficit is very volatile as the changes in the value of liability over the past few years in the Council's accounts has illustrated.

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

Forward Financial look

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

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

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

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

(details can be found on the Council website

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

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

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

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

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

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

The Council has an approved Capital Plan that is updated throughout the year with any new funding or schemes. A summary of 2023/24 capital spend (as approved by Council in March 2023) shows the planned capital spend for 2023/24 as £90m. During 2023/24 the Council's capital programme experienced further significant increases in costs owing to instability in the contractor market, and to rises in borrowing costs; the impact of these market challenges is likely to continue over the next few years. These changes reduce the financial viability of capital projects, including those being funded by grants, where the grants have not increased to meet the increased costs. The budget for 2024-25 includes a Capital Strategy which provides a high-level overview of how capital expenditure, capital financing, investments, liabilities and treasury management activity contribute to the provision of services, together with an overview of how the associated risk is managed, and the implications for future financial sustainability.

Borrowing and Investments

The Council undertakes borrowing to support its capital expenditure. As at 31 March 2024 the Council had £362.7m of borrowing, primarily from the Public Works Loans Board, a decrease of £22.5m in year.

During 2023/24 £18.7m of PWLB borrowing was repaid for the purpose of realigning the borrowing portfolio with revised capital plans over the medium term and £7.6m of existing loans matured without replacement.

The early repayment of the PWLB borrowing enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

In addition, it had a long-term liability of £4m to the PFI contractor for The Spires (formerly Westlands) and Homelands schools and a liability of £11m in relation to the Council's share of the Energy from Waste Facility in Plymouth. The Council had £91m (£116m in 2022/23) of cash investments at year end with a net debt position (including PFI liabilities) of £309m (compared with £289m in 2022/23).

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

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

Significant Provisions, contingencies, or insurance contracts

The Council has provisions at year end of £2.8m (£3.1m in 2022/23). These are primarily in relation to insurance claims (submitted to the Council but currently being investigated) and in relation to the Council's share of NNDR appeals.

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

2021 & 2022/23 Statement of Accounts

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

The government recently consulted on options to resolve the nationwide issue of the high volume of accounts that have not had an audit opinion issued. The consultation proposed a 'backstop' option which enable auditors to 'sign off' outstanding accounts by 30 September 2024 with minimal, if any, audit work being completed. Therefore, it is expected that the 2022/23 accounts for Torbay Council will not receive a full audit.

Signed by:

Date: 31 July 2024

Malcolm Coe
Director of Finance
Torbay Council

STATEMENT OF ACCOUNTS 2023/24

Financial Certificates

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:-

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

Audit Committee Approval of the Statement of Accounts

The Audit Committee of the Council has been unable to confirm its approval process of the Statement of Accounts 2023/2024 owing to the delay in completing the external audit process by the Council's external auditors, Grant Thornton.

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

The government recently consulted on options to resolve the nationwide issue of the high volume of accounts that have not had an audit opinion issued. The consultation proposed a 'backstop' option which enable auditors to 'sign off' outstanding accounts by 30 September 2024 with minimal, if any, audit work being completed. Therefore, it is expected that the 2022/23 accounts for Torbay Council will not receive a full audit.

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:-

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

The Chief Finance Officer's Statement

The Statement of Accounts as required by the Accounts and Audit Regulations is set out on pages 20 to page 122 and has been prepared in accordance with the accounting policies which are set out, if significant, on pages 95 to 108. In my opinion it is a true and fair view of the financial position of the Council as at 31st March 2024, and its income and expenditure for the year ended 31st March 2024.

The accounts will be audited by the Council's External Auditor, Grant Thornton LLP. The Statement of Accounts 2023/24 have not yet been subject to the external audit confirmation owing to delays on the behalf of the Council's external auditors, Grant Thornton. They have therefore not yet been authorised for approval by Members.

Malcolm Coe
Director of Finance

31 July 2024

Independent auditor's report to the members of Torbay Council

TO FOLLOW

Core Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Taxation was raised by 4.99% to contribute towards the 10% inflation price increase impact on expenditure. This was in accordance with regulations and therefore different from the “accounting” cost. The taxation position is shown in the Movement in Reserves Statement.

2022/23				2023/24			
Gross Exp £m	Gross Income £m	Net Exp £m	Services	Note Ref	Gross Exp £m	Gross Income £m	Net Exp £m
110.8	(60.3)	50.5	Adults' Services		123.5	(68.7)	54.8
115.2	(75.6)	39.6	Children's Services		133.4	(82.2)	51.2
17.0	(5.8)	11.2	Corporate Services		20.0	(6.9)	13.1
35.4	(25.7)	9.7	Finance		14.6	(35.5)	(20.9)
55.1	(32.9)	22.2	Place		75.9	(41.7)	34.2
9.3	(0.6)	8.7	Public Health		9.9	(0.8)	9.1
342.8	(200.9)	141.9	Cost of Services		377.3	(235.8)	141.5
9.3	(4.9)	4.4	Other Operating Income & Expenditure		0.7	(0.1)	0.5
46.8	(22.5)	24.3	Financing and Investment Income and Expenditure	11	34.5	(23.7)	10.8
0	(140.5)	(140.5)	Taxation and Non-Specific Grant Income and expenditure	12	0.0	(142.5)	(142.5)
398.9	(368.8)	30.1	(Surplus)/Deficit on Provision of Services		412.5	(402.1)	10.4
		(37.8)	(Surplus)/Deficit on revaluation on Non-Current Assets (PPE)	27.1			27.0
		4.9	Impairment losses on non-current assets charged to the revaluation reserve	27.1			(0.4)
		(38.0)	Remeasurement of net defined pension liabilities				35.3
		(70.9)	Other Comprehensive Income and Expenditure				61.9
		(40.8)	Total (Surplus)/Deficit in Comprehensive Income and Expenditure				72.3

Movement in Reserves Statement

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

2022/23	General Fund Balance	Earmarked General Fund Reserves	Sub Total Revenue Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£m	£m	£m	£m	£m	£m	£m	£m
		Note10		Note 9	Note 9	Note 26	Note 27	
Balance as at 31st March 2022 brought forward	5.7	67.1	72.8	1.2	22.4	96.4	(21.5)	74.9
Restatement to opening balances							90.4	90.4
Movement in Reserves during 2022/23								
Surplus or (deficit) on provision of services (accounting basis)	30.1	0	30.1	0	0	30.1	0	30.1
Other Comprehensive Expenditure and Income (see C I&E Statement)	0	0	0	0	0	0	70.9	70.9
Total Comprehensive Expenditure and Income	30.1	0	30.1	0	0	30.1	70.9	101.0
Adjustments between accounting basis & funding basis under regulations (Note 9)	(25.9)	(13.6)	(39.5)	0.2	0.9	(38.4)	38.4	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	4.2	(13.6)	(9.4)	0.2	0.9	(8.3)	109.3	101.0
Transfers (to)/from Earmarked Reserves (Note 10)	(3.8)	3.7	0	0	0	0	0	0
Increase/(Decrease) in Year	0.4	(9.9)	(9.5)	0.2	0.9	(8.4)	199.7	191.3
Balance as at 31st March 2023 carried forward	6.1	57.2	63.3	1.4	23.3	88.0	178.2	266.2

2023/24	General Fund Balance	Earmarked General Fund Reserves	Sub Total Revenue Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£m	£m	£m	£m	£m	£m	£m	£m
		Note 10		Note 9	Note 9	Note 26	Note 27	
Balance as at 31st March 2023 brought forward	6.1	57.2	63.3	1.4	23.3	88.0	178.2	266.2
Restatement to opening balances	0.4	(6.1)	(5.7)	0.0	0.0	(5.7)	11.3	5.6
Movement in Reserves during 2023/24	5.7	63.3	69	1.4	23.3	93.7	166.9	260.6
Surplus or (deficit) on provision of services (accounting basis)	10.4	0.0	10.4	0.0	0.0	10.4	0.0	10.4
Other Comprehensive Expenditure and Income (see C I&E Statement)	0.0	0.0	0.0	0.0	0.0	0.0	61.9	61.9
Total Comprehensive Expenditure and Income	10.4	0.0	10.4	0.0	0.0	10.4	61.9	72.3
Adjustments between accounting basis & funding basis under regulations (Note 9)	(7.6)	0.0	(7.6)	0.0	2.5	(5.1)	(24.7)	(29.8)
Net Increase/(Decrease) before Transfers to Earmarked Reserves	2.8	0.0	2.8	0.0	2.5	5.3	37.2	42.5
Transfers (to)/from Earmarked Reserves (Note 10)	(2.8)	2.8	0.0	0.0	0.0	0.0	0.0	0.0
Increase/(Decrease) in Year	0.0	2.8	2.8	0.0	2.5	5.3	37.2	42.5
Balance as at 31st March 2024 carried forward	5.7	66.1	71.8	1.4	25.8	99	204.1	303.1

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The Net Assets of the Council, (assets less liabilities), are matched by the reserves held by the Council.

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

31 st March 2023		31 st March 2024	
£m		Note	£m
288.8	Property, Plant & Equipment	13	292.5
40.2	Heritage Assets	15	48.5
182.1	Investment Property	16	189.8
0.8	Intangible Assets		0.1
97.6	Infrastructure Assets	14	94.3
14.6	Long Term Investments	19	14.8
36.2	Long Term Debtors	20	35.4
660.3	Long Term (Non-Current) Assets		675.4
76.8	Short Term Investments	19	35.5
0.0	Assets Held for Sale		0
0.1	Inventories		0
28.8	Short Term Debtors	20	58.5
2.8	Cash and Cash Equivalents	21	3.1
108.5	Current Assets		97.1
(2.6)	Short Term Borrowing	24	(3.6)
(2.3)	Other Short-Term Liabilities	25	(3.3)
(48.1)	Short Term Creditors (inc Receipts in Advance)	22	(45.9)
(7.0)	Capital Grants/Contributions: Receipts in Advance		(1.9)
(3.0)	Provisions	23	(2.7)
(3.9)	Cash and Cash Equivalents	21	(4.9)
(66.9)	Current Liabilities		(62.3)

31st March 2023		Notes	31st March 2024
£m			£m
(2.7)	Long Term Creditors	22	(3.3)
(0.1)	Provisions	23	(0.1)
(382.6)	Long Term Borrowing	24	(355.3)
(39.7)	Other Long-Term Liabilities	25	(35.2)
(8.6)	Pension Liability	41	(5.4)
(2.0)	Capital Grants/Contributions: Receipts in Advance		(7.8)
(435.7)	Long Term Liabilities		(407.1)
266.2	Net Assets/Liabilities		303.1
88.0	Usable reserves	26	99
178.2	Unusable Reserves	27	204.1
266.2	Total Reserves		303.1

Cash Flow Statement

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

2022/23		2023/24			
£m	£m		note	£m	£m
	30.1	Net surplus or (deficit) on the provision of services,			(10.4)
35.8		Adjustments to net surplus or deficit on the provision of services for non-cash movements	See note below	69.2	
(13.0)		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities including proceeds of investments and disposal of assets		2.6	
	22.8	Net cash inflows/(outflow) from Operating Activities			71.8
		Investing Activities:			
(23.8)		Purchase of property, plant and equipment, investment property, heritage, and intangible assets		(14.5)	
0.2		Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(0.2)	
(30.8)	(54.4)	Changes in short-term and long-term investments	19	(40.8)	(55.5)
		Financing Activities			
(2.4)		Cash payments for the reduction of the outstanding liabilities relating to transferred debt and on-balance sheet PFI contracts	25	(0.3)	
2.1		Council Tax and NNDR adjustments		(2.0)	
(3.6)	(3.9)	Net change in borrowing in year	24	(4.3)	(6.6)
	(5.4)	Net increase or (decrease) in cash and cash equivalents			(0.7)

2022/23		2023/24	
£m	Cash and Cash Equivalents	Notes	£m
4.3	Cash and cash equivalents * at the beginning of the reporting period	21	(1.1)
(1.1)	Cash and cash equivalents at the end of the reporting period	21	(1.8)
(5.4)	Net increase or (decrease) in cash and cash equivalents		(0.7)
*Cash equivalents are short term cash investments that are held for the purpose of meeting short term cash commitments rather than for investment purposes.			
Note: Adjustments to net surplus or deficit on the provision of services for non-cash movements			
The table below lists the adjustments required in the cash flow statement to reverse non-cash items accounted for in the Provision of Services in the Comprehensive Income and Expenditure Account			
13.8	Depreciation, Impairment & downward valuations	27.1	19.7
28.9	Change in value of Investment Properties	19	0.2
0.1	Amortisation of Intangible Assets	BS	0.1
(26.6)	Increase/(Decrease) in Creditors	22	(0.7)
0	(Increase)/Decrease in Debtors including impairment for bad debts	20	9.5
38.0	Movement in LGPS pensions from IAS19	9	8.9
0	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	13	9.0
(18.4)	Other non-cash items charged to the net surplus or deficit on the provision of services including Council Tax and NNDR financing adjustments.		22.5
35.8	Total		69.2

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1. Changes in Accounting Policy

For 2023/24 there are no changes in International Financial Reporting Standards (IFRS) that impacted on the accounting policies relevant to Torbay's accounts.

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

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

A new leasing standard; IFRS 16, has been issued and will be adopted in 2024/25. The new standard changes the current definition and accounting for operating and finance leases. The impact of this standard is still being assessed. Currently the Council has £135,000 in operating leases which includes 19 properties.

3. Critical Judgements in Applying Accounting Policies

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

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

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

The Council recognised its share (£33m/17%) of the Energy from Waste facility in Plymouth based on estimated tonnages per the business case for the facility and the financial allocation model agreed between Torbay, Plymouth, and Devon County Councils. All three Councils have assessed the facility to be "on balance sheet" under IFRIC12 as a service concession arrangement. The Council has recognised a liability to the value of the asset recognised. This liability is apportioned between the Council's own liability to fund the asset based on forecast unitary payments over the life of the facility from the three councils (£11.4m/37%) and the expected third-party income (£13.4m/63%) based on the business case. The third-party income liability has been accounted for as deferred income with the balance allocated to the Council's CI&E statement over the life of the 25-year contract. As a "non-cash" transaction this credit will be reversed in the MIRS to the Capital Adjustment Account; the asset life of the facility has been assessed at 30 years based on the contract life and the optional 5-year extension period. The Council has assumed all lifecycle costs to be revenue unless evidence that they are capital.

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision. The Council can only be dissolved by a statutory prescription.

The Council has several pensions guarantees to related bodies where the Council could incur a liability if the body becomes insolvent. These are classified as insurance contracts under IFRS4. As at 31 March 2024 there are no issues in relation to the going concern of

these bodies. In arriving at this conclusion, the Council considered data from the actuary of the pension fund together with the Council's knowledge of the bodies and made the judgement that the values and risk exposure were not material.

Included in the pension guarantees is one to TEDC Ltd. in relation to pension liabilities. The value has been assessed as 100% of the TEDC's IFRS19 pension valuation under Derivative Liabilities – IFRS9. A 100% value has been assessed on the basis that the probability of the liability crystallising cannot be accurately estimated and TEDC, as a Teckal-compliant company, is primarily reliant on the Council for its funding. The relevant statutory pension override has been considered applicable as the liability primarily relates to staff transferred from the Council to TEDC who would otherwise have been employees of the Council. This is at the accounting period on 31st March 2024.

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

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

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

Uncertainties	Effect if Actual Results Differ from Assumptions
Net Pension Liability	
<p>The Council's liability as at 31st March 2024 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 £5.1m. Similarly, a change in the life expectancy assumption of 1 year would result in a change of £13.6m. However, the assumptions interact in complex ways.</p> <p>A table on sensitivity of assumptions is included in the Pensions Note.</p>

Economic Conditions	
<p>The impact of the global pandemic significantly reduced during 2022/23.</p> <p>The Ukraine war started in February 2022 but has had minimal impact on the Council's balance sheet.</p> <p>The most significant economic impact in 2023/24 has, and going forward, will, come from the "cost-of-living crisis". Citizens have seen the costs of everyday living (especially energy and food prices) soar as inflation reached double figures and interest rates rose sharply; businesses were similarly under pressure from rising energy and food prices. The effects on the Council are similar - higher energy costs have increased the costs of providing a range of services; and as a major employer, the Council has made market-driven pay increases which were higher than expected or budgeted at the time.</p>	<p>Although there is ongoing uncertainty in the longer-term impact on some balance sheet values primarily on non-current assets, the Council's appointed valuer has provided an updated valuation certificate including on the Council's investment portfolio.</p> <p>The Council has valuations as at year end for all its financial assets used for treasury management purposes, such as deposits, and its holding in a property fund.</p> <p>The Pension Fund IAS19 valuation used pension fund asset values at March 2024.</p> <p>In other cases, the Council has obtained a reasonable value, such as a quoted value of an asset or liability, as at 31 March 2024.</p> <p>The Council, on a "case by case basis", has adjusted impairment for increased uncertainty of collectability of income due from several debtors.</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 £2.9m 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

Events taking place after the 31st July 2024 are not reflected in the draft financial statements.

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

6. Expenditure and Funding Analysis

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

2022/23				2023/24		
Net Expend Chargeable to the General Fund	Adjustments between the Funding and Accounting	Net Expenditure in the Comprehensive Income and Expenditure Statement	Services	Net Expend Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£m	£m	£m		£m	£m	£m
46.4	4.1	50.5	Adult's Services	52.1	2.7	54.8
47.8	(8.2)	39.6	Children's Services	51.2	0.0	51.2
11.5	(0.3)	11.2	Corporate Services	12.9	0.2	13.1
(12.3)	22.0	9.7	Finance	(20.3)	(0.6)	(20.9)
22.5	(0.3)	22.2	Place	24.0	10.2	34.2
10.1	(1.4)	8.7	Public Health	10.4	(1.3)	9.1
126.0	15.9	141.9	Cost of Services	130.3	11.2	141.5
(126.4)	14.6	(111.8)	Other Income & Expenditure	(131.1)	(2.6)	(133.6)
(0.4)	30.5	30.1	(Surplus)/Deficit on Provision of Services	(0.7)	8.6	7.9

8. Expenditure and Income Analysed by Nature

The Council's expenditure and income are analysed as follows:

2022/23		2023/24
£m		£m
	Expenditure	
111.9	Employee benefits expenses	96.8
259.4	Other services expenses	283.1
13.9	Depreciation, amortisation, impairment and change in Fair Value (net)	19.5
13.1	Interest payments	12.3
0.6	Precepts and levies	0.5
0.0	Written out of accounts on the disposal of assets	0.3
398.9	Total Expenditure	412.5
	Income	
(43.0)	Fees, charges, and other service income	(46.5)
(27.4)	Financing & Investment Income and Other Operating Income	(30.1)
(96.8)	Council tax and non-domestic rates (net)	(99.8)
(201.6)	Government grants and contributions	(225.7)
(368.8)	Total Income	402.1
30.1	(Surplus) or Deficit on the Provision of Service	10.4

Segmental Income of Fees, Charges, and other service income

Income received on a segmental basis, primarily from external customers, is analysed below:

2022/23		2023/24
£m		£m
(8.1)	Adult's Services	(9.5)
(5.0)	Children's Services	(5.6)
(2.5)	Corporate Services	(4.8)
(2.6)	Finance	(3.5)
(24.6)	Place	(23.0)
(0.2)	Public Health	(0.1)
(43.0)	Total income analysed on a segmental basis	(46.5)

9. 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. Other includes Accumulated Absences Adjustment Account, Collection Fund Adjustment Account and Pooled Investment Fund Adjustment Account.

2022/23							2023/24							
Usable Reserves			Unusable Reserves				Usable Reserves			Unusable Reserves				
General Fund	Capital Receipts	Capital Grants Unapplied	Deferred Capital Receipts	CAA	Pension	Other		General Fund	Capital Receipts	Capital Grants Unapplied	Deferred Capital Receipts	CAA	Pension	Other
£m	£m	£m	£m	£m	£m	£m		£m	£m	£m	£m	£m	£m	£m
							Adjustments involving the Capital Adjustment Account:							
							Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:							
							<u>Items relating to capital expenditure</u>							
(13.8)	0.0	0.0	0.0	13.8	0.0	0.0	Charges for depreciation and impairment of	(27.0)	0.0	0.0	0.0	27.0	0.0	0.0
(0.2)	0.0	0.0	0.0	0.2	0.0	0.0	Amortisation of intangible assets	(0.1)	0.0	0.0	0.0	0.1	0.0	0.0
(3.6)	0.0	0.0	0.0	3.6	0.0	0.0	Revenue expenditure funded from capital under statute	(4.5)	0.0	0.0	0.0	4.5	0.0	0.0
(9.9)	0.0	0.0	0.0	4.4	0.0	5.5	Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to the CI&E statement. *Revaluation Reserve	(0.2)	0.0	0.0	0.0	0.0	0.0	0.2
0.1	0.0	0.0	0.0	(0.1)	0.0	0.0	Notional Rent Credit	0.1	0.0	0.0	0.0	(0.1)	0.0	0.0
(27.4)	0.0	0.0	0.0	21.9	0.0	5.5	c/f	(31.7)	0.0	0.0	0.0	31.5	0.0	0.2

Usable Reserves			Unusable Reserves				Usable Reserves			Unusable Reserves				
General Fund	Capital Receipts	Capital Grants Unapplied	Deferred Capital Receipts	CAA	Pension	Other		General Fund	Capital Receipts	Capital Grants Unapplied	Deferred Capital Receipts	CAA	Pension	Other
£m	£m	£m	£m	£m	£m	£m		£m	£m	£m	£m	£m	£m	£m
(27.4)	0.0	0.0	0.0	21.9	0.0	5.5	b/f	(31.7)	0.0	0.0	0.0	31.5	0.0	0.2
0.8	0.0	0.0	0.0	(0.8)	0.0	0.0	Deferred Credit re Energy from Waste	0.8	0.0	0.0	0.0	(0.8)	0.0	0.0
							<u>Other</u>							
(28.9)	0.0	0.0	0.0	28.9	0.0	0.0	Movement in the fair value of Investment Properties and AHFS	27.0	0.0	0.0	0.0	(27.0)	0.0	0.0
							<u>Items relating to capital financing applied in the year</u>							
1.5	0.0	0.0	0.0	(1.5)	0.0	0.0	Capital Grants and Contributions Applied	1.7	0.0	0.0	0.0	(1.7)	0.0	0.0
							Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement							
							<u>Items relating to capital financing applied in the year</u>							
7.8	0.0	0.0	0.0	(7.8)	0.0	0.0	Provision for the financing of capital investment	7.4	0.0	0.0	0.0	(7.4)	0.0	0.0
0.7	0.0	0.0	0.0	(0.7)	0.0	0.0	Capital expenditure charged against the General Fund	(2.2)	0.0	0.0	0.0	2.2	0.0	0.0
(45.5)	0.0	0.0	0.0	40.0	0.0	5.5	c/f	3.0	0.0	0.0	0.0	(3.2)	0.0	0.2

Usable Reserves			Unusable Reserves											Usable Reserves			Unusable Reserves			
General Fund	Capital Receipts	Capital Grants Unapplied	Capital Receipts Deferred	CAA	Pension	Other			General Fund	Capital Receipts	Capital Grants Unapplied	Capital Receipts Deferred	CAA	Pension	Other					
£m	£m	£m	£m	£m	£m	£m			£m	£m	£m	£m	£m	£m	£m					
(45.5)	0.0	0.0	0.0	40.0	0.0	5.5	b/f		3.0	0.0	0.0	0.0	(3.2)	0.0	0.2					
							Adjustments involving Capital Grant Unapplied Account													
10.8	0.0	(7.6)	0.0	(3.2)	0.0	0.0	Capital Grants & Contributions unapplied credited to the CI&E Statement		2.5	0.0	(2.5)	0.0	0.0	0.0	0.0					
0.0	0.0	6.7	0.0	(6.7)	0.0	0.0	Application of (prior year) Grants to capital financing applied in the year transferred to the Capital Adjustment Account		0.0	0.0	0.0	0.0	0.0	0.0	0.0					
							Adjustments involving the Capital Receipts Reserve:													
0.0	0.0	0.0	0.0	0.0	0.0	0.0	Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement		0.0	0.0	0.0	0.0	0.0	0.0	0.0					
0.0	(0.2)	0.0	0.0	0.2	0.0	0.0	Use of the Capital Receipts Reserve to finance new capital expenditure applied in the year		0.0	0.0	0.0	0.0	0.0	0.0	0.0					
							Adjustments involving the Pensions Reserve:													
(34.7)	(0.2)	(0.9)	0.0	30.3	0.0	5.5	c/f		5.5	0.0	(2.5)	0.0	(3.2)	0.0	0.2					

Usable Reserves			Unusable Reserves											Usable Reserves			Unusable Reserves			
General Fund	Capital Receipts	Capital Grants Unapplied	Capital receipts Deferred	CAA	Pension	Other			General Fund	Capital Receipts	Capital Grants Unapplied	Capital receipts Deferred	CAA	Pension	Other					
£m	£m	£m	£m	£m	£m	£m			£m	£m	£m	£m	£m	£m	£m					
(34.7)	(0.2)	(0.9)	0	30.3	0	5.5	b/f		5.5	0.0	(2.5)	0.0	(3.2)	0.0	0.2					
(11.5)	0.0	0.0	0.0	0.0	11.5	0.0	Reversal of items relating to retirement benefits debited or credited to the CI&E Statement (see Note 40)		(6.0)	0.0	0.0	0.0	0.0	6.0	0.0					
6	0.0	0.0	0.0	0.0	(6)	0.0	Employer's pensions contributions and direct payments to pensioners payable in the year		7.5	0.0	0.0	0.0	0.0	(7.5)	0.0					
							Adjustments involving the Collection Fund Adjustment Account:													
0.1	0.0	0.0	0.0	0.0	0.0	(0.1)	Amount by which collection fund income credited to the CI&E Statement is different from collection fund income calculated for the year in accordance with statutory requirements		(2.2)	0.0	0.0	0.0	0.0	0.0	2.2					
							Adjustment involving the Accumulated Absences Account													
(40.1)	(0.2)	(0.9)	0.0	30.3	5.5	5.4	c/f		4.8	0.0	(2.5)	0.0	(3.2)	(1.5)	2.4					

Usable Reserves			Unusable Reserves											Usable Reserves			Unusable Reserves			
General Fund	Capital Receipts	Capital Grants Unapplied	Capital receipts Deferred	CAA	Pension	Other			General Fund	Capital Receipts	Capital Grants Unapplied	Capital Receipts Deferred	CAA	Pension	Other					
£m	£m	£m	£m	£m	£m	£m			£m	£m	£m	£m	£m	£m	£m					
(40.1)	(0.2)	(0.9)	0	30.3	5.5	5.4	b/f		4.8	0.0	(2.5)	0.0	(3.2)	(1.5)	2.4					
0.2	0.0	0.0	0.0	0.0	0.0	(0.2)	Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.6					
							Adjustment involving the Pooled Fund Adjustments Account													
(0.9)	0.0	0.0	0.0	0.0	0.0	0.9	Amount by which financial instruments charged to the CI&E Statement are different from amounts chargeable in the year in accordance with statutory requirements	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.2					
							Adjustment involving the Dedicated Schools Grant Adjustments Account													
2.4	0.0	0.0	0.0	0.0	0.0	(2.4)	Deficit on Dedicated Schools Grant	1.1	0.0	0.0	0.0	0.0	0.0	0.0	(1.1)					
(38.4)	(0.2)	(0.9)	0.0	30.3	5.5	3.7	c/f	5.1	0.0	(2.5)	0.0	(3.2)	(1.5)	2.1						

Usable Reserves			Unusable Reserves											Usable Reserves			Unusable Reserves			
General Fund	Capital Receipts	Capital Grants Unapplied	Capital receipts Deferred	CAA	Pension	Other		General Fund	Capital Receipts	Capital Grants Unapplied	Capital Receipts Deferred	CAA	Pension	Other						
£m	£m	£m	£m	£m	£m	£m		£m	£m	£m	£m	£m	£m	£m						
(38.4)	(0.2)	(0.9)	0	30.3	5.5	3.7	b/f	5.1	0.0	(2.5)	0.0	(3.2)	(1.5)	2.1						
							<u>Total Adjustments per MIRS</u>													
							Memo items: -													
(30.1)	0.0	0.0	0.0	0.0	0.0	0.0	Surplus/(Deficit) on Provision of Services	10.4	0.0	0.0	0.0	0.0	0.0	0.0						
(3.8)	0.0	0.0	0.0	0.0	0.0	0.0	Movement in earmarked reserves	(2.8)	0.0	0.0	0.0	0.0	0.0	0.0						
0.0	0.0	0.0	0.0	0.0	(90.4)	0.0	Restatement	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
0.0	0.0	0.0	0.0	0.0	(38.0)	0.0	Other Comprehensive Income and Expenditure: Remeasurement of net defined pension liability	0.0	0.0	0.0	0.0	0.0	10.4	0.0						
0.0	0.0	0.0	(4.5)	(10.3)	0.0	10.3	Other movements on the Capital Adjustment Account including - Adjusting amounts written out of the revaluation reserve to the Capital Adjustment Account	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0						
(72.3)	(0.2)	(0.9)	(4.5)	20.0	(122.9)	14.0	Total Movement in year	12.7	0.0	(2.5)	0.0	(3.3)	8.9	2.1						

10. Transfers to/from Earmarked Reserves

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

	Balance at 31 March 2022	Transfer Out 2022/23	Transfer In 2022/23	Balance at 31 March 2023	Transfer Out 2023/24	Transfer In 2023/24	Balance at 31 March 2024
	£m	£m	£m	£m	£m	£m	£m
Earmarked for General Expenditure	3.0	(4.6)	0.8	(0.8)	0.0	1.2	0.4
Earmarked for specific issues	19.3	(6.5)	10.8	23.7	(4.5)	4.3	23.5
Collection Fund Reserve	10.3	(7.1)	0.7	3.8	0.0	4.7	8.5
Grants received but not spent.	8.8	(5.3)	5.5	9.1	(2.2)	2.8	9.7
To support Capital expenditure	3.0	(0.7)	3.9	6.2	(1.1)	(0.5)	4.6
School Related Reserves	0.1	(0.6)	1.3	0.9	(0.8)	0.3	0.4
Schools' Balances (held under a delegation scheme)	2.3	(2.7)	3.5	3.2	(4.6)	4.2	2.8
Ring Fenced	20.3	(6.2)	3.2	17.2	(3.3)	2.3	16.2
Total	67.1	(33.6)	29.9	63.3	(16.5)	19.3	66.1

11. Financing and Investment Income and Expenditure

2022/23		2023/24
£m		£m
12.8	Interest payable and similar charges	14.6
0.2	Net interest on net defined pension liability	(0.8)
(4.5)	Interest receivable and similar income	(5.1)
17.0	Income and expenditure in relation to investment properties and changes in their fair value	3.3
(1.2)	Gain from Devon wide NNDR Pool	((1.2)
24.3	Total	10.8

12. Taxation and Non-Specific Grant Income

2022/23		2023/24
£m		£m
(78.2)	Council tax Income	(83.1)
(36.7)	Retained income from NNDR retention scheme	(37.7)
5.8	Collection Fund – NNDR & Council Tax	(0.2)
(10.0)	Collection Fund Adjustment Account	1.1
(7.1)	Non ring-fenced government grants	(10.7)
(14.3)	Capital grants and contributions	(11.9)
(140.5)	Total	(142.5)

13. 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.

Movements on Balances

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

2023/24	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PP & E	PFI Assets in
	£m	£m	£m	£m	£m	£m		£m
Cost or Valuation								
As at 1st April 2023	269.6	11.8	9.8	0.5	19.5	311.2		55.1
Additions	9.4	0.8	0	0	4.3	14.5		0.5
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	9.6	0	0	0	0	9.6		(1.1)
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5.8)	0	0	0	0	(5.8)		0
Derecognition – Disposals	(0.3)	0	0	0	0	(0.3)		0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0		0
Other movements in Cost or Valuation	(3.4)	0	0	0	(10.0)	(13.4)		0
As at 31st March 2024	279.1	12.6	9.8	0.5	13.8	315.8		54.5
Accumulated Depreciation and Impairment								
As at 1st April 2023	(12.4)	(8.8)	(1.2)	0	0	(22.4)		(0.5)
Depreciation charge	(8.3)	(0.5)	(0.1)	0	0	(8.9)		(1.9)
Depreciation written out to the Revaluation Reserve	5.9	0	0	0	0	5.9		1.4
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	2.0	0	0	0	0	2.0		0
Derecognition – Disposals	0.1	0	0	0	0	0.1		0
Other movements in Depreciation and Impairment	0	0	0	0	0	0		0
As at 31st March 2024	(12.7)	(9.3)	(1.3)	0	0	(23.3)		(1.0)
Net Book Value: -								
As at 31st March 2023	257.2	3	8.6	0.5	19.5	288.8		54.6
As at 31st March 2024	266.4	3.3	8.5	0.5	13.8	292.5		53.5

Contractual Commitments for the acquisition of Property, Plant and Equipment as at 31st March 2024

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

Contract	Purpose	Total Commitments	2024/25	2025/26
		£m	£m	£m
	Expenditure on Council Assets:			
	<u>Regeneration</u>			
Harbour Public Realm	Part of Torquay Town Deal regeneration works	0.6	0.6	0.0
	<u>Culture</u>			
Torre Abbey	Restoration to Torre Abbey Gatehouse and SW Wing	0.7	0.7	0.0
	Total Significant Commitments	1.3	1.3	0.0

Revaluations

The Council's assets are regularly revalued, (at least once during a five-year period), by the Council's appointed external qualified valuers - see accounting policies. The effective date of revaluation is usually the 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.

Valued at fair value as at	Other Land and Buildings £m
31 March 2024	96.5
31 March 2023	99.0
31 March 2022	43.6
31 March 2021	10.5
31 March 2020	16.9
Total Cost or Valuation of Other Land & Buildings	266.5

14. 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.

31 st March 2023		31 st March 2024
£m	Net book value: modified historical cost	£m
100.2	Net Book Value – opening value	97.6
4.1	Additions	3.7
(6.7)	Depreciation in year	(7.0)
0	Movements in value in year	0
97.6	Net Book Value – closing value	94.3

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.

15. Heritage Assets

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

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

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

	Fine Art Collection	Mayoral Regalia	Heritage Property	Total Assets
Valuation	£m	£m	£m	£m
31st March 2022	7.8	0.2	32.3	40.3
Additions	0	0	0.1	0.1
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	(0.2)	(0.2)
31st March 2023	7.8	0.2	32.2	40.2
Additions	0	0	0.9	0.9
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	7.4	7.4
31st March 2024	7.8	0.2	40.5	48.5

Fine Arts Collection

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

Mayoral Regalia

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

Heritage Property

Some of these assets are not insured so are held at historic cost, for example the D Day Embarkation Ramps. Of the property assets with an insurance valuation, Torre Abbey is the most significant being valued at £30.9m. The Council also has properties that although culturally and

historically important, are being used for operational purposes. As this purpose is more relevant to users of the financial statements these assets have been classified under the heading 'Property, Plant and Equipment' on the balance sheet. For example, these assets include Torquay Town Hall and Electric House which are used as office accommodation. The Council uses an external RICS qualified valuer to provide property reinstatement valuations for insurance purposes.

16. Investment Properties

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

Gross rent income relating to these properties in 2023/24 was £14m, (£14m 2022/23) with operating costs of £0.8m (£0.6m 2022/23).

31 st March 2023		31 st March 2024
£m		£m
211.0	Opening Balance	182.1
(0.0)	Additions in year	21.3
-	Movements: Reclassification of Assets Under Construction (completed) and Other Land and Buildings to Investment Properties	13.4
(28.9)	Movements in value in year	(27.0)
182.1	Total	189.8

Hierarchy	Number of Properties	NBV £m
Level 1	0	0.0
Level 2	17	182.8
Level 3	3	7.0
TOTAL	20	189.8

17. Financial Instruments

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

31 st March 2023			31 st March 2024	
Non Current	Current		Non Current	Current
£m	£m		£m	£m
		Investments		
10.0	72.2	Loans and receivables (at amortised cost)	10.3	35.5
4.6	4.7	Financial assets at fair value through profit and loss	4.4	0.0
14.6	76.9	Total investments	14.7	35.5
		Cash & Cash Equivalents		
0.0	(2.0)	Cash in hand and Bank (net)	0.0	(4.5)
0.0	0.8	Loans and receivables (at amortised cost)	0.0	0.3
0.0	(1.2)	Total Cash & Cash Equivalents	0.0	(4.2)
		Debtors		
36.2	26.4	Financial assets carried (at amortised cost)	37.0	29.5
36.2	26.4	Total Debtors	37.0	29.5
0.0	0.0	Borrowings/Liabilities		
(382.6)	(4.3)	Financial liabilities (at amortised cost)	(358.3)	(4.4)
(382.6)	(4.3)	Total borrowings	(358.3)	(4.4)
		Other Long-Term Liabilities		
(14.1)	(1.0)	PFI liability (at amortised cost)	(13.0)	(1.1)
(6.5)	0.0	Financial Guarantee	(6.5)	0.0
(20.6)	(1.0)	Total Other Long-Term liabilities	(19.5)	(1.1)
		Creditors		
(0.6)	(33.6)	Financial liabilities (at amortised cost)	(0.9)	(37.0)
(0.6)	(33.6)	Total Creditors	(0.9)	(37.0)
(352.9)	63.2	Total All Financial Instruments	(327)	18.3

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.
Financial Guarantee	IAS19 valuation of pension liability	
Council Companies	Held at initial investment (i.e., value of shares)	

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

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

Income, Expense, Gains and Losses

	2022/23				2023/24			
	Financial Liabilities	Financial Assets		Total	Financial Liabilities	Financial Assets		Total
	Liabilities measured at amortised cost	Loans and receivables (treasury management)	Assets at Fair Value through Profit and Loss		Liabilities measured at amortised cost	Loans and receivables (treasury management)	Assets at Fair Value through Profit and Loss	
	£m	£m	£m	£m	£m	£m	£m	£m
Interest expense	9.8	0	0	9.8	9.7	0.0	0.0	9.7
Reductions in fair value re interest due	1.6	0	0	1.6	1.4	0.0	0.0	1.4
Total expense in Surplus or Deficit on the Provision of Services	11.4	0	0	11.4	11.1	0.0	0.0	11.1
Interest income	0	(1.9)	(0.3)	(2.2)	0.0	(3.5)	(0.3)	(3.8)
(Gain) /Loss in fair value	0	0	0.9	0.9	0.0	0.0	0.1	0.1
Total income in Surplus or Deficit on the Provision of Services	0	(1.9)	0.6	(1.3)	0.0	(3.5)	(0.2)	(3.7)
Net gain/(loss) for the year	11.4	(1.9)	0.6	10.1	11.1	(3.5)	(0.2)	7.4

Fair Values of Assets and Liabilities

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

For PWLB debt, with a carrying value of £352.7m (£378.9m 22/23), the fair value of has been assessed by using observed market rates as at 31 March 2024 for similar transactions and then matched, as appropriate, to the duration on an existing maturity. No early repayment or impairment is recognised. For non PWLB loans, with a carrying value of £10m (£10.1m 22/23), the fair value has been assessed by using discount rates of similar length and structure with a comparable lender as at 31 March 2024. For both fair values the combined total is £267.4m, 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.

It should be noted that the PWLB also provided a fair value of the Council’s PWLB debt as at 31st March 2024 of £330.9m (£478.9m 22/23). This is higher than the fair value PWLB amount of £272.7m (£384.0m 22/23) as the PWLB has used their “premature redemption rate of interest” to calculate fair value. This rate is a more punitive rate than current rates that only applies if a Council repays debt early.

The Council has a liability for the remaining 4.5 years on its 25-year School PFI contract for the construction element. The fair value of the liability as at 31 March 2024 of £3.2m has been assessed using Level Two inputs from the AA Corporate Bond Yield Curve published by Bloomberg, i.e., an input other than quoted prices that are observable.

The Council has a liability for the remaining 16.5 years on its 25-year Energy from Waste PFI contract for the construction element. The fair value of the liability as at 31st March 2024 (£35.5m 22/23) has been assessed using Level Two inputs using a PWLB annuity discount rate, i.e., an input other than quoted prices that are observable.

18. Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council’s overall risk management programme (as outlined in its Treasury Management Strategy) focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Council’s treasury team, under policies and practices approved by full Council in March 2010 and updated in March 2024. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. The Council’s treasury team also, as required, make in year

adjustments in the event of changing circumstances such as economic pressures impacting on interest rates or changes to investment counterparty lists.

Credit and Counterparty Risk

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

Asset Type	Credit Risk Management	Estimation of Impairment Loss
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.

2023/24	Value as at 31st March 2024	Fitch rating	Fitch rating	Fitch rating	Historical experience of default	Historical experience adjusted for market conditions as at 31 st March 2024	Estimated maximum exposure to default and collectability at 31 st March 2024
	£m	A	A+	AAA	%	%	£m
Deposits with banks and other financial institutions	6.6	2	0	4.6	0	0	0
Deposits held in Enhanced Money Market Fund	6	4.5	0	1.5	0	0	0
Deposits held with other public sector bodies	53	n/a as public sector			0	0	0

2023/24	Value as at 31st March 2024	Fitch rating	Fitch rating	Fitch rating	Historical experience of default	Historical experience adjusted for market conditions as at 31st March 2024	Estimated maximum exposure to default and collectability at 31st March 2024
Units purchased in CCLA Property Fund	5	A	A+	AAA	0	0	0
Trade and other Receivables, excluding loans (Sundry, Beach Huts & Harbour Debt)	11.9	Not applicable			0.5%	2.5%	1.9

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

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

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

Liquidity Risk

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

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

31 st March 2023		31 st March 2024
£m		£m
2.6	Less than one year	3.6
8.6	Between one and two years	5.6
11.5	Between two and five years	20.2
45.2	Between five and ten years	42.3
57.8	Between ten and twenty years	57.3
70.9	Between twenty and thirty years	68.5
188.6	Above thirty years	161.4
385.2	Total	358.9

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 2024 the Council didn't have any PWLB borrowing at variable interest rates, however, the Council does have a £5m market loan (LOBO) where in future years the rate could vary.

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

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

a) Borrowing:

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

b) Investments:

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

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

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

Foreign Exchange Risk

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

19. 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.

2022/23			2023/24		
Cash Investment	Property fund		Cash Investment	Property Fund	Total Fund
£m	£m		£m	£m	£m
0.0	5.5	Balance at start of year:	10.0	4.6	14.6
10.0	(0.9)	Change in Investment	0.3	(0.2)	0.1
10.0	4.6	Total Long Term Investments 31st March 2024	10.3	4.4	14.7
10.0	4.6	<i>Fair Value based on market price at 31st March 2024</i>	10.4	4.4	14.8

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.

Total Invested 31 st March 2023		Total Invested 31 st March 2024
£ m		£ m
	Short Term Investments (less than 1 year)	
63.0	Deposits: fixed term & structured	30.0
8.5	Notice\Call Accounts\MMF's	4.6
4.0	Enhanced Money Market Fund	0.0
75.5	Total Short-Term Investments	34.6
76.8	<i>Fair Value as at 31st March 2024 - including interest due</i>	35.5

20. Debtors

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

Long Term Debtors (Due over one year including payment in advance)

31 st March 2023		31 March 2024
£m		£m
20.9	Loans	18.9
1.6	Social Services – Client Debt	1.6
0	Impairment re Client Debt	0
0	Pension Related	0
13.7	Asset Related (capital accounting)	14.9
36.2	Total	35.4

Current Debtors (Due within one year including payments in advance)

31 st March 2023		31 st March 2024
£m		£m
2.1	Central government bodies (WGA)	5.2
7.2	Other local authorities and public bodies	5.6
0.3	NHS bodies	0.8
15.6	Council Tax (including liability orders)	17.6
2.7	NNDR (including liability orders)	3.1
3.3	Housing Benefit Overpayments	3.2
17.5	Other entities and individuals	23.0
48.7	Sub Total	58.5
(19.9)	Impairment (collectability of debt)	(22.8)
28.8	Total	35.7

Local Taxation

The total net debt for Council Tax and NNDR is analysed by age of debt. Impairment is not included. These amounts are included in the debtor note above and prepayments (creditors) below.

Council Tax	NNDR	Total 2022/23		Council Tax	NNDR	Total 2023/24
£m	£m	£m		£m	£m	£m
5.4	1.5	6.6	Up to 1 year	5.5	1.2	6.7
5.9	1.1	7.0	1 to 3 years	6.5	1.5	8.0
4.1	1.2	5.3	Over 3 years	5.7	1.6	7.3
15.4	3.8	19.2	Total	17.7	4.3	22.0

Loans

The Council have provided the following scheduled loan or loan facility to the following organisations. Current loan values are included in the Council's long and short-term debtor balances on the balance sheet (and notes to) as at 31st March 2024.

Value of loan 31 st March 2023	Organisation	Value of loan - 31 st March 2024	Due within one year	Due in excess of one year
£m		£m	£m	£m
2.6	TEDC	2.5	0.1	2.4
3.2	Tor Vista Homes	3.2	0.1	3.1
2.9	South Devon College	2.7	0.2	2.5
1.4	SWISCo Ltd	1.2	0.2	1
9.3	THAT Group	9.3	0.1	9.2
0.5	Effect Photonics Ltd	0.4	0.1	0.3
0.5	Torbay Coast & Countryside Trust	0.5	0.1	0.4
20.4	Total	19.8	0.9	18.9

21. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents, including use of bank overdrafts, is made up of the following elements:

31 March 2023		31 March 2024
£m		£m
(1.9)	Bank current accounts	(2.1)
0.8	Short-term deposits with Liquidity Accounts	0.3
(1.1)	Total Cash and Cash Equivalents	(1.8)
2.8	Current Assets	3.1
(3.9)	Current Liabilities	(4.9)
(1.1)	Total Cash and Cash Equivalents	(1.8)

22. Creditors

Represents monies owed by the Council.

Long Term Creditors (due over one year)

31 March 2023		31 March 2024
£m		£m
2.1	Section 106 agreements	2.3
0.1	Salix Finance	0.1
0.3	PFI Sinking Fund - Contractor	0.5
0.2	Other	0.4
2.7	Total	3.3

Current Creditors (due within one year including revenue receipts in advance)

31 March 2023		31 March 2024
£m		£m
11.4	Central government bodies (WGA)	9.3
4.8	Other local authorities and public bodies	5.7
3.2	NHS bodies	3.3
28.7	Other entities and individuals	27.6
48.1	Total	45.9

23. Provisions

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

	Insurance	NNDR Appeals *	Other	Total
	£m	£m	£m	£m
Balance at 31 March 2023	0.3	2.7	0.1	3.1
Provisions made in year	0.1	2.9	0	3.0
Provisions reversed in year	0	0	0	0
Amounts used in year	(0.1)	(3.1)	(0.1)	(3.3)
Balance at 31 March 2024	0.3	2.5	0	2.8
Short term	0.2	2.5	0	2.7
Long term	0.1	0	0	0.1
Balance at 31 March 2024	0.3	2.5	0	2.8

**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 2023, which have yet to be settled. The timing of spend will be up to three years depending on claim type.
NNDR Appeals	Reflects the Council's 49% share of the estimated value of outstanding NNDR appeals.
Other	Estimate re potential liability from a contractual issue with a provider

24. 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 st March 2023		31 st March 2024
Principal	Borrowing Repayable	Principal
£m		£m
	Amounts falling due within one year:	
2.6	Public Works Loans Board loans	4.4
	Amounts falling due more than one year:	
10.0	Money Market loans	10.0
372.6	Public Works Loans Board loans	348.3
385.2	Total	362.7
386.9	<i>Carrying Amount as at 31st March 2024 including interest due</i>	267.4

The table below shows an analysis of the maturity of all loans repayable by principal outstanding.

Total Principal Outstanding	Analysis of Loans by Maturity	Average Interest Rate	Total Principal Outstanding
31 st March 2023			31 st March 2024
£m			£m
2.6	Within 1 year - (short term)	3.75%	3.6
8.6	1 up to 2 years	4.07%	5.6
5.6	2 up to 3 years	3.94%	2.2
2.2	3 up to 4 years	3.06%	7.9
3.7	4 up to 5 years	3.31%	10.2
45.2	5 up to 10 years	2.69%	42.2
29.7	10 up to 15 years	3.87%	23.5
28.1	15 up to 20 years	3.21%	33.7
37.4	20 up to 25 years	3.04%	28.5
222.1	Over 25 years	2.68%	201.5
385.2	Total	2.90%	358.9
386.9	<i>Carrying amount as at 31st March - including interest due.</i>		362.7
284.2	<i>Fair value (as IFRS 13 see Note 16 Fair Value of Assets and Liabilities)</i>		267.4

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.

25. Liabilities

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

31 st March 2023		31 st March 2024
£m		£m
	Liabilities due within 1 year	
0.7	PFI Liability - Schools	0.7
0.2	PFI Liability – EFW	0.4
0.8	PFI Liability – EFW – Deferred Income	0.9
0.6	DCC Pre LGR Liability	1.3
2.3	Total due within 1 year	3.3
	Liabilities due over 1 year	
2.8	PFI Liability – Schools	1.4
11.2	PFI Liability – EFW	10.4
13.4	PFI Liability – EFW – Deferred Income	11.6
5.8	DCC Pre LGR Liability	5.3
6.5	TEDC – LGPS Pension liability	6.5
39.7	Total due over 1 year	35.2
42.0	Total Liabilities	38.5

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 2024 (excluding any estimation of inflation and availability/performance deductions) are as follows:

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

*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:

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

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 2022 and its value is carried in its balance sheet together with a corresponding liabilities for both the Council's share of the liability and a deferred income sum to reflect the value of the third party income due to be received by the operator over the life of the contract.

EFW - PFI Payments

The three Councils each make a payment each year to the operator based on actual tonnages where the cost can vary depending on whether the tonnage is within set bands as specified by the contract. The costs are allocated between the three Councils based on agreed Financial Allocation Mechanism which is closely linked to actual tonnages delivered from the three councils compared the forecast tonnages in the business case. In relation to this contract the Council recognises as a liability on its balance sheet its share of the element of the annual payment that relates to the construction and purchase of the facility. The other elements of the contract, finance costs and service charges, are recognised on an annual basis in the Council's Comprehensive Income and Expenditure Statement. Torbay's share of payments remaining to be made under the PFI contract at 31 March 2024 (excluding any estimation of inflation) is as follows:

	Payment for Services *	Reimbursement of Capital Expenditure	Interest	Total
	£m	£m	£m	£m
Payable in 2024/25	2.9	0.3	1.1	4.3
Payable within 2 to 5 years	12.7	1.2	4.2	18.1
Payable within 6 to 10 years	16.2	3.2	4.3	23.7
Payable within 11 to 15 years	17.5	5.6	2.2	25.3
Payable within 16 to 17 years	2.4	0.8	0.1	3.3
Total	51.7	11.1	11.9	74.7

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

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding to pay to the contractor for capital expenditure incurred split between Torbay and the third-party income deferred income liability is as follows:

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

Local Government Reorganisation 1998

Torbay Council became a unitary Council in 1998 taking over some of the services previously provided by Devon County Council. The Council agreed to fund a tax base share (11.73%) of any future costs that Devon incurred in relation to discretionary pension enhancements that Devon County Council had agreed to pay to its staff prior to 1998. The payment to Devon County Council in 2023/24 was £0.6m. The estimate of the remaining liability of £5.6m is based on Devon County's IAS19 disclosures.

2022/23		2023/24
6.2	Liability outstanding at start of year	6.1
1.5	IAS19 Actuarial remeasurements	0.1
(0.6)	Payments during the year to Devon County	(0.6)
7.1	Liability outstanding at year-end	5.6

26. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and each reserve is shown in the table below:

31 st March 2023 £m		For in year movements see Note: -	2023/24 movement £m	31 st March 2024 £m
5.7	General Fund Reserve	9	0.0	5.7
63.3	Earmarked Reserves	10	2.8	66.1
1.4	Usable Capital Receipts Reserve	9	0.0	1.4
23.3	Capital Grants & Contributions Unapplied	9	2.5	25.8
93.7	Total Usable Reserves		5.3	99.0

27. Unusable Reserves

Movements in the Council's unusable reserves are detailed in the Movement in Reserves Statement and each reserve is shown in the table below. A full description of each reserve is available in the glossary:

31 st March 2023		For in year movements see Note:-	2023/24 movement	31 st March 2024
£m			£m	£m
129.2	Revaluation Reserve	27.1	19.7	148.9
62.4	Capital Adjustment Account	9	(20.8)	41.6
9.2	Deferred Capital Receipts	9	0	9.2
(0.4)	Pooled Investment Fund Adjustment AC	9	(0.2)	(0.6)
(24)	Pensions Reserve (Funded and Unfunded)	9	35.8	11.8
(5.0)	Collection Fund Adjustment Account	9	2.2	(2.8)
(6.6)	Dedicated Schools Grant Deficit Account	9	1.1	(5.5)
2.1	Accumulating Compensated Absences Adjustment Account	9	(0.6)	1.5
166.9	Total Unusable Reserves		37.2	204.1

27.1 Revaluation Reserve

2022/23		2023/24		
£m		£m		
104.4	Balance at 1 April 2023	Note		129.2
	Revaluation of assets		27.0	
32.9	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of		(4.0)	23.0
	Difference between fair value depreciation and historical cost depreciation		(3.1)	
	Accumulated gains on assets sold or scrapped		(0.2)	
(8.1)	Total amount written off to the Capital Adjustment Account	9		(3.3)
129.2	Balance at 31 March 2024			148.9

28. Pooled Budgets

Joint Equipment Store

Under section 75 of the NHS Act 2006, the Council has a pooled budget arrangement with NHS South Devon and Torbay Clinical Commissioning Group (CCG) 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 CCG have an agreement in place for funding these with each contributing funds to the agreed budget equal to a 50% split. Any overspend on the agreed budget is paid by Torbay and South Devon Foundation Trust (ICO).

Better Care Fund & Improved Better Care Fund

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

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

29. Members' Allowances

Under the Council's Members Allowances scheme £502,000 was paid to Members of the Council during the year (£493,000 2022/23). Within this figure, £4,841.00 is approved expenses and subsistence paid (£2,245.00 2022/23). The current Allowances' scheme can be found on the Council's website.

30. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

		Annual Salary	Expenses	Compensation for Loss of Office	Pension Contribution at "common rate"	Total
		£000's	£000's	£000's	£000's	£000's
Chief Executive	2022/23	149	1	-	25	175
	2023/24	154	1	-	30	185
Director of Children's Services	2022/23	183	-	-	27	210
	2023/24	197	-	-	32	229
Director of Adult Services and Community Services	2022/23	143	-	-	24	167
	2023/24	152	-	-	28	180
Director of Pride in Place	2022/23	111	-	-	18	129
	2023/24	131	-	-	24	155
Director of Public Health	2022/23	130	-	-	18	148
	2023/24	135	-	-	19	154
Director of Finance S151 Officer (started Feb 2023)	2022/23	109	-	-	29	138
	2023/24	137	-	-	25	162
Director of Corporate Services	2022/23	113	-	-	19	131
	2023/24	129	-	-	24	153
Head of Legal Services and Monitoring Officer	2022/23	71	-	-	12	83
	2023/24	93	-	-	17	110
Divisional Director Children's Safeguarding	2022/23	120	-	-	18	138
	2023/24	113	-	-	21	134
Divisional Director Education & SEND	2022/23	111	-	-	19	130
	2023/24	116	-	-	21	137
Divisional Director of Adult Social Care (started November 2023)	2022/23	-	-	-	-	-
	2023/24	111	-	-	20	131
Divisional Director Strategic Development (started Dec 2023)	2022/23	-	-	-	-	-
	2023/24	105	-	-	19	124
Divisional Director Community & Customer Services	2022/23	101	-	-	17	118
	2023/24	105	-	-	19	124
Divisional Director Learning & Partnership Hubs (started Oct 2023)	2022/23	-	-	-	-	-
	2023/24	105	-	-	19	124
Divisional Director Planning, Housing & Climate	2022/23	97	-	-	16	114
	2023/24	105	-	-	19	124
Divisional Director Economy, Environment and Infrastructure (started March 2023)	2022/23	-	-	-	-	-
	2023/24	96	-	-	18	114
Deputy Director of Finance (started May 2023)	2022/23	-	-	-	-	-
	2023/24	93	-	-	17	110

The number of employees, including the senior officers disclosed above, receiving more than £50,000 remuneration, excluding employer's pension contributions, while employed by Torbay Council is set out in the table below in bands of £5,000. Remuneration for these purposes includes all sums paid or receivable by an employee and sums due by way of and the money value of any other benefits received other than in cash. School employees are reducing linked to conversion to Academy status. Employees received a pay award in 2023/24 which impacted the bands below and increased the number of employees receiving over £50,000.

2022/23			2023/24			
Number of Employees by Employer			Remuneration Band	Number of Employees by Employer		
Council	Schools-Council	Schools-Governing Body		Council	Schools-Council	Schools-Governing Body
23	4	6	£50,000 to £54,999	46	3	33
13	2	2	£55,000 to £59,999	20	3	5
11	0	4	£60,000 to £64,999	13	0	8
2	4	2	£65,000 to £69,999	7	2	2
0	0	3	£70,000 to £74,999	0	0	5
0	2	0	£75,000 to £79,999	0	1	4
0	1	0	£80,000 to £84,999	0	0	1
1	0	2	£85,000 to £89,999	0	0	0
4	0	0	£90,000 to £94,999	2	0	1
2	0	0	£95,000 to £99,999	1	0	1
1	0	0	£100,000 to £104,999	4	0	1
2	0	0	£105,000 to £109,999	0	0	0
0	0	0	£110,000 to £114,999	2	0	0
0	0	1	£115,000 to £119,999	1	0	0
0	0	0	£120,000 to £124,999	0	0	0
3	0	0	£125,000 to £129,999	1	0	1
0	0	0	£130,000 to £134,999	2	0	0
0	0	0	£135,000 to £139,999	1	0	0
0	0	0	£140,000 to £144,999	0	0	0
1	0	0	£145,000 to £149,999	0	0	0
0	0	0	£150,000 to £154,999	2	0	0
1	0	0	£155,000 to £159,999	0	0	0
0	0	0	£160,000 to £164,999	0	0	0
0	0	0	£165,000 to £169,999	0	0	0
0	0	0	£170,000 to £174,999	0	0	0
0	0	0	£175,000 to £179,999	0	0	0
0	0	0	£180,000 to £184,999	0	0	0
0	0	0	£185,000 to £189,999	0	0	0
0	0	0	£190,000 to £194,999	0	0	0
0	0	0	£195,000 to £199,999	1	0	0
64	13	20	Total	103	9	62

31. External Audit Costs

The Council will incur 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 appointed external auditors who are Grant Thornton.

	2023/24
	£000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	309
Fees payable to Grant Thornton for the certification of grant claims and returns for the year	30
Fees payable to Grant Thornton for the certification of grant claims and returns for prior years	34
Total	373

32. Dedicated Schools Grant (DSG)

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

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

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

*Value of DSG reflected in Council's Comprehensive Income and Expenditure Statement

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

33. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

2022/23		2023/24
£m		£m
	Credited to Taxation and Non-Specific Grant Income, Finance & Investment	
6.8	Revenue Support Grant	7.7
25.3	Other General Grants	27.5
0.0	COVID-19 Un-ringfenced Grants	0.5
0.1	New Homes Bonus Grant	0.01
24.7	NNDR Top Up, S31 and Transitional Relief	27.0
14.3	Capital Grants & Contributions	11.9
71.2	Sub Total	74.6
	Credited to Cost of Services	
47.1	Dedicated Schools Grant (Dept of Education)	50.6
37.9	Benefit Subsidy & Admin Grant (DWP)	36.4
2.2	Pupil Premium	2.2
1.2	Post 16 Funding (Learning & Skills Council)	1.2
10.1	Public Health Grant	10.4
8.8	Improved Better Care Fund	8.8
0.0	COVID 19 funding – Service Specific Grants	0.0
8.9	Social Care Grant	14.3
9.4	Other Central Government Grants – Revenue	32.7
4.7	Other Central Government Grants – REFCUS *	6.9
130.3	Sub Total	163.5
201.5	Total	238.1

In addition, the Council has received several grants and contributions that have yet to be recognised as income as conditions are attached that will require the monies or property to be returned if these conditions are not met.

Note * REFCUS Grants are Capital Grants that are used to fund “Revenue Expenditure Funded Under Statute” where the Council must charge to revenue, capital expenditure where no asset is created, such as spend in relation to Foundation or Academy schools where the Council does not recognise the asset on its balance sheet.

34. Related Parties

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

Interest in Companies

The Council maintains involvement with several subsidiary and associated companies.

The Council has provided pension guarantees to the Torbay Economic Development Company Ltd (TEDC Ltd) trading as TDA, CSW Group Ltd, Torbay Education Limited and SWISCO Limited.

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

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

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

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

Company Name and Reg'n No	Type of Company	Commenced Trading	Principal Activities during the year	Assessed Relationship	Shareholding /Control and Company Directors as at 31/3/24
KAH Holdings Limited 11088019	Private Limited Company – 100% owned by Torbay Economic Development Company Ltd	1 June 2019	To manage property owned by Torbay Economic Development Company Ltd	Wholly owned company	Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of this Company are as follows:- L M Montgomery (TEDC employee who is member of Council's senior leadership team). M Fairclough-Kay (Officer Torbay Council)
TEDC Developments Ltd 12015583	Private Limited Company – 100% owned by Torbay Economic Development Company Ltd	Incorporated 24 May 2019	Development of building projects	Wholly owned company	Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of is Company are as follows:- L M Montgomery (TEDC employee who is member of Council's senior leadership team) A P Sherry (TEDC employee)
Torvista Homes Ltd 12044007	Private Limited Company – 100% owned by Torbay Economic Development Company Ltd	Incorporated 11 June 2019	Buying and selling of own real estate and Renting and operating of Housing Association real estate.	Wholly owned company	Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of is Company are as follows:- L M Montgomery (TEDC employee who is member of Council's senior leadership team) Matthew Fairclough-Kay (Officer, Torbay Council)
Oldway Mansion Management Company Ltd 08219420	Company limited by share	Dissolved 06/06/23	To manage the Oldway Estate on behalf of Torbay Council and tenants	Wholly owned company	

Company Name and Reg'n No	Type of Company	Commenced Trading	Principal Activities during the year	Assessed Relationship	Shareholding /Control and Company Directors as at 31/3/24
TOR2 Ltd 07204696	Company limited by share	19 th July 2010 Ceased trading 30 June 2020	Waste and recycling collections; maintenance of highways, grounds, parks, car parks, buildings, and the Council's vehicle fleet; street and beach cleansing; and out of hours call centre support in the Torbay area	Associate	Shareholding/Control: 19.99% Members of Torbay Council that were Directors of this Company are as follows:- M Fairclough-Kay (Officer, Torbay Council)
CSW Group Ltd 3029947	Local Authority Controlled Company Limited by Guarantee and not having a share capital	1 st April 2008 formerly Connexions Cornwall & Devon Ltd	To develop, co-ordinate, operate and ensure provision of support services for young people and provide careers advice, information, and guidance to people of all ages. In 23/24 the Council paid £0.35m (£0.35m 22/23) for services.	Associate	Shareholding /Control: 25% Officers of Torbay Council that were Directors of is Company are as follows:- M Fairclough-Kay (Officer Torbay Council)
Torbay Housing Company Limited 10960992	Company limited by share	Not trading in 2022/23	To support the implementation of the Council's Housing Strategy.	Subsidiary	Shareholding /Control: 100% Directors: A-M Bond (Officer Torbay Council)
Torbay Housing Development Company 11214978	Company limited by share 100% owned by Torbay Housing Company Limited	Dissolved 09/05/2023	To support the implementation of the Council's Housing Strategy	Subsidiary	
Torbay Housing Rental Company 11214868	Company limited by share 100% owned by Torbay Housing Company Limited	Dissolved 09/05/2023	To support the implementation of the Council's Housing Strategy	Subsidiary	

Company Name and Reg'n No	Type of Company	Commenced Trading	Principal Activities during the year	Assessed Relationship	Shareholding /Control and Company Directors as at 31/3/24
London Medway Commercial Park Management Company Ltd 09487105	As a result of the purchase of a Unit at Medway, Torbay Council now has twelve Ordinary B Shares	March 2015	Management of London Medway Commercial Park		By virtue of the rights attached to B Ordinary shares, the company is controlled by Goodman Real Estate (UK) Limited
Torbay Education Ltd 12153652	Company limited by share	Incorporated 13/08/2019 Started trading November 2021	Primary, General secondary, post-secondary non-tertiary education and other education In 23/24 Council paid £1.1m (1.1m 22/23) for services	Subsidiary	Shareholding /Control: 100% Directors: A-M Bond (Officer Torbay Council) J Williams (Officer Torbay Council)
SWISCO Limited 12213029	Company limited by share	Incorporated 18/09/2019 Started trading July 2020	Waste and recycling collections; management and maintenance of highways, grounds, parks, natural environment, car parks, buildings and the Council's vehicle fleet; street and beach cleansing. In 23/24 the Council paid £20.2m (£18m 22/23) for services	Wholly owned Subsidiary	Shareholding /Control: 100% Directors: A Denby (Officer Torbay Council) M Fairclough-Kay (Officer Torbay Council) M Reeks (Company Managing Director)
English Riviera Tourism Company 07223987	Company Limited by Guarantee	Dormant	To provide a tourism marketing function for Torbay		Control: 100% There are no Members or Officers who are Directors of this company.

Summary financial information of wholly-owned Companies

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

	TDA Group		SWISCO Limited		Torbay Education Ltd	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	£m	£m	£m	£m	£m	£m
Income	(11.2)	(11.1)	(21.5)	(23.4)	(0.9)	(0.9)
Expenditure	11.0	10.5	21.9	19.1	0.9	0.8
Operating (Profit) or loss	(0.2)	(0.6)	0.4	(4.3)	0	(0.1)
Other Comprehensive Income and Expenditure	0	0.2	0.2	0.2	0	0.0
Actuarial (gains)/Losses recognised in the pension scheme	0	0.0	0.2	0.1	0	0.0
Taxation (including deferred)	0	0.0	0	0.0	0	0.0
Total (Profit) or loss	(0.2)	(0.4)	0.8	(4.0)	0	(0.1)
Assets	32.3	27.2	7.5	4.9	0	0.1
Liabilities	(23.0)	(18.1)	(6.9)	(4.9)	0	(0.1)
Total Net Assets	9.3	9.1	0.6	0.0	0	0.0

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

	TOR2 Ltd		CSW Group Ltd	
	Total	Torbay Council's Share (19.99%)	Total	Torbay Council's Share (25%)
	£m	£m	£m	£m
2022/23				
Income	0	0	(7.5)	(1.9)
Expenditure	0	0	7.2	1.8
Operating (Profit) or Loss	0	0	0.3	0.1
Other comprehensive income and expenditure	0	0	0	0
Actuarial (Gains)/Losses recognised in the pension scheme	0	0	(0.5)	(0.1)
Taxation	0	0	0	0
Total (Profit) or loss	0	0	(0.2)	(0.1)
Fixed Assets & Net Current Assets	0	0	1.8	0.5
Long Term Liabilities	0	0	(4.6)	(1.2)
Total Capital & Reserves	0	0	(6.5)	(1.6)
2023/24				
Income	0	0	(6.9)	(1.7)
Expenditure	0	0	6.8	1.7
Operating (Profit) or Loss	0	0	0.1	0.0
Other comprehensive income and expenditure	0	0	0	0
Actuarial (Gains)/Losses recognised in the pension scheme	0	0	0	0
Taxation	0	0	0	0
Total (Profit) or loss	0	0	(0.1)	0
Fixed Assets & Net Current Assets	0	0	0.9	0.2
Long Term Liabilities	0	0	0	0
Total Capital & Reserves	0	0	(1.9)	(0.5)

Other interests in Companies

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

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

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

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

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

Trust Funds

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

Central Government

Central government (His Majesty's Government for the United Kingdom of Britain and Northern Ireland) has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., council tax bills, housing benefits). Significant grants received from government departments are set out in the Grant Income note 33.

Members

Members of the council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in the Members Allowances' note 29. Members have not disclosed any material transactions with the Council. The Members' Record of Interests and Register of Gifts & Hospitality for each Member are available on the Council's website.

Officers

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

Other Public Bodies

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

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

The Council has pooled budget arrangements for the provision of a Joint Equipment Store with the Clinical Commissioning Group (CCG) and the Better Care Fund – see Pooled Budget Note 28.

Joint Committees

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

Devon Audit Partnership

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

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

PATROL – Parking and Traffic Regulations outside London.

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

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

South West Devon Waste Disposal Partnership

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

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

The Heart of the Southwest Joint Committee

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

Adopt Southwest (a Regional Adoption Agency)

The "Agency" commenced 1st October 2018. It is a Local Authority partnership between Devon County Council (the Host Authority), Somerset County Council, Plymouth City Council and Torbay Council, tasked with performing adoption service functions for the region. By joining together, the skills, resources and best working practice of each organisation Adopt South West aims to improve outcomes for children and families, deliver a consistent value for money service.

35. Impairment Losses

Impairment losses and impairment reversals are charged to the Surplus or Deficit on the Provision of Services. During 2023/24 the Council has recognised net impairment losses of £5.8m (£0.1m 22/23) in total on its property, plant and equipment charged to the Income and Expenditure account. Impairment losses in 2023/24 related primarily to the revaluation of the Council's office accommodation and the newly acquired temporary accommodation properties. In addition, the Council's investment properties are revalued each year. In 2023/24 this resulted in a net decrease in fair value of £27.0m (£28.8m decrease in 22/23). £10.0m of this being impairment on the recently completed Harbour View Hotel.

36. 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.

37. Termination Benefits and Exit Packages

The authority terminated the contracts of employees in 2023/24, incurring liabilities of £0.134m. The table below shows the number of exit packages and the total cost per band. This amount payable includes officers affected by the closure of a Local Authority run nursery, a restructure in Children's Services and a restructure in Commercial Services. The costs disclosed are redundancy and strain payments and relate to staff employed by the Council including Council schools.

Note: These are exit packages that were accounted for in the Council's comprehensive income and expenditure account in the relevant year i.e., on a "demonstrably committed" basis not a cash basis.

Number of Exit packages by band				Value of Exit Package £	Number of Exit packages by band			
2022/23					2023/24			
Compulsory Redundancy		Other Departures		Compulsory Redundancy		Other Departures		
No. In Band	Total Cost £000's	No. In Band	Total Cost £000's	No. In Band	Total Cost £000's	No. In Band	Total Cost £000's	
6	59	7	35	0 to 20,000	6	34	0	0
2	96	0	0	20,001 to 40,000	0	0	0	0
0	0	0	0	80,001 to 100,000	1	100	0	0
8	155	7	35	Total	7	134	0	0

38. 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.

2022/23 £m	Capital Financing Requirement	2023/24 £m
421.6	Opening Capital Financing Requirement	428.5
	Capital investment	
23.9	Property, Plant and Equipment	14.6
4.1	Infrastructure Assets	3.8
0	Intangible Assets	0
0	Investment Property	21.3
	Heritage Assets	0.8
3.3	Revenue Expenditure Funded from Capital under Statute	4.5
1.7	Loans for a Capital Purpose	1.8
	Sources of finance	
(0.6)	Capital receipts including capital loan repayments	(0.2)
(17.0)	Government grants and other contributions	(16.7)
	Sums set aside from revenue:	
(0.7)	Direct revenue contributions	(2.2)
(7.8)	MRP	(7.4)
428.5	Closing Capital Financing Requirement	448.8
	Explanation of movements in year	
15.2	Increase in underlying need to borrowing (unsupported by government financial assistance)	27.8
(7.8)	Provision for repayment of borrowing (MRP)	(7.4)
(0.5)	Loans for a Capital Purpose - repayments	(0.1)
6.9	Increase/(decrease) in Capital Financing Requirement	20.3

39. Leases

Council as Lessee:

Operating Leases - Equipment

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

Operating Leases - Property

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

Finance Leases:

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

Council as Lessor:

Operating Leases – Property:

The Council leases out property under operating leases for the provision of services, such as cafes and golf clubs, for regeneration purposes and as investment properties. Payments received in 2023/24 including turnover rents totalled £19.4m (£19.0m 2022/23).

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

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

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:

31 March 2023		31 March 2024
£m		£m
	Finance Lease debtor (Net present value of minimum lease payments)	
0.0	Current – within 12 months	0.3
	Non-Current:	
0.0	Later than one year and not later than 5 years	1.1
5.0	Later than 5 years	24.5
2.3	Unearned finance Income	4.4
7.3	Gross Investment in the leases	30.3
Minimum Lease payments are: £0.7m per annum in 2023-24		

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

40. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

The Council takes part in the Teachers' Pension Scheme. Teaching staff employed by the Council are rewarded for years of service with rights to retirement lump sums and pensions based on final salaries. The Council makes an annual contribution to the Scheme calculated as a percentage of pensionable pay. The contribution rate is specified by the Department for Education each year so that budgeted income is sufficient to cover the outgoings of the Scheme. This Scheme operates through a notional fund administered on a national basis. The Scheme does not record liabilities for each participating employer and raises contributions from all employers based on a common percentage of the pensionable pay of current employees, irrespective of any obligations created in previous years. Apart from this shared responsibility for shortfalls on the notional fund, the Council has no direct responsibility for the obligations of any other party to the Scheme.

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

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

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

NHS Pension Scheme

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

The Council takes part in the NHS Pension Scheme. Public Health staff employed by the Council are rewarded for years of service with rights to retirement lump sums and pensions based on final salaries. The Council makes an annual contribution to the Scheme calculated as a percentage of pensionable pay. The contribution rate is specified the Department for Health each year so that budgeted income is sufficient to cover the outgoings of the Scheme. This Scheme operates through a notional fund administered on a national basis. The Scheme does not record liabilities for each participating employer and raises contributions from all employers based on a common percentage of the pensionable pay of current employees, irrespective of any obligations created in previous years. Apart from this shared responsibility for shortfalls on the notional fund, the Council has no direct responsibility for the obligations of any other party to the Scheme.

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

The employers' contribution rate was 20.6% in 2022/23 (20.6% 2021/22). Contributions of £0.044m were paid in 2022/23 (£0.012m 21/22). The contribution rate for participants in the Scheme has been set at 20.6% of pensionable pay for 2023/24. The payments for 2024/25 are estimated to be at a similar level to 2023/24. Figures for 2023/24 will be added when published.

The 2022/23 accounts for the Scheme record liabilities of £380.3 billion (£840.9 billion 21/22). [Source: NHS Pension Scheme Annual Accounts 2022/23]. However, the employers' contribution rate is not set with reference to outstanding liabilities, but the payments projected to be made out of the notional fund each year. The Council is one of 126 local authorities (130 22/23) participating in the Scheme, amongst a total of 7,857 employers (7,995 22/23).

41. Defined Benefit Pension Schemes - Local Government Pension Scheme

41.1 Characteristics of Defined Benefit Plans and Associated Risks

Employees of the Council are eligible to join the Local Government Pension Scheme (LGPS).

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

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

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

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

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

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

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. This set a minimum contribution rate for the Council of 18.4% of pensionable pay for 2023/24, 2024/25 and 2025/26, budgeted to result in a payment of around £7.85m per annum to the Fund. Additional fixed cash payment of £0.5m per annum (equal to 2%) is also payable as a contribution towards the deficit on the Fund up to this year. The Council paid the fixed cash contribution for the three years in advance in exchange for a discount.

On the Employer’s withdrawal from the plan, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to several risks:

- **Investment risk.** The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk.** The Fund’s liabilities are assessed using market yields on high quality corporate bonds to discount future the liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation risk.** All the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- **Longevity risk.** If the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

The maturity profile of Torbay members as at 31 March 2022 was an average age of 46 years for active members and 51 years for deferred pensioners, 72 years for pensioners and 79 years for unfunded pensioners.

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

- Lex Leisure – transfer in
- Torbay Youth Trust – transfer in
- Total assets transferred in - £698k

- Total liabilities transferred in - £817k
- Capitalised loss - £119k

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

- The results of the valuation as at 31 March 2022 which was carried out for funding purposes
- The results of the 31st March 2023 IAS19 report which was prepared for accounting purposes.
- Whole fund asset statement for the period to 31 March 2024
- Whole fund income and expenditure for the period to 31st March 2024
- Employer income and expenditure for the period to 31 March 2024
- Details of any new early retirement payments for the period to 31 March 2024
- Details of any settlements for the period to 31 March 2024

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

41.2 Financial statements

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

- Net Pension Liability – this table shows the net pension liability in the balance sheet.
- 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 - this table shows an analysis of the movements in the pension asset during the year.
- Reconciliation of fair value of the scheme (plan) liabilities - this table shows an analysis of the movements in the pension liability during the year.

Net Pension Liability

	31/3/22	31/3/23	31/3/24
	£m	£m	£m
Present value of Funded Obligation	(479.4)	(344.1)	(345.2)
Fair Value of Fund Assets (Bid Value)	351.6	341.3	377.3
Net Liability	(127.7)	(2.7)	32.1
Present value of Unfunded Obligation	(6.9)	(5.8)	(5.4)
Impact of asset ceiling			(32.1)
Net Liability in Balance Sheet	(134.7)	(8.6)	(5.4)

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:

Post Employment Benefits		
2022/23	Comprehensive Income & Expenditure Statement	2023/24
£m		£m
	Cost of Services:	
11.1	Current service cost	6.6
0.1	Past service costs including curtailments	0.1
(0.3)	Settlements	0.7
0.2	Administration Expenses	0.2
	Financing and Investment Income and Expenditure	
0.2	Net Interest on the defined benefit liability	(0.8)
11.3	Total Charged to the Surplus or Deficit on the Provision of Services	6.8
	Other Comprehensive Income and Expenditure	
0.0	Other Actuarial (gains)/losses on assets	0.0
(189.9)	Change in Financial Assumptions	7.2
0	Change in Demographic Assumptions	5.0
40.9	Experience (gain)/loss on defined benefit obligation	1.0
(18.1)	Return on plan assets in excess of interest	22.1
(167.1)	Sub Total Other Comprehensive Income and Expenditure	35.3
(155.8)	Total Post Employment Benefit Charged/(Credited) to the Comprehensive Income and Expenditure Statement	42.1
	Movement in Reserves Statement	
(11.5)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in	6.0
	Actual amount charged against the General Fund Balance for pensions in the year:	
6.1	Employers' contributions payable to scheme	7.5
0.55	Unfunded pension payments	0.57

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

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

2022/23	Assets: Local Government Pension Scheme	2023/24
£m		£m
351.6	Opening balance at 1 April 2023	341.3
13.2	Interest on Assets	17.4
(18.1)	Return on Assets less Interest	22.1
0.0	Other Actuarial gains/(losses)	0.0
(0.2)	Administration Expenses	(0.2)
2.4	Contributions by scheme participants	2.7
6.7	Employer contributions	8.0
(14.0)	Benefits paid	(14.7)
(0.3)	Settlement process received/(paid)	0.7
341.3	Closing balance at 31 March 2024	377.3

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

Liabilities: Local Government Pension Scheme		
2022/23		2023/24
£m		£m
(486.3)	Opening balance at 1 April 2023	(349.9)
(11.0)	Current service cost	(6.3)
(2.4)	Contributions by scheme participants	(2.7)
(13.4)	Interest cost	(16.7)
189.8	Change in Financial Assumptions	7.2
0.0	Change in Demographic Assumptions	5.0
(40.9)	Experience (loss)/gain on defined benefit obligation	(1.0)
13.4	Benefits paid	14.2
(0.1)	Past service costs, including Curtailments	(0.1)
0.4	Liabilities (assumed)/extinguished on Settlements	(0.8)
0.5	Unfunded Pension payments	0.6
(350.0)	Closing balance at 31 March 2024	(350.5)
(5.8)	Present Value of Unfunded Obligation included in above	(5.4)

41.3 Fund Assets

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2024 is estimated to be a 11.62%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Torbay Council as at 31 March 2024 (6.4% of total fund) is as follows:

31st March 2023			31st March 2024	
£m	%		£m	%
0	0	Gilts	0	0
27	8	UK Equities	5	1.3
153	45	Overseas Equities	202	53.6
30	9	Property	29	8
31	9	Infrastructure	38	10.1
24	7	Target Return portfolio	9	2
4	1	Cash	8	2
73	21	Other Bonds	86	23
0	0	Alternative Assets	0.0	0
341	100		377	100

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

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

41.4 Actuarial Assumptions

Valuation Approach

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

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

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

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

The valuation as at 31 March 2024, like 31 March 2023, includes an allowance for the Court of Appeal judgement for the McCloud and Sargeant cases pending remedial regulations being introduced on 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:

Mortality assumptions:	2019/20	2020/21	2021/22	2022/23	2023/24
Longevity from age 65: retiring today					
Men	22.9 yrs	22.6 yrs	22.7 yrs	21.8 yrs	21.5 yrs
Women	24.1 yrs	23.9 yrs	24.0 yrs	22.9 yrs	22.7 yrs
Longevity from age 65: retiring in 20 years					
Men	24.3 yrs	24.0 yrs	24.0 yrs	23.1 yrs	22.8 yrs
Women	25.5 yrs	25.4 yrs	25.4 yrs	24.4 yrs	24.1 yrs

Financial Assumptions

	31st March 2020	31st March 2021	31st March 2022	31st March 2023	31st March 2024
	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.
Salary Increases	2.9	3.8	4.2	3.95	3.9
Pension Increases (CPI)	1.9	2.8	3.2	2.9	2.9
Discount Rate	2.4	2.0	2.6	4.8	4.9

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

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

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

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

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

Sensitivity Analysis on Actuarial assumptions:

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

	£m	£m	£m
Adjustment to Discount Rate	+0.1%	0%	(0.1%)
Present Value of obligation	345.5	350.6	355.8
Projected Service Cost	6.9	7.2	7.5
Adjustment to Long Term Salary increase	+0.1%	0%	(0.1%)
Present Value of obligation	350.9	350.6	350.2
Projected Service Cost	7.2	7.2	7.2
Adjustment to Pension increases and deferred revaluation	+0.1%	0%	(0.1%)
Present Value of obligation	355.6	350.6	345.7
Projected Service Cost	7.5	7.2	6.9
Adjustment to Life Expectancy Rating Assumption	1 year	None	(1 year)
Present Value of obligation	364.7	350.6	337.0
Projected Service Cost	7.5	7.2	6.9

42 Summary of Significant Accounting Policies

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

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

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

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

42.1 Accounting Policies

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

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

The Statement of Accounts will only be adjusted to reflect events after 31 March 2024 and before 31st July 2024, and only where the events provide evidence of conditions that existed at 31 March 2024.

42.2 Accruals of Income and Expenditure

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

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

42.3 Measurement of Assets & Liabilities

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

Class of Assets	Measurement Basis
Property, Plant and Equipment: Other Land and Buildings	Current Value, comprising existing use value Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.
Infrastructure Assets	Modified historical cost. (Opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed to be the historical cost). Subsequent expenditure on the assets is capitalised on an accruals basis.

Property, Plant and Equipment: Other Land and Buildings – Surplus Assets	Fair value *
Heritage Assets	Heritage assets (other than operational heritage assets) are measured at valuation in accordance with FRS 30 i.e. valuations may be made by any method that is appropriate and relevant such as insurance valuations.
Investment Properties	Fair value *
Financial Instruments – Fair Value through Profit or Loss	Fair value *
Pensions Assets	Fair values based on the following: quoted securities – current bid price unquoted securities – professional estimate unitised securities – current bid price property – market value.

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

Assets types held or controlled for school purposes within PPE are clarified in note 41.13

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

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

42.4 Adjustments Between Accounting Basis and Funding Basis

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

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Infrastructure Assets	Depreciation/impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Heritage Assets	Impairment	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Investment Properties	Movements in fair value	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in year	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Deferred Income on PFI contract	Third party Income in Energy From Waste Plant	Non cash transaction	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in year or were received in year without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March) Capital Adjustment Account (other amounts)

Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal) Deferred Capital Receipts Reserve (where sale proceeds have yet to be received)
Financial Instruments	Movements in the fair value of CCLA investment.	Gains/losses for CCLA Investment.	Pooled Investment Fund Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities.	Employer's pensions contributions payable and direct payments made by the Council to pension funds for year	Pensions Reserve
Council Tax	Accrued income from in year bills	Demand on the Collection Fund for the year plus recovery of estimated deficit/share for prior year	Collection Fund Adjustment Account
Business Rates	Accrued income from in year bills	Budgeted income receivable from the Collection Fund for the year plus recovery of estimated deficit/share for prior year	Collection Fund Adjustment Account
Untaken Leave entitlements	Projected cost of untaken leave entitlements at 31 March.	No charge	Accumulated Absences Adjustment Account
Dedicated Schools Grant	Movement between earmarked reserve to unusable reserve	Transfer accumulated deficit from earmarked reserve to unusable reserve	Dedicated Schools Grant Adjustment Account

42.5 Prior period Adjustments and Changes in Accounting Policies and Estimates

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

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

42.6 Post-Employment Benefits

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

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

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

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

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

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

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

- **Service cost** comprising:

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

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

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

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

- **Remeasurements** comprising:

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

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

Payments to Fund:

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

Termination Benefits

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

Local Government Reorganisation

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

42.7 Financial Instruments

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

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

Financial assets are subsequently measured in one of two ways:

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

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

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition

of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES. Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

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

Assets carried at Fair Value through Profit and Loss

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

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

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

42.8 Government Grants and Contributions

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

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

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

The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES. The recognition of grants and contributions is on an accruals basis. Developer contributions under S106 or CIL agreements are presumed to have conditions unless clear evidence to the contrary that would require repayment if not met and are recognised as a receipt in advance.

42.9 Heritage Assets

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

42.10 Interests in Companies and other Entities

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

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

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

Other Entities

Torbay and South Devon Health and Care NHS Foundation Trust

The Council has an agreement with the Trust and 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.

Better Care Fund

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

The Council receives funding for adult social care from the Improved Better Care Fund. Although the funding is reported and monitored as part of the Better Care Fund with the CCG, the IBCF funding is excluded from the s75 pooled budget.

42.11 Investment Properties

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

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

42.12 Leases

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

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

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

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

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

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

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

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

42.13 Property, Plant and Equipment

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

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

Assets are initially measured at cost, comprising:

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

Capital expenditure is not recognised until 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.

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

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

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

In general, within the rolling programme where an asset's gross value is a value under £25,000 this asset value will be recorded at nil. All asset valuations are carried out in accordance with the

Statements of Asset Valuation Practices and Guidance notes published by RICS and CIPFA. The management of property valuations is undertaken by Jonathan Veale M.R.I.C.S. who is an employee of TEDC. All planned revaluations in a financial year will be as at 1st April of that year which results in depreciation for a year being calculated on the revalued amount. The only exception would be if the total depreciation charge for the year would be materially incorrect. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

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

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

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

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

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

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

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

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

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal.

Where an asset is treated as a disposal due to the length of the lease and there is an ongoing annual rent, the asset is initially derecognised then the value of the future lease payments treated as long term debtor with the balance shown as a deferred capital receipt. Lease payments in future years therefore reduce both the value of the long-term debtor and the deferred capital receipts reserve.

Schools Recognition

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

Schools Type	Land	Buildings	Test
Community	On balance sheet	On balance sheet	Council Control
Academy	Off balance sheet	Off balance sheet	Academy freehold of long lease
Foundation	On balance sheet	On balance sheet	IFRS10 – subsidiary
Voluntary Aided	Off balance sheet	On balance sheet	Substance of arrangement
Voluntary Controlled (none as at 31/3/21)	Off balance sheet	On balance sheet	Substance of arrangement
Playing Fields	On balance sheet	n/a	Council Control

Voluntary Aided Schools

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

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

42.14 Infrastructure Assets

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

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

Measurement: infrastructure assets are generally measured at depreciated historic cost. However, this is a modified form of historic cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at the time to be historical cost. Where impairment losses are identified

they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation: This is provided on the parts of infrastructure assets that are subject to deterioration and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis on an annual basis. Useful lives of assets are assessed by the appropriate Council engineer for that type of asset.

Disposals and derecognition: When a component of the asset is disposed of or de commissioned, the carrying amount of the component in the balance sheet is written off to the "other operating expenditure" line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts, if any, are credited to the same line as disposed or decommissioned assets. The written off amounts are not a charge to Council tax as the cost of non-current assets is fully provided for under separate arrangement for capital financing. These are reflected in the capital adjustment account from the general fund balance in the movement in reserves statement. The council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts are to be derecognised for infrastructure assets, when there is replacement expenditure, is nil.

42.15 Private Finance Initiative (PFI)

As the Council is deemed to control the services that are provided under its PFI contracts, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge; the assets used are recognised on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at current value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

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

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

- deferred credit from the write down of the long term liability for the expected third party income received during the year - credited to the relevant service in the CIES, with a reversal in the MIRS to the Capital Adjustment Account.
- contingent rent - a reduction to the finance costs in year due to the impact of third-party income on the total costs to the Council.

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

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

42.16 Provisions

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

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

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

42.17 Overheads and Support Services

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

COLLECTION FUND SUMMARY ACCOUNT 2023/24

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

Council tax	NNDR	Total		Council tax	NNDR	Total
2022/23				2023/24		
(123.8)	-	-	Gross Council Tax Payable for Year	(131)		
25.7	-	-	Reduced Assessments	26.2		
(98.2)	(27.7)	(125.9)	Council Tax & NNDR Receivable	(104.9)	(29.0)	(133.9)
			Expenditure:			
			Precepts and Demands			
11.4	-	11.4	Police and Crime Commissioner for Devon and Cornwall	12.2	-	12.2
4.2	-	4.2	Devon & Somerset Fire & Rescue Authority	4.5	-	4.5
-	0.3	0.3	Devon & Somerset Fire & Rescue Authority Share	-	0.3	0.3
-	12.3	12.3	DCLG, (Central Government)	-	13.6	13.6
78.5	12.0	90.5	Torbay Council's Own Demand (Including Brixham Town	83.1	13.3	96.4
94.1	24.6	118.7	Total Precepts and Demands	99.8	27.2	127.0
-	0.2	0.2	Cost of Collection Allowance	-	0.2	0.2
			Distribution of Previous Years Estimated Surplus/(Deficit);			
(0.1)	-	(0.1)	Police and Crime Commissioner for Devon and Cornwall	0.1	-	0.1
-	(0.1)	(0.1)	Devon & Somerset Fire & Rescue Authority	0.1	0.1	0.2
-	(5.9)	(5.9)	DCLG, (Central Government)	-	3.6	3.6
(0.1)	(5.8)	(5.9)	Torbay Council	1.1	3.5	4.6
(0.2)	(11.8)	(12.0)	Total Distribution of previous year's Surplus/(Deficit)	1.3	7.2	8.5
			Bad and Doubtful Debts/Appeals			
1.1	0.2	1.3	Write Offs	0.5	0.1	0.6
2.3	0.7	3.0	Impairment for Uncollectable debt	2.4	0.5	2.9
-	(4.6)	(4.6)	Provision for Appeals	-	(0.6)	(0.6)
3.4	(3.7)	(0.3)	Total Bad & Doubtful Debt and Appeals			
97.3	9.3	106.6	Total Expenditure	104.0	34.6	138.6
(0.9)	(18.4)	(19.3)	(Surplus)/Deficit for Year	(0.9)	5.6	4.7
			Movement of Collection Fund Balance			
(0.7)	11.3	10.6	Balance brought forward as at 1st April	(1.6)	(7.1)	(8.7)
(0.9)	(18.4)	(19.3)	(Surplus)/Deficit for Year	(0.9)	5.6	4.7
(1.6)	(7.1)	(8.7)	Balance carried forward as at 31st March	(2.5)	(1.5)	(4.0)
			Balance Attributable to major precepting bodies			
(0.1)	-	(0.1)	Police and Crime Commissioner for Devon and Cornwall	(0.3)	-	(0.3)
-	(0.1)	(0.1)	Devon & Somerset Fire & Rescue Authority	(0.1)	-	(0.1)
-	(3.6)	(3.6)	Central Government	-	(0.8)	(0.8)
(1.5)	(3.4)	(4.9)	Torbay Council	(2.1)	(0.7)	(2.8)
(1.6)	(7.1)	(8.70)	Balance carried forward at 31st March	(2.5)	(1.5)	(4.0)

NOTES TO THE COLLECTION FUND SUMMARY ACCOUNT

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

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

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

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

A) Council Tax Base 2023/24

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

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

Valuation Band	Ratio to Band D	Amount payable by all council tax			Additional amount payable by		
		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	6/9	13,675	5,569.50	1,421.83	1,362	565.9	42.33
B	7/9	17,717	10,244.30	1,658.80	2,212	1,277.70	49.38
C	8/9	16,962	12,261.90	1,895.78	2,460	1,792.30	56.44
D	1	10,604	9,268.70	2,132.74	1,614	1,426.00	63.49
E	11/9	5,356	5,922.10	2,606.68	721	798.1	77.6
F	13/9	2,395	3,172.40	3,080.63	348	450.9	91.71
G	15/9	1,256	1,907.20	3,554.57	98	153.3	105.82
H	2	135	216.5	4,265.48	6	6	126.98
TOTAL		68,100	48,562.60		8,821	6,470.20	
Less Allowance for Non-			-1,924.50			-258.81	
TAX BASE 2023/24			46,620.10	(46,194.82 22/23)		6,211.39	(6,185.57 22/23)
Band D Council Tax (excluding Brixham Town Council precept)				2,132.74 (2,028.41 22/23)	Band D Council Tax (including Brixham Town Council precept)		2,196.23 (2,089.78 22/23)

B) Income from Business Rates

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

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

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

Group Accounts

These group accounts which consist of four primary statements are provided in addition to the notes to the accounting statements in the “single entity” Statement of Accounts

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

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

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

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

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

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

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

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

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

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

Group Movement in Reserves Statement

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

2023/24	General Fund Balance	Earmarked General Fund Reserves	Sub Total Revenue Reserves	Capital Receipts Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council share of Group	Total Group Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31st March 2023 brought forward	5.7	63.3	69.0	1.4	23.3	93.7	166.9	260.6	0.0	260.6
Movement in Reserves during 2023/24										
Surplus or (deficit) on provision of services (acc basis)	9.9	0.0	9.9	0.0	0.0	9.9	0.0	9.9	0.0	9.9
Other Comprehensive Expenditure and Income	0.0	0.0	0.0	0.0	0.0	0.0	61.9	61.9	0.0	61.9
I&E Adjustments between Group and Torbay	0.5	0.0	0.5	0.0	0.0	0.5	0.0	0.5	(0.5)	0.0
Total Comprehensive Expenditure and Income	10.4	0.0	10.4	0.0	0.0	10.4	61.9	72.3	(0.5)	71.8
Adjustments between accounting basis & funding basis	(7.6)	0.0	(7.6)	0.0	2.5	(5.1)	(24.7)	(29.8)	2.3	(29.8)
Adjustments between Group Accounts and Torbay	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Increase/Decrease before Transfers to Earmarked	2.8	0.0	2.8	0.0	2.5	(5.3)	(37.2)	(42.5)	2.3	(44.8)
Transfers (to)/from Earmarked Reserves	(2.8)	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/(Decrease) in Year	0.0	2.8	2.8	0.0	2.5	5.3	37.2	42.5	2.3	44.8
Balance at 31st March 2024 carried forward	5.7	66.1	71.8	1.4	25.8	99.0	204.1	303.1	2.3	305.4

Group Comprehensive Income and Expenditure Statement

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

2022/23				2023/24		
Gross Exp £m	Gross Income £m	Net Exp £m	Services	Gross Exp £m	Gross Income £m	Net Exp £m
110.8	(60.3)	50.5	Adult's Services	123.5	(68.7)	54.8
115.2	(75.6)	39.6	Children's Services	133.4	82.2	51.2
17.0	(5.8)	11.2	Corporate Services	20.0	(6.9)	13.1
35.4	(25.7)	9.7	Finance	14.6	(35.5)	(20.9)
36.4	(32.9)	3.5	Place	75.9	(41.7)	34.2
33.0	(13.8)	19.2	Place – Subsidiary Companies	30.4	(35.4)	(5.0)
9.3	(0.6)	8.7	Public Health	9.9	(0.8)	9.1
357.1	(214.7)	142.4	Cost Of Services	407.7	(271.2)	136.5
9.3	(4.9)	4.4	Other Operating Income & Expenditure	4.8	(0.1)	4.7
47.1	(22.5)	24.6	Financing and Investment Income and Expenditure	34.9	(23.7)	11.2
	(140.5)	(140.5)	Taxation and Non-Specific Grant Income and expenditure	0.0	(142.5)	(142.5)
413.5	(382.6)	30.9	(Surplus)/Deficit on Provision of Services	447.4	(437.5)	9.9
		0	Share of (surplus) or deficit on the provision of serves by joint ventures and associates			0
		0	Tax Expenses of Group Companies			0
		30.9	Group (Surplus)/Deficit			9.9
		(37.8)	(Surplus)/Deficit on revaluation on Non Current Assets (PPE)			27
		5.1	Impairment losses on non current assets charged to the			(0.4)
		(38.0)	Remeasurement of net defined pension liabilities			35.3
		0	Council share of OCIE of Joint Venture and Associates			0
		(70.7)	Other Comprehensive Income and Expenditure			61.9
		(39.8)	Total (Surplus)/Deficit in Comprehensive Income and Expenditure			71.8

Group Balance Sheet

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

31 st March 2023 £m		Note	31 st March 2024 £m
312.7	Property, Plant & Equipment	G1	317.8
97.6	Infrastructure Assets		94.3
40.2	Heritage Assets		48.5
182.1	Investment Property		189.8
0.8	Intangible Assets		0.1
0.1	Goodwill (Subsidiaries)		0.1
14.6	Long Term Investments		14.8
24.5	Long Term Debtors		22.9
672.6	Long Term (Non-Current) Assets		688.3
76.8	Short Term Investments		35.5
0.0	Assets Held for Sale		0.0
2.3	Inventories		2.5
32.2	Short Term Debtors		61.8
5.0	Cash and Cash Equivalents		6.8
116.3	Current Assets		106.6
(2.6)	Short Term Borrowing		(3.7)
(2.9)	Other Short-Term Liabilities		(3.4)
(53.0)	Short Term Creditors (inc Receipts in Advance)		(53.3)
(7.0)	Capital Grants/Contributions: Receipts in Advance		(1.9)
(3.0)	Provisions		(2.7)
(3.9)	Cash and Cash Equivalents		(4.9)
(72.4)	Current Liabilities		(69.9)
(2.7)	Long Term Creditors		(7.2)
(0.1)	Provisions		(0.1)
(382.7)	Long Term Borrowing		(355.3)
(40.3)	Other Long-Term Liabilities		(36.2)
(9.5)	Pension Liability	G2	(10.8)
(4.0)	Receipts in Advance		(10.0)
(439.3)	Long Term Liabilities		(419.6)

277.2	Net Assets/Liabilities		305.4
89.1	Usable reserves		97
188.1	Unusable Reserves		208.4
277.2	Total Reserves		305.4

Group Cash Flow Statement

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

2022/23			2023/24	
£m	£m		£m	£m
	31.9	Net surplus or (deficit) on the provision of services,		(9.9)
35.8		Adjustments to net surplus or deficit on the provision of services for non-cash movements	69.2	
(13.0)		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities including proceeds of investments and disposal of assets	2.6	
(1.9)		Taxation	0.0	
	52.8	Net cash inflows/(Outflow) from Operating Activities	71.8	61.9
	(54.4)	Investing Activities:		(55.4)
	(4.2)	Financing Activities		(5.5)
	(5.8)	Net increase or (decrease) in cash and cash equivalents		1.0
2022/23			2023/24	
£m	Cash and Cash Equivalents		£m	
5.5	Cash and cash equivalent at the beginning of the reporting period		0.9	
(0.3)	Cash and cash equivalents at the end of the reporting period		1.9	
(5.8)	Net increase or (decrease) in cash and cash equivalents		1.0	

Notes to the Group Accounts Core Statements

Note G1 – Property, Plant and Equipment

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

2022/23									2023/24				
Torbay Council	TDA Group	SWISCO	Total Group		Torbay Council	TDA Group	SWISCO	Total Group		Torbay Council	TDA Group	SWISCO	Total Group
£m	£m	£m	£m		£m	£m	£m	£m		£m	£m	£m	£m
				Cost or Valuation									
271.6	18.7	0.9	291.2	As at 1 st April 2023	311.2	20.1	0.6	331.9					
23.8	1.6	1.4	26.8	Additions	14.5	1.0	4.6	20.1					
25.8	(0.2)	0.0	25.6	Revaluation increases/ (decreases) recognised in the Revaluation Reserve	9.6	0.0	0.0	9.6					
(0.1)	0.0	0.0	(0.1)	Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5.8)	0.0	0.0	(5.8)					
(9.2)	0.0	0.0	(9.2)	Derecognition – Disposals	(0.3)	0.0	0.0	(0.3)					
(0.7)	0.0	0.0	(0.7)	Assets reclassified (to)/from Held for Sale	0.0	0.0	0.0	0.0					
3.0	0.0	0.0	3.0	Other movements in Cost or Valuation	(13.4)	0.0	0.6	(12.8)					
314.2	20.1	2.3	336.6	As at 31 st March 2024	315.8	21.1	5.8	342.7					
				Accumulated Depreciation and Impairment									
(23.4)	(0.6)	(0.3)	(24.3)	As at 1 st April 2023	(22.4)	(0.6)	(0.6)	(23.6)					
(7.1)	(0.1)	(0.3)	(7.5)	Depreciation charge	(8.9)	(0.1)	(0.3)	(9.3)					
7.4	0.0	0.0	7.4	Depreciation written out to the Revaluation Reserve	5.9	0.0	0.0	5.9					
0.5	0.0	0.0	0.5	Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	2.0	0.0	0.0	2.0					
0.2	0.1	0.0	0.3	Derecognition – Disposals	0.1	0.0	0.0	0.1					
0.0	0.0	0.0	0.0	Other movements in Depreciation and Impairment	0.0	0.0	0.0	0.0					
(22.4)	(0.6)	(0.6)	(23.6)	As at 31 st March 2024	(23.3)	(0.7)	(0.9)	(24.9)					
				Net Book Value: -									
248.2	18.6	0.6	267.4	As at 31 st March 2023	288.8	19.6	1.7	310.1					
291.8	19.5	1.7	313.0	As at 31 st March 2024	292.5	20.4	4.9	317.8					

Note G2 - Defined Benefit Pension Schemes

Local Government Pension Scheme

TEDC, Council and SWISCo are all separate admitted bodies to the Devon County Pension Scheme. For details of the Scheme please see note 41 of the council's single entity accounts. The note to the Group accounts only includes financial information where there is a material difference to the single entity accounts.

Net Pension Liability

	2022-23			2023-24		
	Council	Subsidiaries	31/3/23 £m	Council	Subsidiaries	31/3/24 £m
Present value of Funded Obligation	(344.1)	(26.0)	(370.1)	(345.2)	(27.0)	(372.2)
Fair Value of Fund Assets (Bid Value)	341.3	27.0	368.3	377.3	30.2	407.5
Net Liability	(2.8)	0.9	(1.8)	32.1	3.2	35.3
Present value of Unfunded Obligation	(5.8)	0.0	(5.8)	(5.4)	0.0	(5.4)
Net Liability in Balance Sheet	(8.6)	0.9	(7.7)	(5.4)	3.2	(2.2)

NB – impact of asset ceiling and note that due to rounding the sum of the lines may not equal the total line.

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

2022-23			2023-24	
£m	£m	Assets: Local Government Pension Scheme	£m	£m
Council	Subsidiaries		Council	Subsidiaries
351.6	27.8	Opening balance at 1 April 2023	341.3	27
13.2	0.7	Interest on Assets	17.4	1.3
(18.1)	(1.1)	Return on Assets less Interest	22.1	1.7
0.0	(1.0)	Other Actuarial gains/(losses)	0.0	(0.2)
(0.2)	0.0	Administration Expenses	(0.2)	0.0
2.4	0.9	Contributions by scheme participants	2.7	0.3
6.7	0.3	Employer contributions	8.0	1.0
(14.0)	(0.5)	Benefits paid	(14.7)	(1.0)
(0.3)	0.0	Settlement process received/(paid)	0.7	0.0
341.3	27.1	Closing balance at 31 March 2024	377.3	30.2

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

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

2022-23			2023-24	
£m	£m	Liabilities: Local Government Pension Scheme	£m	£m
Council	Subsidiaries		Council	Subsidiaries
(486.3)	(45.8)	Opening balance at 1 April	(349.9)	(26.0)
(11.0)	(1.6)	Current service cost	(6.3)	(0.7)
(13.4)	(1.2)	Interest cost	(16.7)	(1.3)
189.8	18.5	Change in Financial Assumptions	7.2	0.7
-	2.4	Change in Demographic Assumptions	5.0	0.3
(40.9)	1.5	Experience (loss)/gain on defined benefit obligation	(1.0)	(0.6)
0.4	-	Liabilities (assumed)/extinguished on Settlements	(0.8)	0.0
13.4	0.5	Benefits paid	14.2	(1.0)
(0.1)	-	Past service costs, including Curtailments	(0.1)	0.2
(2.4)	(0.3)	Contributions by scheme participants	(2.7)	0.3
0.5	-	Unfunded Pension payments	0.6	0.0
(349.9)	(26.0)	Closing balance at 31 March	350.6	(28.1)
-	-	Present Value of Unfunded Obligation included in above	-	-

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

2022/23 Council	2022/23 Subsidiaries		2023/24 Council	2023/24 Subsidiaries
£m	£m		£m	£m
0	0	Gilts	0	0
27	2	UK Equities	5	0
153	12	Overseas Equities	202	16
30	2	Property	29	2
31	2	Infrastructure	38	3
24	2	Target Return Portfolio	9	1
4	0	Cash	8	1
73	6	Other Bonds	86	7
0	0	Alternative Assets	0	0
0	0	Private Equity	0	0
341	27		377	30

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

Sensitivity Analysis on Actuarial assumptions:

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

	£m	£m	£m
Council:			
Adjustment to Discount Rate	+0.1%	0%	(0.1%)
Present Value of obligation	345.5	350.6	355.8
Projected Service Cost	6.9	7.2	7.5
Adjustment to Long Term Salary increase	+0.1%	0%	(0.1%)
Present Value of obligation	350.9	350.6	350.2
Projected Service Cost	7.2	7.2	7.2
Adjustment to Pension increases and deferred revaluation	+0.1%	0%	(0.1%)
Present Value of obligation	355.6	350.6	345.7
Projected Service Cost	7.5	7.2	6.9
Adjustment to Life Expectancy Rating Assumption	1 year	None	(1 year)
Present Value of obligation	364.7	350.6	337
Projected Service Cost	7.5	7.2	6.9
	£m	£m	£m
Subsidiaries:			
Adjustment to Discount Rate	+0.1%	0%	(0.1%)
Present Value of obligation	26.5	27.0	27.5
Projected Service Cost	0.5	0.5	0.5
Adjustment to Long Term Salary increase	+0.1%	0%	(0.1%)
Present Value of obligation	27.1	27.0	26.9
Projected Service Cost	0.5	0.5	0.5
Adjustment to Pension increases and deferred revaluation	+0.1%	0%	(0.1%)
Present Value of obligation	27.4	27.0	26.6
Projected Service Cost	0.5	0.5	0.5
Adjustment to Life Expectancy Rating Assumption	1 year	None	(1 year)
Present Value of obligation	27.8	27.0	26.3
Projected Service Cost	0.5	0.5	0.5

ANNUAL GOVERNANCE STATEMENT 2023/24

ANNUAL GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2023/2024

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Conclusion

Appendix 1: Action Plan

Version control

Date	Details	Updated by
12 July 2024	Draft for consideration by Audit Committee	Head of Policy, Performance and Community Engagement

Executive Summary

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

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

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

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

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

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

Anne-Marie Bond
Chief Executive

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

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

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

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

- A Member Development Programme is in place with the aim of providing a structured approach to member development and supporting them in their roles. This includes more detailed training for Councillors with areas of special responsibility e.g. Leader of the Council, Cabinet Members, Overview and Scrutiny and Chairs of Committees.
- Our Customer Service Standards set out our commitment to putting the customer at the centre of everything we do. If we do not meet these Standards, we have in place our Complaints Procedure. Further, a Members' Enquiries system is also available.
- To ensure continuous improvement in significant services, the following programmes are in place:
 - Transformation Programme for Adult Social Care
 - Children's Services Continuous Improvement Plan
 - Written Statement of Action for the improvement in services for children and young people with Special Educational Needs and/or Disabilities

- A Local Operating Policy for governance of wholly owned companies has been prepared.

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

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

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

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

- To provide clarity, the following are included within the Council's Constitution:
 - Schedules of Local Choice Functions and Council Functions
 - Scheme of Delegation of Executive Functions to the Cabinet, Cabinet Committees and Officers
 - Article 5 – Overview and Scrutiny
 - Terms of reference of the Overview and Scrutiny Board
 - Job Descriptions
- Roles and responsibilities of Members and officers (and how they inter-relate) are also made clear during induction programmes. The Council Leadership Group (made up of the Leaders and Deputy Leaders of each Group) meets regularly.

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

- The responsibilities of Members and officers, and the standards to which they are expected to carry out those responsibilities, are described in the following sections of the Council's Constitution:
 - Schedules of Local Choice Functions, Council Functions and Circumstances in which Functions are not to be the Responsibility of the Executive
 - Officer Scheme of Delegation
 - Code of Conduct for Members, Code of Conduct for Employees and Local Protocol on Member and Officer Relations
- The following statutory appointments have been made:
 - The Head of the Paid Service is the Chief Executive who is responsible and accountable to the Council for all aspects of operational management.
 - The Director of Finance is the Chief Financial Officer who has responsibility for ensuring the Council operates secure and reliable financial and accounting systems.

- The Head of Legal Services is the Monitoring Officer who is responsible for ensuring that agreed procedures and protocols are followed and that all applicable Statutes and Regulations are complied with.
- A Leader Induction Programme is in place as part of Member Development Programme.
- Advice and guidance is sought and utilised from the Local Government Association (LGA).

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

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

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

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

- The Council's Constitution includes a Code of Conduct for Members, a Code of Conduct for Employees and a Local Protocol on Member and Officer Relations.
- Procedures are in place for the Assessment and Determination of Allegations of Breaches of the Member's Code of Conduct.
- Code of Conduct for Employees and Whistleblowing and Acceptable Behaviour policies available to all staff via MyView.
- Customer Service Standards are in place.
- The Council has in place an Internal Audit Plan which sits alongside its governance framework and our information governance arrangements.

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

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

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

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

- The Council's Constitution sets out the Council's formal governance framework with decisions made in accordance with Access to Information requirements. The Constitution also includes Financial Regulations and Contract Procedures.
- The Council has documented its internal governance structure and framework and has contract management arrangements in place.
- Draft Local Operating Policy for Governance of Council Wholly Owned Companies in place.
- The Forward Plan is published monthly setting out the Key Decisions which are due to be taken.
- Overview and scrutiny arrangements are in place within the Council's governance arrangements, with the Constitution including the terms of reference of the Overview and Scrutiny Board (and its sub-boards) and the Standing Orders in relation to Overview and Scrutiny.
- The Council has standard formats for reports to decision makers and Records of Decision.
- The Code of Conduct for Members and Employees includes details around conflicts of interest.
- Audit Committee in place as part of the Council's governance arrangements.
- The Council has a Complaints Procedure in place.

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

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

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

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

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

- The Council's Head of Legal Services is the designated Monitoring Officer.
- Standard format reports for decision makers which requires legal implications of decisions to be set out so they can be considered by the decision maker. There is proactive engagement between Legal Services and directorates on high profile/sensitive matters.
- Advice and guidance is available to all directorates to ensure procurement is legally compliant.
- Standard Terms and Conditions ensure providers are legally compliant and held to account.

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

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

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

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

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

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

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

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

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

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

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

- The Council publishes a weekly One Torbay e-newsletter together with other subject specific e-newsletters. This is in addition to the news, information and alerts issued via our social media channels or through media releases as appropriate.

- The Council's Standing Orders in relation to Access to Information describe the specific circumstances in which information can be classed as exempt or confidential.
- A Community Engagement and Empowerment Strategy is in place with an associated Annual Engagement Programme.
- Meetings of the Council, Cabinet and Planning Committee are livestreamed on YouTube and promoted via social media channels.
- Impact on vulnerable groups and those with characteristics protected under the Equality Act 2012 is assessed and documented in Equality Impact Assessments and considered by decision-makers prior to decisions being made.

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

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

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

We are committed to continually improve effective service delivery arrangements.

- The Council has in place a Performance Management Framework which includes setting annual targets for performance indicators.
- The Council Business Plan sets out milestones towards delivery of priority projects and Service Plans prepared for services across all Directorates.
- A quarterly performance report is published and considered, with performance celebrated and challenged.
- The Statement of Accounts provides a Narrative Report which explains the Council's achievements against the Community and Corporate Plan over the past year alongside the Council's financial performance.
- Customer Service Standards in place.
- Improvement Plans put in place to respond to external inspections:
 - Children's Services Continuous Improvement Plan.
 - Special Educational Needs and/or Disabilities Written Statement of Action
 - Safety Value.
- Six monthly reports are considered at Directors' Overview Meeting on those areas of the Council subject to external inspection.
- Asset Management Strategy in place to ensure the effective use of the Council's assets
- Council Re-design Programme in progress to move towards agreed Target Operating Model.

Review of effectiveness

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

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

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

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

The Council Business Plan was then developed which set out the actions to be undertaken against each priority within the Community and Corporate Plan. These actions contained milestones against which progress can be measured. A set of performance indicators are included within the Plan which supplement the longer-term performance indicators within the Community and Corporate Plan.

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

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

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

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

The Statement of Accounts 2023/24 has been prepared and was audited by Grant Thornton. The Council's accounts and the Auditor's annual report are publicly available on our website.

Directorate performance against our Customer Service Standards is monitored against targets on a weekly basis. Monthly escalation meetings are held with the Chief Executive and Director of Corporate Services to ensure satisfactory performance. This includes outstanding enquiries made by Councillors and Members of Parliament.

The Council operates a single stage complaints process which means there are improved timescales for escalation to the Local Government and Social Care Ombudsman. Information on the Council's performance against our Customer Service Standards are included in quarterly performance reports which are considered by Directors, Cabinet members and the Overview and Scrutiny Board.

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

- For adult social care:
 - Section 75 Executive Group
 - Adult Social Care Improvement Board; and
 - Adult Social Care and Health Overview and Scrutiny Sub-Board
- For children's social care:
 - Children's Continuous Improvement Board

- Children and Young People’s Overview and Scrutiny Sub-Board
- Corporate Parenting Board
- For services for children and young people with Special Educational Needs and/or Disabilities:
 - SEND Strategic Improvement Board
 - Independent Check and Challenge Group
 - Children and Young People’s Overview and Scrutiny Sub-Board

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

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

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

Our Medium-Term Resource Plan was formally revised as part of setting the Council’s budget in February 2024. The Council’s budget was kept under review throughout the year by Directors and Members of the Cabinet with quarterly budget monitoring reports being considered by the Overview and Scrutiny Board.

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

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

In October 2023, a partnership of Wilmot Dixon and Milligan was appointed, by the Cabinet, as the Council’s Regeneration Partners. A Board of Council officers and representatives of the partners will report to the Council to provide oversight and six-monthly updates on progress will be reported to Overview and Scrutiny Board.

Quarterly meetings of the Management of Investment Assets Group were held to oversee management of our investment properties. Work is underway to develop a framework to standardise the measurement of holding or releasing assets.

Regular updates on the Council’s counter fraud and anti-corruption arrangements are presented to Audit Committee. Devon Audit Partnership undertook periodic proactive fraud awareness sessions for both officers and members. The Council’s anti-fraud arrangements are assessed by the external auditors alongside the Statement of Accounts.

A Local Operating Policy for Governance of Council Wholly Owned Companies is in development. Company boards monitor performance at least quarterly, with the Divisional Director for Economy, Environment and Infrastructure monitoring performance of SWISCo on a day-to-day basis. The Overview and Scrutiny Board review the performance of Wholly Owned Companies annually.

Following a recommendation made by Cabinet, the decision was made at a meeting of the Council in September 2023 to dissolve the Torbay Economic Development Company (trading as TDA) and bring its services back into the Council from 1 April 2024. The need to deliver more for Torbay at a time of significant change in the regional and national economic development environment meant

that a review of the fundamental purpose of the company was needed. The Chief Executive, in consultation with the Leader of the Council, was given delegated authority to determine the arrangements of a safe transfer.

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

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

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

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

The Chief Financial Officer has direct access to all Members, the Chief Executive and senior officers of the Council. Regular discussions are held with the Leader of the Council and the Cabinet Member with responsibility for Finance. Members are briefed on key financial matters with revenue and capital monitoring reports being considered on a quarterly basis.

Issues were identified in the October 2023 Devon Audit Partnership report on Tor Bay Harbour Authority income. This was in relation to the governance of rent reviews and charging arrangements which were managed by TDA on behalf of the department. Recommendations were made that discussions should be held to ensure the Harbour Master is fully updated on why rent reviews are not taking place, any rent review decisions and if charging issues are resolved. Now that the TDA are back in house it is anticipated that this will aid closer working.

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

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

The Council's Section 151 Officer will engage with the CIL Neighbourhood Portion Spend Panel and an application process with forms and guidance is now in place. Refunds of monies and decisions regarding virements are to be routed through the Finance Team for review and the

relevant systems updated. The Council has implemented a new reporting system to easily identify monies that should have been spent or refunded. This is known as the Exacom system.

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

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

The Independent Remuneration Panel (IRP) met in 2023/24 to undertake a fundamental review of Members' Allowances. The Panel recommended that a Basic Allowance of £9,794 (based on the National Joint Council allowance increase of 3.88%) should be set with all Special Responsibility Allowances (SRAs) being a multiplier of the Basic Allowance, with travel and subsistence allowances being the same as those for council officers. It felt that the decision to extend the list of approved duties was outside their remit and was a political decision. The IRP report was considered by the Council at its meeting on 22 February 2024 – the proposed increase in Basic Allowance was not accepted, instead agreeing the principle to increase the allowances by the same percentage as the average of staff pay (as previously adopted) at 5.28% and that this be the basis for future annual increase calculated by the Director of Finance. They accepted the application of the multiplier to calculate the SRAs and increased the number of meetings listed as approved duties.

The Council Leadership Group has met on a regular basis to discuss emerging council business and key topics, Member behaviour and standards, and Constitution amendments.

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

In relation to adult social care, a new agreement was agreed under Section 75 of the NHS Act 2006, by the Council, Devon Integrated Care Board and Torbay and South Devon NHS Foundation Trust on 20 March 2024. As part of this a Section 75 Executive Group was established to oversee delivery of the adult social care transformation programme. The delivery of delegated services is outlined in the annual Memorandum of Understanding between the Council and Torbay and South Devon NHS Foundation Trust

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

Torbay Safeguarding Children Partnership has been established under Working Together to Safeguarding Children 2018 (now superseded by Working Together 2023) arrangements since September 2020, stepping away from the previous joint Plymouth Council arrangements that were initiated in 2019 after the dissolution of the Torbay Safeguarding Children Board.

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

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

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

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

The Council's induction programme signposts new members of staff to the Code of Conduct for Employees and the Whistleblowing and Acceptable Behaviour policies. Reminders are included at regular intervals on the Staff Newsletter.

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

Devon Audit Partnership operates in line with the Public Sector Internal Audit Standards. The Internal Audit Plan is agreed annually by the Director of Finance, Senior Leadership Team and the Council's Audit Committee. The Council also receives assurance from the NHS Internal Audit Consortium over the controls in operation at Torbay and South Devon NHS Foundation Trust. Achievement against the Audit Plan was reported to the Audit Committee on 26 July 2023.

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

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

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

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

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

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

As explained in Principle 2, the Council's Constitution has been kept under review throughout the year. The Constitution allows for any five members of the Council to "call-in" executive decisions to the Overview and Scrutiny Board for further debate. During 2023/24, three decisions were called in.

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

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

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

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

The Council's policies and procedures in relation to the Regulation of Investigatory Powers Act (RIPA) were subject to inspection in November 2023 by the Investigatory Powers Commissioner's Office. This inspection found that there was an acceptable level of compliance given the Council does not rely on RIPA when carrying out investigations.

In their October 2023 report on the Subject Access Request (SAR) process, Devon Audit Partnership identified significant reputation and financial risks posed to the Council on non-compliance with SAR legislation in relation to meeting statutory response times. Response times by departments have been impacting the Information Governance Team's ability to respond within timescales. Performance since the audit has continued to improve with 100% of SARs responded to on time in quarter 4 of 2023/24. Performance is closely monitored, and resources reviewed at year end in line with performance.

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

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

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

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

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

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

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

The Member Development Programme was reviewed taking account of feedback from Members, the Monitoring Officer, Chief Executive, Head of Governance Support and Democratic Services Team Leader. The aim was to provide a comprehensive Induction Programme for 2023/2024 following the Local Government Elections in May 2023 with an outline Programme for the following three years. The Programme consists of internal and external development opportunities and is supplemented by all Member Briefings on key issues and one to one support as required from the Democratic Services Team Leader. Members are also encouraged to sign up to updates from the Centre for Governance and Scrutiny and the Local Government Association (LGA) who provide a lot of free events. The Chairman of the Audit Committee, Senior Scrutiny Members and Cabinet Members also took part in the LGA Leadership sessions, with all Members being encouraged to attend the LGA free online events to enhance their knowledge. Scrutiny Members also take part in regional networks to share good practice.

The Council's approach to onboarding and inducting new Members of staff was reviewed over the year. The way in which the Council recruits and welcomes new members to the organisation was redesigned following feedback from new starters. We wanted to make sure our new colleagues felt welcomed and part of our organisation from the moment they accept their job offer to the day they step into our building, be that virtually or in person. Our recruiting managers now set their new colleague up on our onboarding system where they can manage many of the administration tasks required to start their first day, before they start. This saves time on administration processes in the

first week and helps us keep in contact throughout the transition. We have also enhanced our induction process and making it consistent across the organisation. By standardising our approach, making sure everyone has a similar experience, we have made sure that everyone has their warm welcome and is made to feel part of our team from day one. This was part of our wider project to improve our recruitment and retention of our colleagues.

Leadership and management training continues to be provided that covers a wide range of core management skills development such as managing performance, leading and developing teams, leading change and managing equality, diversity and inclusion. For staff we have run Equality, Diversity and Inclusion, Customer Services and Personal Safety and Conflict Management training, as well as courses that support employee wellbeing such as Emotional Resilience and Safetalk.

Over the year, employment policies such as the Annual Pay Policy, Flexible Working Requests Policy, Carers Support Policy, Paternity Policy and Re-organisation and Redundancy Policy have been updated in response to operational and legislative changes.

Workforce planning continues to be rolled out across the whole Council, as it is a core business process to align changing organisation needs with its people strategy. If applied effectively, organisations reduce costs and build an agile workforce. It redefines workforces, workplaces, and talent. The purpose of delivering the LGA model of workforce planning across the whole Council is to use the same workforce planning methodology, enabling the Council to have the right people with the right skills in the place to deliver Council objectives.

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

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

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

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

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

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

The Annual Report of the Overview and Scrutiny Board was considered by the Council on 25 May 2023 and is also published on the Council's website on the Overview and Scrutiny section. We have used social media and the press to encourage people to engage in the work of overview and

scrutiny, particularly relating to spotlight reviews on South West Water, dentistry, homelessness and Children and Adolescent Mental Health Services.

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

The Engagement and Communications Team have also been consistent with promoting the live streaming of the meetings of the Council, Cabinet and Planning Committee. This is done on the Council's corporate social media channels and in its weekly One Torbay e-Newsletter. The impact of this is that the number of followers of the Council's YouTube account have doubled along with an increase in the number of views of these meetings.

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

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

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

A new performance report is being prepared based on the new Community and Corporate Plan and the Council Business Plan. In the interim, the performance report included the performance indicators within the previous and emerging Community and Corporate Plans.

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

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

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

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

The effective delivery of the Council Redesign Programme is monitored on a monthly basis via a programme board involving senior officers of the Council. At this board meeting, progress is

gauged via monthly highlight reports which give an overview of the health of the projects that make up the programme. Risks and issues related to the programme and its projects are reviewed at the board meeting and are managed accordingly. The Business Improvement and Change Team who manage the Council Redesign Programme is also subject to oversight from the Council internal audit team who give assurance on the projects and programmes they deliver. In their recent Audit Statement for 2023/24 our internal auditor stated that ‘there is a generally sound system of governance, risk management and control in place’ for projects and programmes and this included the council redesign programme.

The Devon Audit Partnership report on Climate Change (finalised in February 2023) highlighted the need to comply with the National Audit Office good practice guide – Climate Change Risk; a good practice guide for Audit and Risk Assurance Committees. Audit identified areas where the governance control framework could be strengthened, notably opportunities to improve management and officer awareness through training and inclusion of climate change aspects within service plans, allocation of Council wide responsibilities for climate change and associated actions and assessment and incorporation of relevant risks and actions rising from the Devon Adaptation Strategy when finalised. In response climate change considerations will be embedded within project management templates. Roles and responsibilities for the ‘three lines of defence’ for climate change are being explicitly added to the Place Directorate. A comprehensive climate adaptation risk assessment for Torbay Council will commence in September 2024.

Conclusion

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

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

Appendix 1: Action Plan

Undertake review of the Policy Framework	Head of Policy, Performance and Community Engagement	December 2024
Develop a framework to standardise the measurement of holding or releasing assets	Strategic Head of Asset Management	December 2024
Agree Council’s Assurance Framework	Head of Policy, Performance and Community Engagement	Autumn 2024
Launch of revised methodology for project management	Head of Business Change and Improvement	August 2024

GLOSSARY

A

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

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

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

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

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

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

Asset categories & their definitions:

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

Vehicles, Plant & Equipment – Assets used for operational purposes

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

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

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

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

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

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

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

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

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

B

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

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

C

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

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

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

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

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

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

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

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

CCG - The NHS Torbay and South Devon Clinical Commissioning Group. The NHS body responsible for the commissioning of health services in Torbay. From 1 July 2022 the CCG is part of NHS Devon.

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

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

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

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

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

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

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

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

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

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

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

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

D

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

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

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

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

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

Defined contribution:

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

Defined benefit:

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

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

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

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

DLUHC – the Department of Levelling Up, Housing and Communities, the central government department responsible for local government.

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

E

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

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

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

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

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

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

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

F

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

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

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

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

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

Financial Instruments Adjustment Account - The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments such as the CCLA Property Fund per statutory provisions. Also known as the pooled investment fund adjustment reserve.

Funded Pension Liabilities – These are liabilities relating to pensions due in the future to members of a pension fund based on the “standard” entitlements within the scheme.

G

Grants – Receipts in Advance – a grant from central government or other body that has conditions that will require repayment of the grant if not complied with. These grants are not recognised as income until the conditions are met.

H

Heritage Assets - Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include historical buildings, archaeological sites, civic regalia, museum and gallery collections and works of art.

Historical Cost – the historical or original cost of a fixed asset can be increased by further capital expenditure on that asset.

I

ICO - Integrated Care organisation - The "descriptive" name for the Torbay and South Devon NHS Foundation Trust as the provider of health and adult social care service to both Torbay Council and the Clinical Commissioning Group.

Impairment – A reduction in the value of a fixed asset, below its balance sheet value.

Insurance Contracts – a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Council's pension guarantees are within this classification.

Intangible Assets – (notably software) are recognised on the Balance Sheet at their cost of acquisition or development but only revalued in restricted circumstances.

Interest Costs for Pensions (net) – The expected increase in value for a defined benefit scheme, as it draws closer to settlement.

Investment Properties – land and buildings held only for the income stream or for capital appreciation.

IFRS – International Financial Reporting Standards. These are the financial “rules” that Council accounts will have to comply with. These rules should be consistently applied throughout all bodies throughout the world.

J

Joint Committee – a formal committee of local authorities established under the provisions of Local Government Act 1972 usually for the management of a shared service.

Joint Operation - An arrangement under which participants engage in joint activities with joint control but do not create a legal entity

Joint Venture - An arrangement under which the participants engage in joint activities with joint control by means of a separate vehicle/entity.

L

LEP – Heart of the South West Local Enterprise Partnership. A regional body covering the geographical area of Devon and Cornwall focussing on business and transport activity.

Liquid Resources – Current asset investments that are readily disposable by the Council without disrupting its business.

Loans and receivables (i.e., investments and loans) - assets that have fixed or determinable payments but are not quoted in an active market

LOBO – A “Lender Option, Borrowing Option” loan. Such a loan has a set rate for a defined period, after which point, the lender has the option of changing the rate. If that option is actioned the borrower then has the option to either accept the new rate or repay the loan.

M

MRP - Minimum Revenue Provision - The minimum amount which must be charged to a Council’s revenue account each year and set aside as provision for repayment of debt, as required by the Local Government Act 2003. For assets funded from unsupported borrowing this must be a “prudent” amount.

Modified form of historical cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost

N

Net Book Value – The amount at which fixed assets are included in the balance sheet.

Net Debt – The Council’s borrowings less cash investments.

New Homes Bonus Grant – A general grant that is linked to the growth in the number of properties available for occupation either from a new home or an empty home brought back into use.

NNDR – National Non-Domestic Rates, a national tax collected on a local level formally known as business rates.

NNDR Retention Scheme - This method of funding Council’s moves Councils away from central government funding based on a service “needs” basis to one linked more to economic growth

Non Current Assets – assets, primarily land and buildings that have an asset life of over one year and are not used for trading purposes.

Non Distributed Cost – a category within the Council’s cost of services that represents past service costs (see below) and other costs that have not been attributed to specific services.

O

Operating Lease – An operating lease is a lease other than a finance lease (please see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding undischarged obligations in relation to such leases.

P

Past Service Cost – The increase in the present value of a defined benefit pension scheme, as a result of improvements to, retirement benefits.

Pensions Reserve - (Funded and Unfunded Liabilities) - The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer’s contributions to pension funds or pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside, (usually by means of adjusting contribution rates); by the time the benefits come to be paid.

PFI - Private Finance Initiative – A method of using private investment to fund public sector schemes often supported by central government. The private sector typically builds an asset such as a school and then charges the Council over a period of typically 25 years to use and pay for the asset.

Pooled Investment Fund Adjustment Account - absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments such as the CCLA Property Fund per statutory provisions. Also known as the Financial Instrument Adjustment Account.

Post Balance Sheet Events – Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed.

Prior Period Adjustments – Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements.

Precept - A levy made by one statutory body on another to meet the net cost of its services.

Precepting Body – the statutory body that makes a “precept” on a Council that is responsible for collecting Council Tax in an area. Town and parish Councils are classified as a Minor Precepting body which means they precept their tax requirement on the Council who then include that amount in their precept.

Projected unit method (Pensions costs) – an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

Property, Plant & Equipment – a category of non current assets that show the carrying value of the Council’s operational assets.

Provisions - amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g., bad debts.

Prudential Code – The CIPFA Prudential Code for Capital Finance in Local Authorities which is the guidance applicable from April 2004 for the greater freedom for Councils to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Council to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and establish its policy for using the new freedoms.

Prudential Borrowing – see Unsupported Borrowing

PWLB – see Borrowing

R

Related Party Transaction – Is the transfer of assets or liabilities, or the provision of services to or for a related party, irrespective of whether a charge is made.

REFCUS – Revenue Expenditure Funded from Capital Under Statute. This represents expenditure that qualifies as capital for the purposes of government controls, but does not result in the acquisition, creation or enhancement of a tangible fixed asset. As a result the expenditure in this category and related grants or contributions are reported as revenue income and expenditure.

Retirement Benefits – All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Reserves – are available for meeting general and future expenditure, for example, capital expenditure on new projects or unforeseen occurrences. Reserves may also be used to smooth the cost of certain activities over several years, e.g., crematoria replacement.

Revaluation Reserve – The Revaluation Reserve contains the net gains made by the Council arising from increases in the value of its Property, Plant and Equipment, Intangible Assets and the “frozen” revaluation gains in assets now classified as Investment Properties or as Assets Held for Sale. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.
- The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date were consolidated into the balance on the Capital Adjustment Account.

Revenue Contribution to Capital Outlay - the financing of capital expenditure, directly funded from revenue or reserves, rather than from borrowing or other sources.

Revenue Expenditure - expenditure on day-to-day expenses consisting mainly of employee costs, the running expenses of buildings and equipment and capital financing costs.

Revenue Support Grant – a General Government Grant funded from national taxation to support the Council's net expenditure.

RICC – Riviera International Conference Centre, a facility owned by the Council.

S

S31 Grant – a grant awarded by central government to councils where the legal basis for the grant is section 31 of the Local Government Act 2003.

Scheme Liabilities – Money due on a defined benefit scheme due after the valuation date.

Supported Borrowing – the amount of historic Council borrowing towards which the Government provided financial support through the annual Revenue Support Grant although this now significantly reduced by the ongoing austerity funding reductions

SWISCO – South West Integrated Services Company Limited, a 100% owned subsidiary of the Council.

T

TDA – The trading name for the Torbay Economic Development Company Ltd, a 100% owned subsidiary of the Council.

TDA Group – The trading name for the Torbay Economic Development Company Ltd group of companies including Torvista Homes.

TEL – Torbay Education Limited - a 100% owned subsidiary of the Council.

Torbay Economic Development Company Ltd - a 100% owned subsidiary of the Council.

Total Cost – the actual cost of services reflects all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

U

Unfunded Pension Liabilities – these are pension costs arising from additional service awarded by a Council on a discretionary basis.

Unsupported (or Prudential) Borrowing – any borrowing the Council undertakes that is above and beyond the level of Supported Borrowing which the Government helps to fund and which therefore the Council has to fund completely from its own resources.

Usable Reserves – a heading that reflects the Council's reserves that can be used for supporting service delivery, including capital expenditure, in the future.

Unusable Reserves – a heading that reflects the Council's reserves that cannot be used for supporting services. These tend to be the result of notional accounting entries such as those that reflect previous capital financing, asset revaluations and the pension reserve.

V

VRP – Voluntary Revenue Provision – An additional sum that a Council can make to be set aside as provision for the future repayment of debt.