

E-mail: democraticservices@teignbridge.gov.uk

15 February 2024

FULL COUNCIL

A meeting of the **Full Council** will be held on **Tuesday, 27th February, 2024** in the **Council Chamber, Forde House, Brunel Road, Newton Abbot, TQ12 4XX** at **10.00 am**

PHIL SHEARS
Managing Director

Membership:

Councillors Atkins, Bradford, Bullivant, Buscombe, Clarence (Chair), D Cox (Vice-Chair), Daws, Dawson, Farrand-Rogers, Foden, Gearon, Goodman-Bradbury, Hall, Hayes, Henderson, Hook, Jackman, James, Jeffries, Keeling, Lake, MacGregor, Morgan, Mullone, Nutley, Nuttall, Palethorpe, C Parker, P Parker, Parrott, Peart, Purser, Radford, Rogers, Rollason, Ryan, Sanders, Smith, Steemson, Swain, G Taylor, J Taylor, Thorne, Webster, Williams and Wrigley

Please Note: The public can view the live streaming of the meeting at [Teignbridge District Council Webcasting \(public-i.tv\)](#) with the exception where there are confidential or exempt items, which may need to be considered in the absence of the press and public.

A G E N D A

Part I

1. **Apologies for absence**

2. **Minutes**

(Pages 7 - 12)

To approve as a correct record and sign the minutes of the previous Council meeting on 16 January 2024.

3. **Announcements**

Announcements only from the Chair of Council, Leader, Members of the Executive or the Managing Director.

The Leader has advised that Cllr Foden has replaced Cllr Swain on the Overview and Scrutiny 2 Committee, and following the sad death of Cllr Huw Cox, Cllr Colin Parker has taken up the position on the Teignbridge HATOC and Cllr Palethorpe has taken up the position on the Procedures Committee.

4. **Declarations of interest (if any)**

5. **Public Questions (if any)**

Members of the public may ask questions. A maximum period of 15 minutes will be allowed with a maximum period of three minutes per questioner.

6. **Budget and Council Tax 2024/25** (Pages 13 - 138)

To consider the attached report and appendices

7. **Empty Homes premium and Second Homes Premium Policy** (Pages 139 - 154)

To consider the attached report

8. **Proposed Devon and Torbay Devolution Deal** (Pages 155 - 160)

To consider the attached report.

The Leader and a representative from Devon County Council to report.

For information - the proposed Devon and Torbay devolution deal published 31 January 2024 by DLUHC <https://www.gov.uk/government/publications/devon-and-torbay-devolution-deal>.

9. **Withdrawal from the Heart of the South West Joint Committee** (Pages 161 - 166)

To consider the attached report

10. **Grounds Maintenance Contract** (Pages 167 - 192)

To consider the attached report

11. **Queen Street, Newton Abbot - Pedestrianisation**

Details to follow

12. **Minutes of the Strata Joint Executive Committee (JEC)**

(Pages 193 - 196)

To approve the Strata Business Plan 2024/25 at the link below as recommended by JEC in the attached minutes of the meeting held on 30 January 2024.

The Business plan can be viewed at the link below

https://democracy.teignbridge.gov.uk/documents/s18951/Strata%20Business%20Plan_v1.8%202.pdf

13. **Notices of Motion**

Notice of Motion's shall be referred to the appropriate Committee meeting. The mover of the motion can outline the proposal and then it will stand adjourned. The motion may be debated to assist debate later if agreed by two-thirds of Council Members.

Motion 1

The following motion on communication to residents regarding development in Newton Abbot has been presented by Cllr Bullivant and supported by Cllrs Lake, Rogers, Thorne Purser

Communication to residents

“Over the next few years Newton Abbot should see areas with major developments taking place that will impact on the daily lives of residents.

It is essential that residents are kept informed of plans and project progress to ensure that everyone has access to information that will affect their lives.

The projects currently going through include:-

A382 improvements (planned start July 24) 2 year programme with major road closures

Stover Park enhancements (planned early 24) 1year programme

NA3 developments (planned early 24) 1200 homes over 10 years

NA1 developments (planned early 25) 1200 homes over 10 years

Newton Abbot Queen Street (planned mid 24)

Market Square improvements (planned early 24)

Cycle and footpath improvements in town centre (planned early 24)

Bradley Lane redevelopment (planned early 25)

Bus route improvements in town centre (planned mid 24)

It is recommended that an area within the Newton Abbot Market Hall is allocated to allow the developers carrying out these projects to show plans and to report on progress on an ongoing basis throughout the delivery programme.

It is also recommended that the requirement to maintain the information and keep it up to date by developers is included within the conditions applied on the granting of planning consent.”

Motion 2

The following motion on support for care workers has been submitted by Cllr Bradford and supported by from Cllrs Daws, Hall, Gearon, Lake, Radford, Ryan,

Taylor, P Parker, Palethorpe, Hook, Sanders, Keeling, Nutley, C Parker, Rogers, Nuttall, Steemson

Support for Care Leavers

“Following on from our Full Council meeting in January when we voted to give extra support to Care Leavers living within the district.

Can TDC follow South Hams District Council by providing employment opportunities with the Council for Care Leavers?

A new employment policy would be introduced with four main employment commitments to our care leavers :

1. The offer of a two to four week paid work placement
2. The support of a senior manager as a mentor to help care leavers working with the council to adapt to the working environment and secure permanent employment.
3. The ring-fencing of identified entry-level apprenticeship opportunities.
4. The guarantee of an interview to any care leaver who meets the minimum requirements of a vacant post.

In addition to this the Council would sign up to the Care Leaver Covenant, which is a national inclusion programme funded by the Dept. of Education to create meaningful opportunities for care leavers in 5 key areas including Education, Employment and Training. This would ensure the details of the offer to Care Leavers would be promoted on their website and in all promotional materials.”

Motion 3

The following motion on saving Teignmouth hospital from closure has been presented by Cllr Clarence and supported by Cllrs Keeling, Sanders, Macgregor, C Parker, Radford, Hall, Ryan, Nutley, Gearon, Palethorpe, Cox, Foden, Jackman, Parrott, J Taylor, Dawson, Daws, Hook, Rogers, Wrigley, Bullivant, Steemson, Bradford, Henderson,

Saving Teignmouth hospital from closure

“It was on the 21.2.2023 that a Notice of Motion was presented to Council raising the issue of trying to save Teignmouth Hospital from closure. The minutes of that meeting show clearly the background to that Notice of Motion and what was resolved unanimously by those present being some 27 members at the time.

Following the failure of the County Councils Adult Services Committee to refer the matter to the Secretary of State on the 24th Feb 2024 by some 8 votes to 5, legislation coming into effect on the 1st Feb now gives Teignbridge District Council the right and opportunity of referring the matter themselves to the Secretary of State for her consideration (Rt Hon Victoria Atkins MP)

I do not propose to go into the full background for the case for retention here, (as it is pretty well set out already in the fore mentioned background), suffice to say Hospitals such as Teignmouth I believe help out our stressed main Hospitals such as Torbay and eventual closure would mean the loss of an active operating theatre and the chance of putting back hopefully some further recuperation beds in the Hospital. Doubts also remain about whether an active physiotherapy department

would also be lost too.

Whilst introducing my proposed motion I would like to clarify the position of the proposed Health and Well Being Centre planned for the centre of Teignmouth. This is set to go ahead still and will serve as premises for Channel View/Den Crescent practices to operate from. TDC are still awaiting for the Trust to close the deal with TDC to purchase the site and are chasing them to conclude the sale.

So my NOM in summary is to ask the Secretary of State to examine the case please for the retention of Teignmouth Hospital, stopping the eventual closure and get it back to a fully functioning Hospital with recuperation beds put back in it to help out a hard pressed NHS.”

Motion 4

(A similar NOM was previously submitted by Cllr Daws. It was considered by the Executive on 4 January 2024

<https://democracy.teignbridge.gov.uk/ieListDocuments.aspx?CId=135&MId=3233&Ver=4>

and was referred to the Audit Scrutiny Committee for consideration).

The following motion on live streaming of public council meetings has been presented by Cllr J Taylor and supported by Cllrs Gearon, Hall, Bradford, Daws, Ryan, Radford, Macgregor, Atkins, P Parker

“I would like to discuss the issue of the live streaming of public council meetings.

I first identified that all meetings were not live streamed when attending a Standards meeting, which I expected to be live streamed but was not. My understanding was that this was due to an error and I wrongly assumed that all public meetings held in the Council Chamber were live streamed.

Again, at the latest Procedures Committee, which covered many of the motions not debated in Full Council, which were of public interest, was not live streamed.

I raised this at that meeting and was informed that live streaming is not governed by a policy which rationalises or prioritises which meetings are to be live streamed and it was believed it was purely based on cost.

In the interest of transparency and public engagement, I propose that all public meetings which are held in the council chamber should be live streamed and that all public meetings, not to be live streamed have the reason recorded in the minutes.”

14. Councillor Questions

Members of the Council may ask questions of the Council subject to procedural rules.

Part II: Items suggested for discussion with the press and public excluded

Nil

15. **Local Government (Access to Information) Act 1985 -
Exclusion of Press and Public**

It is considered that Council would be unlikely to exclude the press and public during consideration of the items on this agenda, but if it should wish to do so, the following resolution should be passed:-

RECOMMENDED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting of the particular item(s) on the grounds that it involve(s) the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 12A of the Act.

If you would like this information in another format, please telephone 01626 361101 or e-mail info@teignbridge.gov.uk

FULL COUNCIL

16 JANUARY 2024

Present:

Councillors Clarence (Chair), D Cox (Vice-Chair), Atkins, Bradford, Bullivant, Buscombe, Daws, Foden, Gearon, Hall, Hayes, Hook, Jackman, James, Keeling, Lake, Morgan, Mullone, Nutley, Nuttall, Palethorpe, C Parker, P Parker, Parrott, Peart, Purser, Radford, Rollason, Rogers, Ryan, Sanders, Smith, Steemson, G Taylor, J Taylor, Thorne, Webster, Williams and Wrigley

Apologies:

Councillors Goodman-Bradbury, MacGregor, Swain, Henderson and Dawson

Officers in Attendance:

Phil Shears, Managing Director
Martin Flitcroft, Chief Finance Officer & Head of Corporate Services
Paul Woodhead, Head of Legal Services & Monitoring Officer to the Council
Trish Corns, Democratic Services Officer
Kay Fice, Scrutiny Officer
Christopher Morgan, Trainee Democratic Services Officer
Tom Phillips, Assets Manager
Neil Blaney, Head of Place & Commercial Services

1. COUNCILLOR HUW COX

The Chair referred to the very sad passing of Councillor Huw Cox Ashburton and Buckfastleigh Ward Councillor and Executive Member for Business and the Teignbridge 100 housing programme, and who was previously the Chair of our Overview and Scrutiny.

The meeting stood for a minute's silence and the Council's flag was flown at half mast as a mark of respect.

The Leader, group leaders and fellow ward members paid tribute on behalf of all Councillors, to a respected colleague who would be sadly missed.

2. MINUTES

It was proposed by the Leader and seconded by Cllr Keeling that the minutes of the meeting 28 November 2023 be approved.

RESOLVED that the minutes of the meeting of 23 November were approved signed as a correct record by the Chair.

3. ANNOUNCEMENTS

The Leader updated Members on the recent Local Government Association Peer Challenge Review and thanked all who took part. The follow up detailed report would result in an action plan to improve the work of the Council.

The Chair advised of the civic events he had attended which included an event which raised funds for Devon Air Ambulance.

The Vice Chair referred to a demonstration against the closure of Teignmouth hospital on 24 January 2024 at 1.30pm at Devon County Council offices main entrance.

4. DECLARATIONS OF INTEREST (IF ANY)

Cllr Daws declared an interest in Minute 9 future high street fund, by virtue of his position as Director of a non-profit community benefit interest society set up to preserve the Alexander Theatre, and advised he would take part in the agenda item.

5. PUBLIC QUESTIONS

None.

6. RECOMMENDATION FROM AUDIT SCRUTINY - APPOINTMENT OF AN INDEPENDENT MEMBER TO SERVE ON AUDIT SCRUTINY COMMITTEE

The recommendation was proposed by the Chair of Audit Scrutiny Committee, seconded by the Executive Member for corporate resources and carried unanimously.

RESOLVED to appoint an independent member to serve on the Audit Scrutiny Committee.

7. COUNCIL TAX BASE 24/25

The Executive Member for Corporate Resources presented the report to approve the Council Tax base and thanked the Chief Financial Officer and his team for their work. He proposed the recommendation. This was seconded by the Leader and carried.

RESOLVED that the council tax base of 50,939 for 2024/25 be approved.

8. RECOMMENDATION FROM EXECUTIVE - COUNCIL TAX REDUCTION SCHEME

It was proposed by the Executive Member for Corporate Services and seconded by the Leader that the recommendation be approved. This was carried unanimously.

The Executive Member for Corporate Services thanked the Service Lead for Revenue, Benefits and Customer Support and the team for their work on putting together the scheme.

RESOLVED that the Tax Reduction Scheme (attached as Appendix A to the Executive agenda report 4 January 2024) be adopted for the year 2024-25 with the income bands uprated in line with the annual uprating in primary welfare benefits.

9. **CARER LEAVERS POLICY**

It was proposed by the Leader, seconded by the Executive Member for Corporate Services and carried unanimously.

RESOLVED to adopt the Support for Care Leaver Policy attached as Appendix C, which incorporates a council tax discount, free membership to our leisure centres, and work experience opportunities.

10. **FUTURE HIGH STREET FUND - PROJECT ADJUSTMENT**

The meeting referred to the agenda report.

The Leader proposed an amendment to the recommendations set out at in the report at agenda page 43 to delete recommendation (2), and to replace *the Executive Member for estates, assets, and parking* with *the Leader* at recommendation (3).

The Executive Member for Planning seconded the proposal.

An amendment was proposed by Cllr Bullivant and seconded by Cllr Peart that the requirements of the proposal are delivered in accordance with the plans, delegation is authorised to officers to deliver the requirements and the Council is kept informed on progress.

It was proposed and seconded that the meeting moves into private session to enable the Monitoring Officer to give advice.

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting on the grounds of the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

The meeting returned to public session.

A vote was taken on the amendment and was lost.

A vote was taken on the proposal and was carried.

RESOLVED to

- (1) Approve the submission of a Project Adjustment Request to Department for Levelling Up Housing and Communities (DLUHC) removing the cinema project, amending the Market Hall project and increasing the contingency for the Queen Street project.
- (2) Delegate authority to the Head of Place and Commercial Services (in consultation with the Leader and Chief Finance Officer regarding finalising the development details and prepare planning applications in line with the budget set out in Appendix 2 and timescales set out in Appendix 3 to this report) to take such other action as is necessary to implement the approved redevelopment of the Market Hall to which the approved funding scheme relates.

**11. RECOMMENDATION FROM OVERVIEW AND SCRUTINY COMMITTEE (2)
12 DECEMBER 2023 FUTURE HIGH STREET FUND**

The Chair of Overview and Scrutiny Committee 2, Cllr Sanders confirmed that the matter of the call-in relating to the future high street fund had intended to be dealt with at Minute 10 above.

Cllr Sanders proposed that delegated authority be given to the Leader and Executive Members to fulfil their roles as is necessary to implement the approved redevelopment of the Market Hall to which the approved funding scheme relates. This was seconded by the Executive Member for Estates, Assets and Parking.

It was proposed and seconded that the meeting moves into private session to enable the Monitoring Officer to give advice.

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting on the grounds of the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

The meeting returned to public session.

A vote was taken on the proposal and carried.

RESOLVED that delegated authority be given to the Leader and Executive Members to fulfil their roles as is necessary to implement the approved redevelopment of the Market Hall to which the approved funding scheme relates.

12. NOTICES OF MOTION

Cllr P Parker presented the motion that:

Any amendments to the agenda on a full council meeting need to be notified by 12 o'clock on the previous day to allow officers and members time to prepare their responses.

Two-thirds of Members present did not agree to debate the matter and therefore the matter was referred to the Procedures Committee.

13. COUNCILLOR QUESTIONS

None.

CLLR C CLARANCE
Chair

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**Teignbridge District Council
Council
27 February 2024
Part i**

BUDGET AND COUNCIL TAX 2024/25

Purpose of Report

To consider a recommendation from the Executive in relation to the Final Financial Plan Proposals 2023/24 to 2026/27. The information set out below is intended to assist the Council in its consideration of the Executive's budget proposals. The Executive Member for Corporate Resources will present the Executive's proposals.

Recommendation(s)

- a **That the Teignbridge band D council tax for 2024/25 is increased by 2.99% or £5.70 to £196.41 per annum**
- b **Maintaining 100% council tax support**
- c **That general reserves are increased to 12.7% of the net revenue budget for 2024/25 or £2.4 million**
- d **That £200,000 of the general reserve balance in any one year be available to the Executive to meet unexpected expenditure in addition to the agreed revenue budget**
- e **All other decisions with regard to budgetary change will be approved by reference to virement rules in the financial instructions**
- f **That the summary revenue budget for 2024/25 is £18.9 million as shown at appendix 4. In particular the revenue budget includes:**
 - **Assumptions of a 4.0% pay rise for 2024/25**
 - **Revenue contributions to fund capital are increased to £500,000 to support the capital budget**
 - **Voluntary grants are maintained at current levels**
 - **A blue badge parking permit is introduced including a budget for a Technical Support Officer to administer the scheme**
 - **The councillors community fund grant is maintained at £1,000 each**
 - **A payment of £1,000,000 to reduce the pension deficit**

- **Provision for temporary resources to cover scrutiny support and Modern 25**
- g That fees and charges are approved as shown summarised at appendix 6.**
- h That the capital programme as shown at appendix 7 is approved. In particular this includes:**
 - **Increasing jobs and homes through continuing support for housing whilst backing business and encouraging community-led planning. Work continues on the Teignbridge 100 affordable housing project with 7 units in Newton Abbot already built and delivered in addition to 29 units purchased in Dawlish, Teignmouth, Newton Abbot and Chudleigh for social and affordable rent and temporary accommodation. A provision of £6.8 million has been made for the construction of a *Passivhaus* extremely energy-efficient design social housing scheme in Sherborne House car park.**

Continuing investment for climate change projects following successful funding bids for low carbon heating and energy system improvements. Schemes have been completed at leisure sites and the Council offices with work underway to deliver a second phase at Broadmeadow Sports Centre. Further provisions are made under the Carbon Action Plan for investment in carbon reduction measures covering the Authority's Scope 1 & 2 carbon footprint, to include onsite renewable energy generation, thermal fabric improvements and energy efficiency improvements.
 - **Infrastructure delivery plan investment contributing to improving education, transport links, sports and open spaces.**

Regeneration investment aimed at improving town centres and stimulating growth in the local economy, including Newton Abbot market improvements, funded from Future High Street grant and borrowing. There is also an indicative £2 million provision for employment site investment to be funded through prudential borrowing. A business case will be brought to members for consideration once it is finalised.
- i That the Financial Plan 2024 to 2029 is approved as set out in appendix 8**
- j That the prudential indicators are noted and the prudential limits approved all as set out in appendix 11**
- k That the updated treasury management strategy statement and authorised lending list as set out in appendix 12 is approved together with the capital strategy in appendix 12a**

- l That each scheme will be considered on its merits as explained at the end of appendix 12 to decide the calculation of minimum revenue provision for capital expenditure in 2024/25**

- m That the council tax resolutions as recommended in appendix 15 are approved**

Financial Implications

The financial implications are contained throughout the report. The main purpose being to approve the level of council tax for Teignbridge and associated resolutions, the final budget proposals for both revenue and capital budgets and medium term financial plan covering the years 2023/24 to 2026/27 and the prudential limits.

Martin Flitcroft – Chief Finance Officer
Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk

Legal Implications

Council is required under general local government law including as part of the setting of council tax etc., as well as the budget and policy framework procedure rules in the constitution (section 7(a) and 7 (b)) to approve a budget each year. See also section 3 of the report.

Paul Woodhead – Head of Legal Services & Monitoring Officer
Tel: 01626 215139 Email: paul.woodhead@teignbridge.gov.uk

Risk Assessment

The main risk is not setting a balanced budget and the impact on reserves. An assessment of future funding are a significant concern with changes anticipated for 2026/27 in relation to business rates retention and new homes bonus and an alternative funding stream to replace New Homes Bonus if this is scrapped. A programme of identifying savings or increased income is required to meet the budget gaps for future years if additional funding is not provided from Government.

Martin Flitcroft – Chief Finance Officer
Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk

Environmental/ Climate Change Implications

The revenue budget supports the funding of a Climate Change Officer and associated revenue budget and capital projects are highlighted which contribute towards our climate change objectives in appendix 7 – capital programme. Temporary staffing resources continue to be included within the revenue budget to assist with the implementation of various works to meet our climate change aspirations.

David Eaton – Environmental Protection Manager
Tel: 01626 215064 Email: david.eaton@teignbridge.gov.uk

Report Author

Martin Flitcroft – Chief Finance Officer
Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk

Executive Member

Councillor Richard Keeling – Executive Member for Resources

Appendices/Background Papers

App 1 – Budget timetable 2024/25
App 2 – Recommended council tax base 2024/25
App 3 – Council tax calculator 2024/25
App 4 – Summary revenue plan 2023/24 onwards
App 5 – Revenue budget detail
App 6 – Fees and charges summary
App 7 – Capital programme
App 8 – Financial plan 2024 - 2029
App 9 – Financial plan sensitivity and risk analysis
App 10 – equality impact assessment
App 11 – recommended prudential indicators
App 12 – treasury management statement, authorised lending list and minimum revenue provision annual statement
App 12a – Capital strategy
App 13 – consultation report
App 14 – draft minute of the Executive meeting held on 13 February 2024 relating to the final financial plan proposals 2024/25 to 2026/27
Appendix 15 – council tax resolutions 2024/25

Budget and settlement files
The Constitution

1. PURPOSE

- 1.1** To consider a recommendation from the Executive in relation to the Final Financial Plan Proposals 2024/25 to 2026/27. The information set out below is intended to assist the Council in its consideration of the Executive's budget proposals. The Executive Member for Corporate Resources will present the Executive's proposals.
- 1.2** The final financial plan proposals 2024/25 to 2026/27 as per agenda item 6 Overview and Scrutiny 1, 6 February 2024 and agenda item 8 Overview and Scrutiny 2, 6 February 2024 and agenda item 7 Executive 13 February 2024 have been issued. These include the detailed budget background; a complete budget pack will be issued to all Members once relevant information has been finalised. The proposals include recommended revenue and capital budgets for 2024/25 and planned in outline for 2025/26 and 2026/27.
- 1.3** Appendices 1 to 8 were attached to both the Overview & Scrutiny 1 and 2 and Executive agendas. The recommended figures are based on the provisional settlement as the final settlement had not been agreed. The final settlement has now been received and there have been no material changes.
- 1.4** A sensitivity and risk analysis is added at appendix 9 as part of the assessment of the robustness of the budget and adequacy of the reserves. This has been expanded to include new recommendations from CIPFA. See also 2.4 below. New mainly technical appendices 10 to 15 are being added to the website as they become available. The full council pack together with all appendices will be issued as we have the final recommended precepts from county, fire and police.

2. FINANCIAL PLAN SUMMARY

In considering the recommendation from the Executive the Council may wish to have regard to the following points.

2.1 A financial background for 2024/25 of:

- Teignbridge has received a one year government settlement for 2024/25. The government is now suggesting a review of future core funding in 2025/26 with changes likely from 2026/27. The baseline is likely to be reset. New homes bonus has reduced over many years and identified as being scrapped in future years with no clarity on its replacement. There are no legacy payments on the 2024/25 bonus.
- We have benefitted from previous savings plans and restructuring efficiencies are still producing cost reductions. This budget also gains from the Strata partnership.
We are reviewing savings options via the Modern 25 agenda.

The budget process has required £3.6 million of earmarked reserves to balance the budget in 2024/25, a further use of £2.2 million of earmarked reserves in 2025/26 and £4.2 million in 2026/27. Further work will be required to identify savings/generate income to balance the on-going budget gap and protect our earmarked reserves.

- We are operating within our ten year Strategy (currently under review) taking us to 2030. This sets the tone for contributing to civic life and ensuring public services focus on ‘place and person’ while remaining accountable, fair and value for money. At the heart are the Teignbridge Ten overarching projects that guide our activities, where we focus our resources and how we shape services to deliver real progress for the district.
 - The economy continues to be fragile with the current economic conditions, post Covid recovery and this has created significant financial uncertainties for the future.
 - The assumption of a 4.0% pay rise from 1 April 2024.
 - No council tax freeze grants are available for 2024/25. A referendum would be triggered if the band D council tax increase is equal to or above 3% AND is above £5
- 2.2 The budget detail in appendix 5 clearly shows the responsible Executive member as in recent years to provide transparent accountability.
- 2.3 The capital programme funding includes community infrastructure levy for local plan projects. Contributions from revenue to capital have been increased to £500,000 to support the capital budget.
- 2.4 The chief finance officer is designated under section 151 of the Local Government Act 1972. He endorses the recommendations made in this report and discharges his duty under section 25 of the Local Government Act 2003 to report to the Council on the following matters:
- a) the robustness of the estimates made for the purposes of the council tax calculations; and
 - b) the adequacy of the proposed financial reserves.

The relevant detailed sensitivity and risk analysis is shown at appendix 9.

There are enough reserves in the short to medium term to balance the budget in a context of falling resources and income streams. This includes heavy use of earmarked reserves. Risks are therefore manageable at present. If action is not taken promptly to balance the medium term position the Council will face challenging decisions that can be managed or avoided by a strategic approach now.

- 2.5 An equality impact assessment has been carried out on the financial plan 2024/25 and this is shown at appendix 10.
- 2.6 Recommended updated prudential indicators are shown at appendix 11. An updated treasury management statement, incorporating policy statement, clauses to be adopted, investment strategy including authorised lending list and minimum revenue provision statement is at appendix 12. The capital strategy is at appendix 12a. Both the treasury management statement and capital strategy are linked to the proposed revenue and capital budgets and have regard to affordability, prudence and sustainability as required by the latest Chartered Institute of Public Finance and Accountancy Prudential Code 2021 and Treasury Management Code 2021.
- 2.6.1 Indicators 1 to 4 of the prudential indicators are calculated from the proposed revenue and capital budgets and have been changed accordingly.
- 2.6.2 The authorised lending list at appendix 12 takes account of the latest ratings for banks and building societies.
- 2.7 The budget proposals have been published and considered by Overview & Scrutiny 1 and 2 and at two meetings of town and parish councils.
- 2.8 A budget survey was put on the website and publicised to encourage feedback. In particular it was brought to the attention of businesses, the residents' panel and Teignbridge relationship groups. Responses are included for member consideration as appendix 13 to the Council budget papers.
- 2.9 Also included is a recommendation to pass the formal council tax resolutions which are set out in appendix 15. These are technical resolutions which are required to be passed by law by the Council and take into account the requirements of our precepting bodies.
- 2.10 Final decisions are being made by police, county and fire on 2, 15 and 16 February respectively and members will be advised accordingly.

3. LEGAL / JUSTIFICATION

Council is required under the budget and policy framework procedure rules in the constitution (section 7(a) and 7(b)) to approve a budget to Council each year).

In coming to a decision in relation to the revenue budget and the council tax, the Council and Councillors have the following legal duties:

- a. To act in accordance with their statutory duties and responsibilities;
- b. To act reasonably; and
- c. To have careful regard to their fiduciary duty to its rate payers and Council tax payers.

The Council has a clear legal duty to set a balanced budget. A resolution not to set a Council tax would be unlawful so would be a resolution to set a Council tax which deliberately did not balance the budget.

The meaning of fiduciary duty is more difficult to define but can be summarised as a duty to conduct administration in a business-like manner with reasonable care, skill and caution and with due regards to the council's rate payers. When discharging their fiduciary duties councillors will need to consider the following:

- a. Prudent use of the council's resources, including the raising of income and the control of expenditure;
- b. Financial prudence both long and short term;
- c. Striking a fair balance between the interest of the council tax payers on the one hand and the community interest and adequate and efficient services on the other hand; and
- d. Acting in good faith with a view to complying with statutory duties and exercising its statutory powers for the benefit of the community.

Restriction on voting

Members' attention is drawn to the provisions of S.106 of the Local Government Finance Act 1992 which applies to members where: they are present at a meeting of full Council, Executive or relevant Committee and at the time of the meeting an amount of Council tax and has remained unpaid for at least 2 months and any budget or Council tax calculation or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practical after its commencement disclose the fact that S.106 applies to them and shall not vote on any question concerning budget setting.

Failure to comply with these requirements is a criminal offence unless such member can prove that they did not know S.106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at that meeting.

Budget timetable 2024/25

	October	November	December	January	February
Government (Chancellor) Autumn Spending Round Statement		22nd			
Provisional local government settlement			18th		
Town/parish initial budget/precept meeting			19th		
Executive papers sent out - initial budget proposals			20th		
Start of formal six weeks consultation period			20th		
Budget survey emailed to businesses			20th		
Executive - agree initial financial plan proposals including council tax base				4th	
Overview & Scrutiny 1 & 2 - consider Executive's financial plan				9th	
Council - approve council tax base				16th	
Final settlement expected				31st	
Deadline for business rates retention estimate to government, county and fire				31st	
Police and Crime Panel consider precept and approve					2nd
Overview & Scrutiny 1 & 2 - consider Executive's final financial proposals					6th
Executive - agree final financial plan proposals, including budget monitoring					13th
County Cabinet 10.30am budget meeting					9th
Devon County Council 2.15pm - set county precept and council tax					15th
Fire Authority - set fire precept and council tax					16th
Council meeting - consider financial proposals and council tax resolution					27th
Reserve county budget meeting 10.30 am if required					20th
Close council tax accounts and start bills print unless delayed if council tax not set					28th
Reserve Council budget meeting if required					29th

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Section 1

Council Tax Base adjustment for Council Tax Support (CTS) and estimated growth						
	Estimated 24/25 Band D Number	23/24 Council Tax £	Estimated Income £	Estimated Collection Rate %	Estimated Net Income £	Estimated 24/25 Base
Full band D at November 2023	55,955.2	2,279.30	127,538,690			
less CTS at November 2023	<u>-4,387.7</u>	2,279.30	<u>-10,000,880</u>			
Starting point based on Nov 2023	51,567.5		117,537,810			
Anticipated growth at 0.9%	464.1	2,279.30	1,057,820			
Total (rounded)	52,031.6	2,279.30	118,595,630	97.9%	116,105,260	50,939

Section 2

2024/25 Expected Council Tax (CT) Income at Current Council Tax Levels compared with 2023/24				
Preceptor	Estimated CT Base Number	23/24 Council Tax £	Expected income £	
2024/25 expected income (rounded)				
Towns and parishes	50,939	96.11	4,895,750	
District	50,939	190.71	9,714,580	
County	50,939	1,634.13	83,240,950	
Fire	50,939	96.79	4,930,390	
Police	50,939	261.56	13,323,600	
Total (rounded) shows a 1.4% increase in expected income		2,279.30	116,105,270	
2023/24 expected income (rounded)				
Towns and parishes	50,215	96.11	4,826,160	
District	50,215	190.71	9,576,500	
County	50,215	1,634.13	82,057,840	
Fire	50,215	96.79	4,860,310	
Police	50,215	261.56	13,134,240	
Total (rounded)		2,279.30	114,455,050	

To show the extra Council Tax in 2024/25 that would be collected for varying increases by percentage and value.

Teignbridge Band D Council Tax 2023/24 (excluding parish precepts) **£190.71**
 Approved Council Tax Base 2024/25 (at 97.9% collection rate) **[a] 50,939**

Varying increases in Council Tax for 2024/25			Total Band D Council Tax 2024/25	Increase in Council Tax income for 2024/25	[b] Total Council Tax income 2024/25
%	Per Year £	Per Week £	Per Year £	Per Year £	Per Year £
0.00	0.00	0.00	190.71	0	9,714,580
				No council tax freeze grant	0
				Total income	9,714,580
0.27	0.52	0.01	191.23	26,480	9,741,060
0.52	1.00	0.02	191.71	50,940	9,765,520
1.00	1.91	0.04	192.62	97,290	9,811,870
1.05	2.00	0.04	192.71	101,870	9,816,450
1.36	2.60	0.05	193.31	132,440	9,847,020
1.57	3.00	0.06	193.71	152,810	9,867,390
2.00	3.81	0.07	194.52	194,070	9,908,650
2.10	4.00	0.08	194.71	203,750	9,918,330
2.62	5.00	0.10	195.71	254,690	9,969,270
2.99	5.70	0.11	196.41	290,350	10,004,930

Note:

- [a]** Council Tax Base of 50,939 for 2024/25 approved by Council on 15 January 2024
- [b]** Total Council Tax income is calculated by multiplying the Band D Council Tax by the recommended Council Tax Base of 50,939
- [c]** No council tax freeze grant. Referendum limit proposed by government as higher of 3% or above £5 for Band D.

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Revenue Budget Summary

Appendix 4

Revenue Budget	2023-24 Forecast	2023-24 Latest	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
	£	£	£	£	£
EXPENDITURE					
1 Employees	24,398,970	24,248,980	26,932,610	26,140,290	26,861,980
2 Property	5,721,180	5,903,150	5,873,850	6,023,300	6,180,440
3 Services & supplies	6,768,450	8,471,680	6,919,850	6,816,050	7,012,080
4 Grant payments	19,182,450	22,550,060	19,334,800	17,334,800	15,334,800
5 Transport	1,057,840	798,070	1,082,810	1,099,660	1,118,190
6 Leasing & capital charges	1,497,950	1,543,470	2,365,490	2,701,240	2,726,460
7 Contributions to capital	300,000	567,290	500,000	500,000	500,000
8 Total expenditure	58,926,840	64,082,700	63,009,410	60,615,340	59,733,950
INCOME					
9 Sales	-1,467,900	-783,820	-807,690	-840,000	-873,600
10 Fees & charges	-10,781,150	-11,461,790	-11,928,260	-12,524,670	-13,150,900
11 Grants - income	-19,388,510	-23,207,970	-19,542,500	-17,542,500	-15,542,500
12 Property income	-3,343,710	-4,026,360	-3,699,950	-4,127,570	-4,251,700
13 Other income & recharges	-4,105,820	-5,816,760	-4,533,480	-4,010,380	-3,843,720
14 Transfer from (-) / to earmarked reserves	-2,205,900	-996,150	-3,551,730	-2,217,860	-4,206,570
15 Total income	-41,292,990	-46,292,850	-44,063,610	-41,262,980	-41,868,990
16 Total net service cost	17,633,850	17,789,850	18,945,800	19,352,360	17,864,960
Funding					
17 Council tax	-9,576,500	-9,576,500	-10,004,930	-10,507,120	-10,929,500
18 Council tax/community charge surplus(-) / deficit	-125,550	-125,550	-251,670	0	0
19 Revenue support grant	-245,040	-245,040	-261,270	-294,020	0
20 Rates baseline funding	-3,520,800	-3,520,800	-3,634,240	-3,669,860	-3,705,120
21 Estimated rates retention and pooling gain	-2,446,200	-2,684,960	-2,800,410	-2,920,830	-1,664,880
22 New homes bonus	-404,940	-404,940	-650,240	-650,240	0
23 Alternative housing funding/damping	0	0	0	0	-1,500,000
24 Other grants	-1,314,820	-1,314,820	-1,343,040	-1,310,290	-65,460
25 Budget gap (-) to be found	0	0	0	0	0
26 Total funding	-17,633,850	-17,872,610	-18,945,800	-19,352,360	-17,864,960
27 -Surplus/shortfall	0	-82,760	0	0	0
28 General reserves at end of year	2,300,001	2,400,004	2,400,004	2,400,004	2,400,004
29 General reserves as % of net revenue budget	13.0%	13.4%	12.7%	12.4%	13.4%

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Revenue Budget Detail

Appendix 5

All Services

Managing Director/Head Of Service		2022-23	2023-24	2024-25
		Actual	Outturn	Budget
		£	£	£
Corporate Services				
A Pujol	Business Transformation Team	309,027	559,650	613,540
A Pujol	Communications	415,403	469,890	493,720
M Flitcroft	Democratic Services	771,010	778,250	850,790
P Shears	Electoral Services	155,483	414,390	217,480
M Flitcroft	Finance	748,799	934,900	1,094,050
P Shears	Human Resources	496,928	712,690	674,910
M Flitcroft	Internal Audit & Information Governance	191,001	289,700	242,240
M Flitcroft	Legal	306,086	418,290	577,880
M Flitcroft	Procurement	32,636	40,310	41,260
P Shears	Strategic Leadership Team	435,465	521,360	531,570
		3,861,838	5,139,430	5,337,440
Strategic Place				
N Blaney	Building Control	- 144,691	- 96,860	- 96,210
A Pujol	Customer Services	615,550	647,820	835,830
N Blaney	Development Management	532,925	704,400	710,400
N Blaney	Economy & Assets	13,057	337,800	781,680
A Pujol	Housing	64,661	1,243,000	1,514,830
N Blaney	Parking	- 2,901,091	- 3,067,580	- 3,223,290
A Pujol	Revenues & Benefits	566,080	1,198,510	1,332,960
N Blaney	Spatial Planning	704,339	514,800	576,330
		- 549,170	1,481,890	2,432,530
Environment, Health & Wellbeing				
A Pujol	Community Safety	121,210	120,570	116,120
N Blaney	Environmental Health	1,081,841	1,225,680	1,361,420
N Blaney	Green Spaces & Active Leisure	854,113	1,083,680	1,180,870
M Flitcroft	Leisure	- 1,841	960,230	1,136,830
N Blaney	Licensing	- 48,907	- 26,380	- 30,010
N Blaney	Resorts	162,095	99,630	79,210
P Shears	Waste, Recycling & Cleansing	5,432,485	6,525,700	8,235,720
		7,600,995	9,989,110	12,080,160
Total all services		10,913,662	16,610,430	19,850,130
Financing Items		783,923	612,130	- 1,404,330
Totals per actual/budget papers		11,697,585	17,222,560	18,445,800
Contributions to Capital		1,443,101	567,290	500,000
Totals per actual/budget papers		13,140,686	17,789,850	18,945,800

Notes:

There is a glossary of terms at the end of this appendix

Executive Member: Gary Taylor							
Manager: Nigel Hunt							
Activity Area: Building Control							
		2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
		FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>							
Employees	21.0	1,036,055	21.0	1,143,190	21.0	1,213,260	
Property		33,610		33,670		33,670	
Services & Supplies		129,362		135,120		134,810	
Grant Payments		-		-		-	
Transport		57,096		55,410		59,910	
Leasing & capital charges		-		-		-	
		1,256,123		1,367,390		1,441,650	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges	-	1,169,191	-	1,219,840	-	1,295,120	
Property Income		-		-		-	
Grants - income		-		-		-	
Other income & recharges	-	231,623	-	232,840	-	242,740	
Transfers from earmarked reserves		-		11,570		-	
		1,400,814		1,464,250		1,537,860	
Service Cost		144,691		96,860		96,210	
Service cost - £'s per head of population	-	1.07	-	0.72	-	0.71	

Executive Member: Martin Wrigley							
Manager: Lloyd Purchase							
Activity Area: Business Transformation Team							
		2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
		FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>							
Employees	5.5	234,734	5.5	389,360	5.5	343,710	
Property		14,976		15,230		15,230	
Services & Supplies		97,751		213,370		254,430	
Grant Payments		-		71,090		-	
Transport		133		260		740	
Leasing & capital charges		-		-		-	
		347,593		689,310		614,110	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges		-		-		-	
Property Income	-	567	-	570	-	570	
Grants - income		-		121,090		-	
Other income & recharges	-	37,999	-	1,360	-	-	
Transfers from earmarked reserves		-		6,640		-	
		38,566		129,660		570	
Service Cost		309,027		559,650		613,540	
Service cost - £'s per head of population		2.29		4.15		4.55	

Executive Member:	Martin Wrigley					
Manager:	Louise Raymond					
Activity Area:	Communications					
		2022-23		2023-24		2024-25
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	213,580	5.0	259,810	5.0	279,260
	Property	3,875		3,920		3,920
	Services & Supplies	86,807		76,130		81,960
	Grant Payments	139,850		152,880		152,880
	Transport	237		-		700
	Leasing & capital charges	-		-		-
		444,349		492,740		518,720
	<u>INCOME</u>					
	Sales	-		-		-
	Fees & Charges	-		-		-
	Property Income	-		-		-
	Grants - income	-		-		-
	Other income & recharges	28,946	-	22,850	-	25,000
	Transfers from earmarked reserves	-		-		-
		- 28,946		- 22,850		- 25,000
		415,403		469,890		493,720
Service Cost						
Service cost - £'s per head of population		3.08		3.49		3.66

Executive Member:	Linda Goodman-Bradbury					
Manager:	Rebecca Hewitt					
Activity Area:	Community Safety					
		2022-23		2023-24		2024-25
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	100,209	2.0	100,220	2.0	102,750
	Property	2,054		2,070		2,070
	Services & Supplies	7,684		8,680		9,330
	Grant Payments	304,503		119,050		-
	Transport	1,057		1,750		1,970
	Leasing & capital charges	-		-		-
		415,508		231,770		116,120
	<u>INCOME</u>					
	Sales	-		-		-
	Fees & Charges	-		-		-
	Property Income	-		-		-
	Grants - income	281,450	-	90,580	-	-
	Other income & recharges	12,848	-	20,620	-	-
	Transfers from earmarked reserves	-		-		-
		- 294,298		- 111,200		-
		121,210		120,570		116,120
Service Cost						
Service cost - £'s per head of population		0.90		0.89		0.86

Executive Member:	Richard Keeling					
Manager:	Emma Ingle					
Activity Area:	Customer Services					
		2022-23		2023-24		2024-25
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	486,186	18.5	503,240	19.0	684,900
	Property	10,808		10,920		10,920
	Services & Supplies	118,556		133,660		140,010
	Grant Payments	-		-		-
	Transport	-		-		-
	Leasing & capital charges	-		-		-
		615,550		647,820		835,830
	<u>INCOME</u>					
	Sales	-		-		-
	Fees & Charges	-		-		-
	Property Income	-		-		-
	Grants - income	-		-		-
	Other income & recharges	-		-		-
	Transfers from earmarked reserves	-		-		-
		-		-		-
		615,550		647,820		835,830
Service Cost		615,550		647,820		835,830
Service cost - £'s per head of population		4.57		4.81		6.20

Executive Member:	Richard Keeling					
Manager:	Sarah Selway					
Activity Area:	Democratic Services					
		2022-23		2023-24		2024-25
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	577,969	3.0	622,860	3.0	666,050
	Property	36,827		2,970		6,110
	Services & Supplies	114,907		126,040		131,620
	Grant Payments	50,364		47,000		47,000
	Transport	5		10		10
	Leasing & capital charges	-		-		-
		780,072		798,880		850,790
	<u>INCOME</u>					
	Sales	-		-		-
	Fees & Charges	-		-		-
	Property Income	-		-		-
	Grants - income	-		-		-
	Other income & recharges	9,061	-	300		-
	Transfers from earmarked reserves	-		20,330		-
		9,061		20,630		-
		771,010		778,250		850,790
Service Cost		771,010		778,250		850,790
Service cost - £'s per head of population		5.72		5.77		6.31

Executive Member: Gary Taylor							
Manager: Sim Manley							
Activity Area: Development Management							
	FTE	2022-23 Actual £	FTE	2023-24 Outturn £	FTE	2024-25 Budget £	
<u>EXPENDITURE</u>							
Employees	29.5	1,355,287	30.0	1,424,470	30.0	1,484,300	
Property		62,313		66,030		66,070	
Services & Supplies		340,192		548,020		311,320	
Grant Payments		-		-		-	
Transport		15,775		27,560		27,530	
Leasing & capital charges		-		-		-	
		1,773,568		2,066,080		1,889,220	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges	-	1,074,105	-	1,088,630	-	1,178,400	
Property Income		-		-		-	
Grants - income	-	27,554	-	35,520	-	-	
Other income & recharges	-	138,984	-	151,380	-	420	
Transfers from earmarked reserves		-		86,150		-	
		1,240,643		1,361,680		1,178,820	
Service Cost		532,925		704,400		710,400	
Service cost - £'s per head of population		3.95		5.23		5.27	

Executive Member: David Palethorpe							
Manager: Fergus Pate and Tom Phillips							
Activity Area: Economy & Assets							
	FTE	2022-23 Actual £	FTE	2023-24 Outturn £	FTE	2024-25 Budget £	
<u>EXPENDITURE</u>							
Employees	30.0	1,082,083	30.0	1,358,080	30.0	1,587,970	
Property		933,055		1,061,890		1,039,340	
Services & Supplies		561,242		590,200		369,160	
Grant Payments		49,562		119,140		4,280	
Transport		5,279		9,010		9,230	
Leasing & capital charges		-		-		-	
		2,631,220		3,138,320		3,009,980	
<u>INCOME</u>							
Sales	-	109	-	300	-	300	
Fees & Charges	-	123,156	-	99,580	-	98,390	
Property Income	-	2,159,039	-	2,141,070	-	1,924,590	
Grants - income	-	49,108	-	127,690	-	-	
Other income & recharges	-	286,751	-	431,880	-	205,020	
Transfers from earmarked reserves		-		-		-	
		2,618,164		2,800,520		2,228,300	
Service Cost		13,057		337,800		781,680	
Service cost - £'s per head of population		0.10		2.51		5.80	

Executive Member:	Martin Wrigley	2022-23		2023-24		2024-25	
Manager:	Cathy Ruelens	Actual		Outturn		Budget	
Activity Area:	Electoral Services	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>							
Employees	2.0	97,892	2.0	142,220	2.0	107,800	
Property		8,270		53,040		8,360	
Services & Supplies		93,911		419,860		103,270	
Grant Payments		-		-		-	
Transport		171		3,540		210	
Leasing & capital charges		-		-		-	
		200,244		618,660		219,640	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges	-	2,035	-	2,160	-	2,160	
Property Income		-		-		-	
Grants - income	-	34,500	-	-	-	-	
Other income & recharges	-	8,226	-	202,110	-	-	
Transfers from earmarked reserves		-		-		-	
		44,761		204,270		2,160	
Service Cost		155,483		414,390		217,480	
Service cost - £'s per head of population		1.15		3.07		1.61	

Executive Member:	Charles Nuttall	2022-23		2023-24		2024-25	
Manager:	David Eaton and Paul Nicholls	Actual		Outturn		Budget	
Activity Area:	Environmental Health	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>							
Employees	20.0	872,050	21.0	916,540	21.0	1,029,620	
Property		61,380		60,570		61,830	
Services & Supplies		218,259		329,240		269,080	
Grant Payments		-		-		-	
Transport		30,535		34,550		34,660	
Leasing & capital charges		3,277		3,000		26,380	
		1,185,501		1,343,900		1,421,570	
<u>INCOME</u>							
Sales	-	2,590	-	6,000	-	6,000	
Fees & Charges	-	37,940	-	39,250	-	39,750	
Property Income		-		-		-	
Grants - income	-	52,776	-	-	-	-	
Other income & recharges	-	10,354	-	19,020	-	14,400	
Transfers from earmarked reserves		-		53,950		-	
		103,660		118,220		60,150	
Service Cost		1,081,841		1,225,680		1,361,420	
Service cost - £'s per head of population		8.03		9.09		10.10	

Executive Member:	Richard Keeling						
Manager:	Martin Flitcroft						
Activity Area:	Finance	2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
		£	FTE	£	FTE	£	FTE
<u>EXPENDITURE</u>							
Employees	16.5	701,128	16.0	840,500	16.0	988,130	
Property		23,038		23,290		23,290	
Services & Supplies		51,166		116,500		103,040	
Grant Payments		-		-		-	
Transport		94		30		320	
Leasing & capital charges		-		-		-	
		775,426		980,320		1,114,780	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges		-		-		-	
Property Income		-		-		-	
Grants - income		-		-		-	
Other income & recharges	-	26,627	-	20,730	-	20,730	
Transfers from earmarked reserves		-		24,690		-	
		- 26,627		- 45,420		- 20,730	
Service Cost		748,799		934,900		1,094,050	
Service cost - £'s per head of population		5.55		6.94		8.12	

Executive Member:	John Nutley						
Manager:	Mark Payne						
Activity Area:	Green Spaces & Active Leisure	2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
		£	FTE	£	FTE	£	FTE
<u>EXPENDITURE</u>							
Employees	11.0	364,351	10.5	466,680	10.5	517,610	
Property		876,717		953,080		955,940	
Services & Supplies		358,220		275,240		247,220	
Grant Payments		5,559		5,740		4,850	
Transport		9,694		14,110		12,510	
Leasing & capital charges		-		-		-	
		1,614,541		1,714,850		1,738,130	
<u>INCOME</u>							
Sales	-	3,854	-	2,420	-	1,280	
Fees & Charges	-	347,584	-	278,600	-	288,960	
Property Income	-	191,633	-	197,500	-	183,310	
Grants - income	-	26,547	-	15,540	-	-	
Other income & recharges	-	190,809	-	123,950	-	83,710	
Transfers from earmarked reserves		-		13,160		-	
		- 760,428		- 631,170		- 557,260	
Service Cost		854,113		1,083,680		1,180,870	
Service cost - £'s per head of population		6.34		8.04		8.76	

Executive Member:	Linda Goodman-Bradbury					
Manager:	Amanda Pujol					
Activity Area:	Housing					
		2022-23		2023-24		2024-25
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	1,652,610	32.0	1,802,120	32.0	1,550,720
	Property	466,757		502,120		476,580
	Services & Supplies	1,202,427		1,188,450		1,093,270
	Grant Payments	1,409,043		1,777,260		895,400
	Transport	24,206		19,040		20,920
	Leasing & capital charges	-		-		-
		4,755,043		5,288,990		4,036,890
	<u>INCOME</u>					
	Sales	1,200	-	1,200	-	1,200
	Fees & Charges	11,372	-	15,040	-	4,850
	Property Income	970,585	-	1,314,390	-	1,203,210
	Grants - income	3,546,174	-	2,471,150	-	1,209,440
	Other income & recharges	161,050	-	109,830	-	103,360
	Transfers from earmarked reserves	-	-	134,380	-	-
		4,690,381		4,045,990		2,522,060
	Service Cost	64,661		1,243,000		1,514,830
	Service cost - £'s per head of population	0.48		9.22		11.24

Executive Member:	Martin Wrigley					
Manager:	Tim Slater					
Activity Area:	Human Resources					
		2022-23		2023-24		2024-25
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	350,392	7.0	511,760	7.0	529,570
	Property	17,761		19,900		17,910
	Services & Supplies	131,080		180,830		127,230
	Grant Payments	-		-		-
	Transport	195		200		200
	Leasing & capital charges	-		-		-
		499,428		712,690		674,910
	<u>INCOME</u>					
	Sales	-	-	-	-	-
	Fees & Charges	-	-	-	-	-
	Property Income	-	-	-	-	-
	Grants - income	-	-	-	-	-
	Other income & recharges	2,500	-	-	-	-
	Transfers from earmarked reserves	-	-	-	-	-
		2,500		-		-
	Service Cost	496,928		712,690		674,910
	Service cost - £'s per head of population	3.69		5.29		5.01

Executive Member:	Richard Keeling	2022-23		2023-24		2024-25
Manager:	Sue Heath	Actual		Outturn		Budget
Activity Area:	Internal Audit & Governance	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	2.0	185,701	2.0	264,000	2.0	215,580
Property		9,013		9,110		9,110
Services & Supplies		13,789		17,150		18,110
Grant Payments		-		-		-
Transport		-		-		-
Leasing & capital charges		-		-		-
		208,502		290,260		242,800
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges		-		-		-
Property Income		-		-		-
Grants - income	-	17,150	-	-	-	-
Other income & recharges	-	352	-	560	-	560
Transfers from earmarked reserves		-		-		-
		- 17,502		- 560		- 560
Service Cost		191,001		289,700		242,240
Service cost - £'s per head of population		1.42		2.15		1.80

Executive Member:	Richard Keeling	2022-23		2023-24		2024-25
Manager:	Paul Woodhead	Actual		Outturn		Budget
Activity Area:	Legal	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	7.5	300,684	7.5	334,590	7.5	572,760
Property		11,983		12,110		12,110
Services & Supplies		56,888		120,690		41,250
Grant Payments		-		-		-
Transport		81		90		150
Leasing & capital charges		-		-		-
		369,637		467,480		626,270
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges	-	52,105	-	46,200	-	46,200
Property Income		-		-		-
Grants - income		-		-		-
Other income & recharges	-	11,445	-	2,990	-	2,190
Transfers from earmarked reserves		-		-		-
		- 63,551		- 49,190		- 48,390
Service Cost		306,086		418,290		577,880
Service cost - £'s per head of population		2.27		3.10		4.29

Executive Member:	John Nutley					
Manager:	James Teed					
Activity Area:	Leisure					
		2022-23		2023-24		2024-25
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	1,378,579	65.5	1,685,940	55.0	1,925,030
	Property	1,087,839		1,376,370		1,296,310
	Services & Supplies	317,338		355,990		382,870
	Grant Payments	50,160		15,000		15,000
	Transport	3,304		3,820		3,820
	Leasing & capital charges	3,201		3,040		3,040
		2,840,422		3,440,160		3,626,070
	<u>INCOME</u>					
	Sales	6,017	-	11,220	-	10,140
	Fees & Charges	2,561,485	-	2,252,390	-	2,263,810
	Property Income	-	-	-	-	-
	Grants - income	-	-	-	-	-
	Other income & recharges	274,762	-	216,320	-	215,290
	Transfers from earmarked reserves	-	-	-	-	-
		2,842,264		2,479,930		2,489,240
	Service Cost	1,841		960,230		1,136,830
	Service cost - £'s per head of population	0.01		7.12		8.43

Executive Member:	Charles Nuttall					
Manager:	Andrea Furness					
Activity Area:	Licensing					
		2022-23		2023-24		2024-25
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	125,524	3.0	152,210	3.0	136,820
	Property	8,322		7,290		7,230
	Services & Supplies	56,738		58,970		62,210
	Grant Payments	-		-		-
	Transport	36		340		270
	Leasing & capital charges	-		-		-
		190,619		218,810		206,530
	<u>INCOME</u>					
	Sales	-	-	-	-	-
	Fees & Charges	229,590	-	232,840	-	236,540
	Property Income	-	-	-	-	-
	Grants - income	8,742	-	-	-	-
	Other income & recharges	1,194	-	-	-	-
	Transfers from earmarked reserves	-	-	12,350	-	-
		239,526		245,190		236,540
	Service Cost	48,907		26,380		30,010
	Service cost - £'s per head of population	0.36		0.20		0.22

Executive Member: David Palethorpe							
Manager: Tom Phillips							
Activity Area: Parking							
		2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
		£	FTE	£	FTE	£	FTE
<u>EXPENDITURE</u>							
Employees	9.0	264,816	9.0	270,010	10.0	354,070	
Property		721,230		808,970		796,000	
Services & Supplies		386,584		435,980		451,930	
Grant Payments		-		980		980	
Transport		3,337		4,520		4,520	
Leasing & capital charges		5,223		4,680		25,400	
		1,381,190		1,525,140		1,632,900	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges	-	4,160,059	-	4,449,250	-	4,726,240	
Property Income	-	36,344	-	50,650	-	46,720	
Grants - income		-		-		-	
Other income & recharges	-	85,879	-	92,820	-	83,230	
Transfers from earmarked reserves		-		-		-	
		4,282,282		4,592,720		4,856,190	
Service Cost		2,901,091		3,067,580		3,223,290	
Service cost - £'s per head of population	-	21.52	-	22.76	-	23.91	

Executive Member: Richard Keeling							
Manager: Rosanna Wilson							
Activity Area: Procurement & Commissioning							
		2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
		£	FTE	£	FTE	£	FTE
<u>EXPENDITURE</u>							
Employees	1.0	60,301	1.0	63,880	1.0	66,260	
Property		4,135		4,180		4,180	
Services & Supplies		5,039		18,930		6,750	
Grant Payments		-		-		-	
Transport		-		60		60	
Leasing & capital charges		-		-		-	
		69,475		87,050		77,250	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges		-		-		-	
Property Income		-		-		-	
Grants - income		-		-		-	
Other income & recharges	-	36,839	-	46,740	-	35,990	
Transfers from earmarked reserves		-		-		-	
		36,839		46,740		35,990	
Service Cost		32,636		40,310		41,260	
Service cost - £'s per head of population		0.24		0.30		0.31	

Executive Member: John Nutley							
Manager: Sarah Holgate and Anna Snow							
Activity Area: Resorts		2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
		£	FTE	£	FTE	£	£
<u>EXPENDITURE</u>							
Employees	5.5	224,882	5.5	257,710	5.5	276,060	
Property		99,480		78,360		62,320	
Services & Supplies		120,032		94,690		85,000	
Grant Payments		-		-		-	
Transport		2,467		3,210		3,440	
Leasing & capital charges		-		-		-	
		446,860		433,970		426,820	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges	-	21,179	-	21,330	-	24,620	
Property Income	-	260,104	-	303,000	-	321,950	
Grants - income		-		-		-	
Other income & recharges	-	3,482	-	10,010	-	1,040	
Transfers from earmarked reserves		-		-		-	
		284,765		334,340		347,610	
Service Cost		162,095		99,630		79,210	
Service cost - £'s per head of population		1.20		0.74		0.59	

Executive Member: Richard Keeling							
Manager: Tracey Hooper							
Activity Area: Revenues & Benefits		2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
		£	FTE	£	FTE	£	£
<u>EXPENDITURE</u>							
Employees	27.0	816,830	27.0	1,039,400	26.0	1,092,320	
Property		81,294		85,810		84,820	
Services & Supplies		807,201		768,920		809,750	
Grant Payments		21,115,067		20,214,550		18,214,410	
Transport		81		1,180		1,130	
Leasing & capital charges		-		-		-	
		22,820,474		22,109,860		20,202,430	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges	-	156,693	-	199,500	-	199,500	
Property Income		-		-		-	
Grants - income	-	21,695,742	-	20,318,300	-	18,304,960	
Other income & recharges	-	401,960	-	369,810	-	365,010	
Transfers from earmarked reserves		-		23,740		-	
		22,254,394		20,911,350		18,869,470	
Service Cost		566,080		1,198,510		1,332,960	
Service cost - £'s per head of population		4.20		8.89		9.89	

Executive Member:	Gary Taylor						
Manager:	Michelle Luscombe and Fergus Pate						
Activity Area:	Spatial Planning	2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
	FTE	£	FTE	£	FTE	£	
<u>EXPENDITURE</u>							
Employees	8.5	525,266	8.5	434,350	8.5	461,840	
Property		10,128		10,240		10,240	
Services & Supplies		168,767		269,880		122,000	
Grant Payments		6,104		7,800		-	
Transport		773		2,300		2,300	
Leasing & capital charges		-		-		-	
		711,036		724,570		596,380	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges	-	38	-	50	-	50	
Property Income		-		-		-	
Grants - income		-	-	20,000	-	20,000	
Other income & recharges	-	6,659	-	-	-	-	
Transfers from earmarked reserves		-	-	189,720		-	
		6,697		209,770		20,050	
Service Cost		704,339		514,800		576,330	
Service cost - £'s per head of population		5.23		3.82		4.28	

Executive Member:	Martin Wrigley						
Manager:	Phil Shears						
Activity Area:	Senior Leadership Team	2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
	FTE	£	FTE	£	FTE	£	
<u>EXPENDITURE</u>							
Employees	5.0	403,273	5.0	484,840	5.0	493,170	
Property		17,060		17,250		17,250	
Services & Supplies		13,995		16,960		18,300	
Grant Payments		-		-		-	
Transport		1,236		2,410		2,950	
Leasing & capital charges		-		-		-	
		435,565		521,460		531,670	
<u>INCOME</u>							
Sales		-		-		-	
Fees & Charges		-		-		-	
Property Income		-		-		-	
Grants - income		-		-		-	
Other income & recharges	-	100	-	100	-	100	
Transfers from earmarked reserves		-		-		-	
		100		100		100	
Service Cost		435,465		521,360		531,570	
Service cost - £'s per head of population		3.23		3.87		3.94	

Executive Member:	Charles Nuttall						
Manager:	Chris Braines						
Activity Area:	Waste, Recycling & Cleansing						
		2022-23		2023-24		2024-25	
		Actual		Outturn		Budget	
		£	£	£	£	£	
		FTE	FTE	FTE	FTE	FTE	
	<u>EXPENDITURE</u>						
	Employees	184.0	6,255,341	185.0	6,801,810	183.0	7,631,510
	Property		567,209		658,820		648,570
	Services & Supplies		1,154,797		1,253,170		1,137,780
	Grant Payments		19,898		19,570		-
	Transport		819,114		643,990		924,950
	Leasing & capital charges		1,241,352		1,224,700		1,959,770
			10,057,711		10,602,060		12,302,580
	<u>INCOME</u>						
	Sales	-	1,233,476	-	762,680	-	788,770
	Fees & Charges	-	1,360,413	-	1,517,130	-	1,523,670
	Property Income	-	18,950	-	19,600	-	19,600
	Grants - income	-	-	-	-	-	-
	Other income & recharges	-	2,012,387	-	1,776,950	-	1,734,820
	Transfers from earmarked reserves	-	-	-	-	-	-
		-	4,625,226	-	4,076,360	-	4,066,860
			5,432,485		6,525,700		8,235,720
Service Cost			5,432,485		6,525,700		8,235,720
Service cost - £'s per head of population			40.30		48.41		61.10

Glossary

Column Headings

2022-23 Actual – the actual cost of the service for last year

2023-24 Outturn – the likely cost of the service for this year

2024-25 Budget – the budget proposed for the service for next year

FTE – the budgeted full time equivalent average permanent staff numbers for the year
The numbers ignore spend on agency staff/temporary staff and Members allowances

Expenditure

Employees – includes staff related costs such as salaries, training, recruitment and employee insurance

Property – all property related costs including rent, rates, utilities, repairs, maintenance, cleaning and property insurance (including central offices and depot costs)

Services and Supplies – covers the purchase of goods and services including items such as printing, stationery, contractors, postage, telephones, specialist fees & Strata

Grant Payments – specific payments for grants and rent subsidies including rent allowances, council tax benefit, councillors' community fund and rural aid

Transport – includes fuel, vehicle repairs and maintenance, travel and subsistence costs

Leasing - includes cost of vehicles and equipment subject to lease and/or rental agreement

Income

Sales – income from the sale of items including recycled materials

Fees & Charges – income generated from services where we charge a fee, including car parks, land charges, leisure, planning and building regulation

Grant Income – this identifies grants mainly toward specific costs such as rent allowances

Property Income – income related to property such as rent, rights and lettings

Other Income – income not covered by any of the above including contributions to costs

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Final Proposed Fees and Charges Income 2024/25

Service	Actual 2022/23 £	Probable 2023/24 £	Proposed 2024/25 £	Dept total 2024/25 £	Department
Building Control	- 1,169,191 -	1,219,840 -	1,295,120 -	1,295,120	Building Control
Land Charges	- 196,431 -	229,730 -	242,600		
Planning	- 865,780 -	847,060 -	923,470		
Planning Admin	- 4,805 -	4,500 -	4,500		
Street Naming	- 7,090 -	7,340 -	7,830 -	1,178,400	Development Management
Livestock Market	- 4,368 -	2,590 -	2,720		
Old Forde House	- 17,814 -	9,410 -	12,050		
Retail Market	- 100,974 -	87,580 -	83,620 -	98,390	Economy & Assets
Electoral Registration	- 2,035 -	2,160 -	2,160 -	2,160	Electoral Services
Dog Control	- 391 -	200 -	200		
Health & Food Safety	- 9,115 -	6,990 -	6,990		
Health Licence Fees	- 20,304 -	27,320 -	27,820		
Litter Clearance	- 8,130 -	4,740 -	4,740		
Nuisance Parking	- -	-	-		
Private Water Supply Sampling	- -	-	-	39,750	Environmental Health
Amenity & Conservation Sites	- 3,262 -	2,570 -	2,690		
Cemetery Fees	- 203,694 -	184,350 -	194,190		
Shaldon Golf	- 116,104 -	71,300 -	71,300		
Sports Pitches	- 19,856 -	20,380 -	20,780 -	288,960	Green Spaces & Active Leisure
Housing	- 11,372 -	15,040 -	4,850 -	4,850	Housing
Legal Fees	- 52,105 -	46,200 -	46,200 -	46,200	Legal
Broadmeadow Sports Centre	- 54,494 -	70,430 -	81,240		
Dawlish Leisure Centre	- 250,353 -	221,960 -	226,710		
Leisure Memberships	- 1,712,889 -	1,384,920 -	1,344,750		
Newton Abbot Leisure Centre	- 524,716 -	523,080 -	560,160		
Outdoor Pools	- 6,555 -	52,000 -	50,950 -	2,263,810	Leisure
Gambling Act 2005	- 20,317 -	22,650 -	22,650		
Hackney Carriage	- 80,301 -	75,710 -	79,410		
Licensing Act 2003	- 128,972 -	134,480 -	134,480 -	236,540	Licensing
Car Parks	- 4,160,059 -	4,449,250 -	4,726,240 -	4,726,240	Parking
Beach Huts	- 16,147 -	17,150 -	20,020		
Boat Storage	- 4,577 -	4,180 -	4,400		
Leisure Events	- 180 -	-	200 -	24,620	Resorts
Council Tax	- 156,693 -	199,500 -	199,500 -	199,500	Revenue & Benefits
Local Development Framework	- 38 -	50 -	50 -	50	Spatial Planning
Abandoned Vehicles	- 25 -	500	-		
Commercial Waste / Household Refuse	- 1,349,791 -	1,506,830 -	1,513,680		
Composting	- 42 -	50 -	50		
Toilets for Disabled	- 143 -	110 -	110		
Vehicle Workshop	- 10,413 -	9,640 -	9,830 -	1,523,670	Waste, Recycling & Cleansing
Grand Totals	- 11,289,524 -	11,461,790 -	11,928,260 -	11,928,260	


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**TEIGNBRIDGE DISTRICT COUNCIL
CAPITAL PROGRAMME 2023-24 to 2026-27**

					38,367	24,065	53,314	17,987	7,203		
Code /bid no.	Asset/Service Area		Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
						BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
						2023-24	2023-24	2024-25	2025-26	2026-27	
						£'000	£'000	£'000	£'000	£'000	
KL1	Broadband		Contribution to Superfast Broadband subject to procurement arrangements (RS) (2024/25) subject to satisfactory assurances of funds being spent within Teignbridge area.	No			-	250			6. Investing in prosperity
KY6	Climate Change		Forde House Decarbonisation and Flexible Working Arrangements (GG,CR,PB,RS)	No	✓	1,000	762				10. Action on climate
Provision	Climate Change		Provision for Carbon Action Plan (PB)	Yes		439	-	439	439	439	10. Action on climate
KY2	Climate Change		Broadmeadow Sports Centre Decarbonisation Phase 2 and Refurbishment (GG, PB, S106, RS)	No		200	200	3,501			10. Action on climate
Provision	Climate Change		Energy infrastructure and low carbon (CIL)	Yes		2,000	2,000		2,000		10. Action on climate
KY7	Climate Change		Leisure Site Measures (S106)	No	✓		50	50			10. Action on climate
KY1	Climate Change		UK Shared Prosperity Fund/Heart of the SW LEP including Green Business Grants (GG)	No			243	562			10. Action on climate
KR1	Coastal Monitoring		SW Regional Coastal Monitoring Programme. (GG,EC)	No	✓	1,879	1,903	2,210	1,674	1,666	9. Strong communities
KR6	Coastal Monitoring		Coastal asset review (GG)	No	✓		6	219			9. Strong communities
KG2	Cycle paths		Teign Estuary Trail (CIL)	No				525	475	-	7. Moving up a gear
Provision	Cycle paths		Provision for Other cycling (CIL)	Yes	✓	250		250	250	250	7. Moving up a gear
Provision	Cycle paths		Dawlish/Teignmouth Cycle Schemes (CIL)	Yes	✓	205	-	200	205		7. Moving up a gear
Provision	Cycle paths		Heart of Teignbridge Cycle Provision (CIL)	Yes	✓	90	-				7. Moving up a gear
KG7	Cycle paths		Garden Communities: Ogwell Strategic Link (Revenue GG)	No			190				7. Moving up a gear
Provision	Heart of Teignbridge		Levelling up Cycling Routes (CIL)	Yes		250	-				7. Moving up a gear
KX7	Dawlish		Dawlish link road and bridge (GG)	No	✓	4,253	4,282				7. Moving up a gear
KX7	Dawlish		Dawlish link road and bridge (CIL)	No		1,300	-	1,300			7. Moving up a gear

Code /bid no.	Asset/Service Area	Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
					BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
					2023-24 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	
Provision	Dawlish Leisure Centre	Provision for Dawlish Leisure Centre Improvement Plan (S106; PB).	Yes		-			660	661	8. Out and about and active
Provision	Habitat Regulations	Provision for Habitat Regulations infrastructure measures (CIL)	Yes	√	88	425	88	88	88	4. Great places to live & work
Provision	Heart of Teignbridge: Employment	Provision for employment sites (PB)	Yes		2,000	-	2,000			6. Investing in prosperity
KL2	Heart of Teignbridge: Employment	Newton Abbot employment land feasibility (PB)	No	√		17				6. Investing in prosperity
KX8	Heart of Teignbridge	A382 Improvements (CIL)	No		900	1,000				7. Moving up a gear
KW1	Heart of Teignbridge	Highweek Scout Hut improvements (S106)	No			175				4. Great places to live & work
KW8	Heart of Teignbridge	Houghton Barton land (EC)	No	√		48				4. Great places to live & work
KW8	Heart of Teignbridge	Houghton Barton land (GG)	No	√	585	-	585			4. Great places to live & work
KW4	Heart of Teignbridge	Mineral Rights (S106)	No	√	85	-	85			4. Great places to live & work
JW/JV	Housing	Discretionary - Disrepair Loans & Grants (CR)	No		24	24	24	24	24	1. A roof over our heads
JW/JV/JD	Housing	Better Care-funded grants re: Housing loans and grants policy, including Disabled Facilities (GG)	No	√	1,250	2,051	1,400	1,400	1,400	1. A roof over our heads
JV7	Housing	 Warm Homes Fund (Park Homes) (GG)	No	√		83				1. A roof over our heads
JV3	Housing	 Warm Homes Fund (Category 1 Gas and Category 2 Air Source Heat Pumps) (GG)	No	√		328	13			1. A roof over our heads
JV2	Housing	 Green Homes Fund (GG)	No	√		117				1. A roof over our heads
JY3	Housing	Teign Housing: Widecombe in the Moor (Revenue GG)	No	√	71	71				1. A roof over our heads
JX1 - JX4	Housing	Teignbridge 100: Social/Affordable Housing Chudleigh (S106, GG, PB)	No			248				1. A roof over our heads
JA/B	Housing	Local Authority Housing Fund: Refugee Accommodation (GG; CR; S106; PB)	No			4,908				1. A roof over our heads
Provision	Housing	 Teignbridge 100: Provision for Sherborne House (GG; CR; PB; S106)	Yes		4,001	-	6,795			1. A roof over our heads
JX5	Housing	 Teignbridge 100: Social/Affordable housing - Sherborne House (PB)	No	√		260				1. A roof over our heads
JY9	Housing	Teignbridge 100: Social/Affordable housing (GG; CR; PB; S106) Dawlish 2 Rough Sleeper Accommodation	No	√		182				1. A roof over our heads
Provision	Housing	Orchard Lane, Dawlish (GG)	Yes		275	-				1. A roof over our heads
Provision	Housing	 Social Housing Capital Replacements (Roofs/Fabric improvements/Heating/Furniture, fixtures & fittings etc) (CR; RS)	Yes		30	30	30	30	30	1. A roof over our heads
KV8	IT - Capital contribution	Ongoing contributions towards Strata (CR; RS)	No		41	41	41	41	41	Vital, Viable Council

Code /bid no.	Asset/Service Area	Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
					BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
					2023-24 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	
Provision	IT - Capital contribution	End User Computing: Replacement laptops and staff (CR; RS)					36	68	68	Vital, Viable Council
Provision	IT - Capital contribution	Bookings (CR)					14			Vital, Viable Council
Provision	IT - Capital contribution	Web content management system (cost tbc)								Vital, Viable Council
Provision	IT - Capital contribution	Contact Centre telephony (CR)					14	73		Vital, Viable Council
Provision	IT - Capital contribution	Core telephony (CR)					14			Vital, Viable Council
Provision	IT - Capital contribution	Sharepoint resource (CR)					16			Vital, Viable Council
Provision	IT - Capital contribution	Chatbot (CR)					14			Vital, Viable Council
Provision	IT - Capital contribution	Car parks system (CR)					132			3. Going to town
KU1	IT - Capital contribution	SAN replacement (CR)	No	✓		58				Vital, Viable Council
KU2	IT - Capital contribution	Data Centre Relocation (CR)	No					27		Vital, Viable Council
KU3	IT - Capital contribution	NCSC Zero Trust (CR)	No		25	25				Vital, Viable Council
KU4	IT - Capital contribution	System upgrade costs - 2012 server replacement (CR)	No	✓		12				Vital, Viable Council
KU5	IT - Capital contribution	Office 365 (CR)	No	✓		27				Vital, Viable Council
KV9	IT - Finance	Provision for Finance Convergence (CR)	No	✓	89	-	62	12		Vital, Viable Council
Provision	IT - Property and Assets	SaM improvements (CR)	Yes			-	25			Vital, Viable Council
KU8	IT - communications	PSTN migrations (CR)	No		15		15			Vital, Viable Council
KU9	IT - Corporate	Anticipated Software Upgrade Costs 2023-2025 (CR)	No		22	22	11			Vital, Viable Council
KV5	IT - Corporate	Microsoft Power Apps (CR)	No		27	27				Vital, Viable Council
KV2	IT - Revenue & Benefits	Civica Open Revenues License (RS; CR)	No		175	115			175	Vital, Viable Council
KU6	IT - Housing	Homelessness System Replacement (CR; Revenue GG)	No		10	110				1. A roof over our heads
KU7	IT - Waste Management	Bartec separate databases (CR)	No		10	10				2. Clean scene
KG4	Newton Abbot	3G artificial playing pitch, Coach Road, Newton Abbot (S106; RS)	No	✓		36				8. Out and about and active
Provision	Newton Abbot Leisure Centre	Provision for Newton Abbot Leisure Centre Improvement Plan (PB) (2028-31)	Yes			-				8. Out and about and active
KF5	Newton Abbot Leisure Centre	Newton Abbot Leisure Centre Gym Equipment (S106; RS)	No	✓	40	216	40	40	40	8. Out and about and active
KF6	Newton Abbot Leisure Centre	Flume Refurbishment (S106)	No		-	79				8. Out and about and active
KM2	Newton Abbot Multi Storey Car Park	Lift Modernisation Work (RS)					80			3. Going to town

Code /bid no.	Asset/Service Area	Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
					BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
					2023-24 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	
KL8	Newton Abbot Town Centre Regeneration	Newton Abbot Town Centre Improvements (GG)	No	✓	-	400				3. Going to town
KX1	Newton Abbot Town Centre Regeneration	Halcyon Rd (PB)	No	✓	6,375	-	6,375			3. Going to town
Provision	Newton Abbot Town Centre Regeneration	Cattle Market Enabling Works (PB)	Yes	✓	200	-	200			3. Going to town
KL7	Newton Abbot Town Centre Regeneration	Bradley Lane Enabling Works (CR)	No	✓		32				3. Going to town
KO3	Newton Abbot Town Centre	Future High Street Fund project: Market Improvements (GG, PB)	No	✓	2,149	449	4,413	2,463		3. Going to town
KO2	Newton Abbot Town Centre	 Future High Street Fund project: Gateway to the Town Centre and Queen Street (GG, CIL)	No	✓	453	553	-			3. Going to town
KO4	Newton Abbot Town Centre	Future High Street Fund project: Cinema development (GG, PB)	No	✓	4,669	203	-	-		3. Going to town
KW5	Open Spaces	Cirl bunting land (S106)	No	✓	146	161	277			4. Great places to live & work
KB3	Open Spaces	Stover Park improvements (S106)	No		20	-	20			4. Great places to live & work
KG9	Open Spaces: Active	Provision for Tennis Court Improvements (GG; S106; CR)	No			244				8. Out and about and active
KG9	Open Spaces: Active	Forde Park Path (S106)	No			25				8. Out and about and active
KB2	Open Spaces	Replacement Gator (GG)	No			20				4. Great places to live & work
Provision	Play area equipment/refurb	Provision for Powderham Newton Abbot play space equipment and wider park improvements (S106)	Yes			-	100			8. Out and about and active
KJ5	Play area equipment/refurb	Ashburton Rd, Newton Abbot play area (S106, EC)	No	✓		66				8. Out and about and active
KJ6	Play area equipment/refurb	Furlong Close, Buckfastleigh (RS, CR)	No	✓	28	28				8. Out and about and active
Provision	Play area equipment/refurb	Prince Rupert Way, Heathfield (S106)	Yes		40	-	40			8. Out and about and active
KJ2	Play area equipment/refurb	Mill Marsh Park, Bovey Tracey play improvements (S106)				70				8. Out and about and active
Provision	Play area equipment/refurb	Provision for Teignbridge-funded play area refurb/equipment (CR)	Yes		86	-	80			8. Out and about and active
KL3	Rural areas	Rural England Prosperity Fund (GG)	No			163				6. Investing in prosperity
KB1	SANGS/Open Spaces	Ridgetop Countryside Park (South West Exeter SANGS) (GG)	No	✓	1,105	-	1,367			4. Great places to live & work
Provision	SANGS/Open Spaces	New Countryside Parks (CIL)	Yes					3,000		4. Great places to live & work
Provision	South West Exeter	 Provision for South West Exeter Transport (CIL)	Yes							7. Moving up a gear
Provision	South West Exeter	 Provision for South West Exeter Bus Services (CIL)	Yes					200		7. Moving up a gear
Provision	Teignbridge	Provision for Education (CIL)	Yes				4,000	4,050	2,000	4. Great places to live & work
KX5	Teignmouth Town Centre	George Street Car Park (S106; CR)	No	✓	480	50	435			3. Going to town
KR2	Teignmouth	Beach Management Plan (GG)	No	✓	82	92				9. Strong communities

Code /bid no.	Asset/Service Area	Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
					BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
					2023-24 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	
Provision	Teignmouth	Storage containers (RS)	Yes			14			9. Strong communities	
Provision	Transport	 Transport Hubs and Public Transport (CIL)	Yes	750	750	750			7. Moving up a gear	
Provision	Waste Management	Provision for Bulking Station - replace telehandlers 2028-31 (CR)	Yes		-			110	2. Clean scene	
KS3	Waste Management	Sortline Baler (CR; RS)	No		203				2. Clean scene	
Provision	Waste Management	Provision for Bulking Station - replace Sortline (RS)					250		2. Clean scene	
Provision	Waste Management	Provision for replacement card baler (2028) (CR)	Yes						2. Clean scene	
Provision	Waste Management	Provision for Simpler Recycling Statutory Requirements (RS; CR)	Yes				350	35	2. Clean scene	
KS1	Waste Management	Provision for Waste vehicles (Technically PB under new IFRS 16 No accounting rules - in practice,			-	13,274			2. Clean scene	
KS2	Waste Management	 Fleet Decarbonisation Infrastructure (CR, RS)	No		20	769			2. Clean scene	
Provision	Waste Management	Provision for improvements to waste management infrastructure (workshop, offices, storage, welfare) 2028-31 funding as yet unidentified							2. Clean scene	
Provision	Waste Management	Provision for waste fleet IC100 units (CR) 2028-31							2. Clean scene	
KS0	Waste Management	Purchase of Wheeled Bins (CR;RS)	No	155	155	160	168	176	2. Clean scene	
					38,367	24,065	53,314	17,987	7,203	

Code /bid no.	Asset/Service Area	Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
					BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
					2023-24	2023-24	2024-25	2025-26	2026-27	
					£'000	£'000	£'000	£'000	£'000	
FUNDING										
GENERAL										
		Capital Receipts Unapplied - Brought forward			(1,693)	(1,030)	(582)	(671)	(260)	
		Capital Receipts - Anticipated			-	(282)	(1,100)	-	-	
		Capital Receipts Unapplied - Carried forward			719	582	671	260	130	
		Revenue Contributions Reserve - Brought forward			(587)	(1,108)	(1,033)	(6)	(9)	
		Budgeted Revenue Contribution			(300)	(300)	(500)	(500)	(500)	
		Additional specific revenue contributions from departmental budgets and revenue grants.			(145)	(46)	(225)	(145)	-	
		Revenue contribution: movement in reserves				(166)				
		Revenue Contributions Reserve - revenue support/provisions.			38	114	133	153	-	
		Balance of Revenue Contributions Reserve - carried forward			588	1,033	6	9	4	
		Government Grants			(14,583)	(8,445)	(9,667)	(1,674)	(1,666)	
		S106			(546)	(1,019)	(791)	(40)	(206)	
		Other External Contributions			-	(70)	-	-	-	
		Community Infrastructure Levy			(5,833)	(4,256)	(7,113)	(10,268)	(2,338)	
		Prudential borrowing			(10,405)	(771)	(24,880)	(3,681)	(934)	
HOUSING										
		Capital Receipts Unapplied - Brought forward			(3,669)	(3,497)	(3,435)	(1,021)	(1,017)	
		Capital Receipts - Anticipated			(141)	(141)	(20)	(20)	(20)	
		Capital Receipts - Right to Buy			-	-	-	-	-	
		Revenue contributions				(71)				
		Better Care Funding and other government grants.			(2,121)	(4,790)	(3,646)	(1,400)	(1,400)	
		S106			(464)	(935)	(368)	-	-	
		Other External Contributions			-	-	-	-	-	
		Internal or Prudential Borrowing			(1,761)	(2,302)	(1,785)	-	-	
		Capital Receipts Unapplied - Carried forward			2,536	3,435	1,021	1,017	1,013	
TOTAL FUNDING					(38,367)	(24,065)	(53,314)	(17,987)	(7,203)	

Programme Funding

All Revenue contributions	(405)	(544)	(1,619)	(489)	(505)
Capital Receipts	(2,249)	(933)	(3,445)	(435)	(154)
Section 106	(1,010)	(1,954)	(1,159)	(40)	(206)
Other External Contribution Grant	-	(70)	-	-	-
Community Infrastructure Levy	(16,704)	(13,235)	(13,313)	(3,074)	(3,066)
Prudential borrowing	(5,833)	(4,256)	(7,113)	(10,268)	(2,338)
Total	(12,166)	(3,073)	(26,665)	(3,681)	(934)
Total	(38,367)	(24,065)	(53,314)	(17,987)	(7,203)
Balance of capital receipts	(3,256)	(3,756)	(1,692)	(1,277)	(1,143)

Key:

EC	External Contributions
S106	S106 - Section 106 developer contribution
CIL	Community Infrastructure Levy
GG	Government Grant
CR	Capital Receipts
RS	Revenue Savings
PB	Prudential Borrowing
C	Project complete. Where this relates to payment of a contribution, indicates contribution has been paid.



Climate Change project

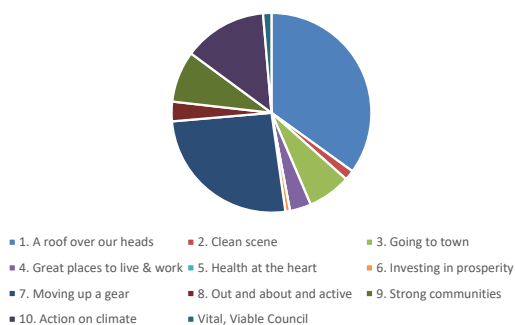
√ Budget carried forward from previous years

Bold**Denotes a change in the programme**

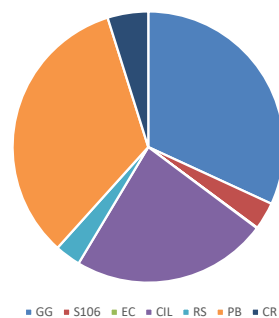
Code /bid no.	Asset/Service Area	Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
					BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
					2023-24 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	

1. A roof over our heads					5,661	8,412	8,262	1,454	1,454
2. Clean scene					165	388	14,203	768	321
3. Going to town					14,326	1,687	11,635	2,463	-
4. Great places to live & work					2,029	829	6,422	7,138	2,088
5. Health at the heart					-	-	-	-	-
6. Investing in prosperity					2,000	180	2,250	-	-
7. Moving up a gear					7,998	6,222	3,025	1,130	250
8. Out and about and active					194	764	260	700	701
9. Strong communities					1,961	2,001	2,443	1,674	1,666
10. Action on climate					3,639	3,255	4,552	2,439	439
Vital, Viable Council					394	327	262	221	284
Totals					38,367	24,065	53,314	17,987	7,203

Strategy Summary



Funding Summary



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Teignbridge District Council

Financial Plan

2024 to 2029

1. About this Plan

Our Financial Plan looks at the position of the revenue budget and considers the General Fund ¹ position in terms of general reserves and earmarked reserves and the Capital Programme ² and the inter-relationship between the two.

The purpose of this Plan is to define how the Council will structure and manage its finances over the next five years in order to deliver services to residents and support the objectives detailed within the Council Plan.

The Financial Plan also links with other key plans and documents of the Council including Service Plans, Asset Management and Disposal policies, the Digital Strategy we are developing, Procurement and Treasury Management. Input will also be provided through the Overview & Scrutiny Committees review of budget priority and savings work and the Council's Senior Leadership Team.

The Financial Plan comprises of two parts;

➤ **Part 1 - The Medium Term Financial Plan (MTFP)** *(page 3)*

This is a key element of the budget setting process. The MTFP provides a financial model and forecast of the cost of providing services over a rolling five year period, together with an estimate of the financial resources that are likely to be available to the Council. The process is designed to provide an early warning of any potential deficit in the required level of resources and interaction with earmarked reserves if available to smooth funding where appropriate.

As well as considering the revenue implications and the General Fund balance, the MTFP also reviews the affordability of the Council's capital investment programme, matching forecast funding against planned capital spending over a five year horizon. The capital programme is easier to control as individual schemes can be approved or not by Council to match resources available. Clearly this has its own implications in meeting the Council Plan objectives but does not have the same degree of organisation complexity as the General Fund involving significant staff numbers, team interaction and service delivery.

➤ **Part 2 – Financial Viability Process (FVP)** *(page 14)*

This part of the Financial Plan considers how the Council will attempt to balance its finances over the coming years to continue to provide service for its residents and customers. It ensures we are achieving Value for Money throughout the Council within each service; it evidences this and seeks improvement and savings where possible. The process involves review of service plans with a team of key staff from the Business Transformation Team, Finance and Performance to aid us in this process. They work with the relevant services to discover likely savings to pursue, viability, time scales and resources required to implement.

Depending on the outcome of this work and savings achieved, consideration will then need to be given as to whether service reductions are required to balance the books in order to achieve financial sustainability and viability.

Definition Note:

1. The General Fund records day to day revenue spending and income on the delivery of Council services.
2. Capital programme spending relates to purchases or enhancements of assets, expenditure that has benefit greater than a year and is over £10k.

➤ **Part 1 - The Medium Term Financial Plan (MTFP)**

2. Introduction

The development of a five year financial model is based upon a number of assumptions and perceived risks which clearly become more difficult to predict as the period covered lengthens. In recent years we have been subject to one year only financial settlements from Government, there have been fundamental funding reviews proposed, delayed and then cancelled on a number of occasions making even short term planning difficult. We now have a further one year settlement for 2024/25 with no clarity on what will happen about when central funding is to be reviewed again which is now predicted to be in 2026/27. Any plan built over a period greater than 5 years becomes more unpredictable as assumptions about future financial indicators lengthen.

In broad terms the model has been developed on the basis of 'reasonable and prudent' forecasts and assumptions in accordance with sound accounting practice.

3. Fundamental principles

Underpinning this plan, the following fundamental principles have been adopted:

- To secure the financial viability and stability of the Council in accordance with the Chief Finance Officers (CFO) responsibility to protect the Council's finances.
- Annually, a balanced revenue budget will be set with expenditure to be limited by the amount of available resources.
- Where a balanced revenue budget cannot be achieved in the short term use of earmarked funding reserves will be used to balance the budget but by exception.
- The General Fund balance will be maintained at the agreed adopted level as advised by the Chief Finance Officer.

- If earmarked reserves are not available to balance the budget resources will be redirected from low to high priority services to meet objectives set out in the Council Plan and maintain statutory functions.
- Council Tax increases will be kept within annually announced government guidelines to ensure a local referendum is not triggered.

In considering the capital budget, the Council will continue to follow the methodology of assessing schemes against their contribution to the corporate strategy, service improvement and long-term impacts on budget as well as deliverability within finite staff resources. The Council will also seek to maximise the use of its assets.

4. Financial background

The Government has cut core funding significantly for a number of years.

Additional support was provided during the Pandemic but this has now been withdrawn and the underlying funding for local authorities is historically low.

There are significant financial pressures to consider with higher inflation rates, interest rates, energy and food costs and a potential recession. As a consequence the indications are higher national pay awards and other direct cost implications mainly associated with contractor and partner costs. There has traditionally been low investment income received however this increased significantly with the increases in base rate but has an adverse impact on borrowing costs for capital schemes. Profiling debt can smooth out some of these short term change in rates. Ambitions remain to pursue our carbon reduction programme and improve services through further investment. This all brings significant financial challenges and a requirement for us to act more commercially to generate more income.

These factors have shaped the finances of the Council over recent years and placed it in a continuous difficult position of setting balanced budgets.

The Council needs to address its continuing budget gaps on the revenue budget and mitigate use of funding earmarked reserves which could be redirected to other activities. Member support is key to achieving this objective.

The Council has facilitated and encouraged business and housing growth in the district to deliver its ambitions and benefited in additional government funding through New Homes Bonus and extra Business Rate income which to date has put the Council in a stronger financial position than a number of other councils. This has enabled continued significant investment in non-statutory services to benefit the district. The Council has also embarked on building its own housing to facilitate moving towards its affordable housing target aspirations.

5. Medium Term Financial Plan

The base for the MTFP is the 2023/24 approved budget and the current cost of ongoing services, adjusted to take account of a range of unavoidable costs such as pay increases, inflationary pressures, the implementation of any approved changes to the budget and any costs arising from new legislation and associated regulations or changes in resident

demand. The updated MTFP takes account of any forecast variations in the level of both investment and fee income.

The Plan also considers and makes reasonable assumptions about the likely incomes from council tax and central government funding.

The MTFP is designed to model likely outcomes and to aggregate the sum of all potential financial inputs, to determine whether the Council will have sufficient resources to achieve its objectives, or indeed whether action is required to bridge a funding gap.

In formulating these calculations a number of assumptions have been made and a range of external influences considered. The various risks and pressures are detailed at the end of the Plan with commentary on their potential impact. The consequence of the pandemic was a significant risk but high inflation and other economic factors and their impact on our finances and the public is now the central concern.

Appendix A to the Financial Plan contains the best estimates of the 5-year costs and incomes.

A similar exercise has been undertaken in respect of future capital expenditure, detailing the anticipated level of resources required, together with potential funding sources available to the Council to support its planned programme of works and where there are revenue implications these have been acknowledged within the Plan.

6. MTFP – Revenue Position

The position on General Fund services is extracted in the table below in section 8 and shows the current year 2023/24 for comparison and forms the basis from which future assessments have been made. The 2023/24 position is the set budget from February 2023 and then the latest position for 2023/24, the implications effecting this budget are considered going forward.

Some key areas to note in this calculation:

Service Budgets - This position is calculated based on current service provision adjusted where there are known resident demand changes, contract agreements or legislative requirements. This position does not include any growth in service or staffing to the Council’s current service level with the exception of:

- Inclusion of £1.0 million as a one off to pay an element of the pension fund deficit and reduce future deficit funding contributions.
- Additional temporary resources to deliver significant projects, climate change, service reviews, business/systems improvements etc and for the Modern 25 work and scrutiny function.
- Renewal of the vehicle leasing contracts.

- The 2023/24 budget for staff salaries was based on an assumed 2% increase. The final offer of a flat sum payment of £1,925 per employee (based on a full time individual) has been approved and implemented. This equates to a net cost over the budgeted sum in the General Fund in excess of £750,000 for 2023/24 and over £850,000 for future years based on full employment. This additional cost has been added to the model.
- Each of the 3 owners of Strata are requiring additional support to meet the various work demands and objectives requiring IT support and development. This will lead to an increase in cost. The base budget will include the provisional sums known and be amended when the relevant approvals have been provided.

The Council's previous full set of budget papers [Agenda for Full Council on Tuesday, 21st February, 2023, 10.00 am - Teignbridge District Council](#) is a useful historical reference as it details significant information about the service provision currently provided; costs and income received for revenue (appendix 4 and appendix 5), staffing resources involved in each area (appendix 5) and the capital programme (appendix 7).

Government Funding General - The 2023/24 Local Government Finance Settlement was a one-year spending round only with some information in relation to 2024/25. This put on hold again planned reforms; changes to both the local government funding formula and the re-basing and implementation of a new business rate retention scheme.

The Government continued to follow previous years settlements and issue a settlement for one year only for 2024/25. There was no announcement about when they intend to undertake a review of local authority funding however this is probably going to be in 2025/26 with likely funding resets to be in 2026/27. Any change in Government following the General Election could alter this.

Understanding this funding position and the implication on other core funding mechanisms (Business Rate Growth and New Homes Bonus) is critical to determining the MTFP position but there is uncertainty.

The MTFP now assumes a fall to baseline funding for the Council from 2026/27; taking away any growth in business rates (2024/25 budget £2.8 million (including pooling gain) and £2.9 million assumed for 2025/26 and the change in NHB from £0.4 million per annum in 2023/24 to £0.6 million in 2024/25 with an assumption of £0.6 million in 2025/26) and nothing thereafter. In terms of the possible reductions as stated the timing is unclear and the cliff edge in funding reduction has been assumed in the model as worst case because there is likely to be transitional funding introduced to smooth out the reductions for authorities like Teignbridge (this is referred to as 'damping' and some

provisional estimated figures are now included to reflect a possible likely position but still very uncertain).

The Local Government Finance Settlement is announced normally late November/early December and for 2024/25 was announced on 18 December which makes planning extremely difficult as councils initial budget processes are finalised at that point. The finance policy statement published on 5 December 2023 only outlined some of the key principles for 2024/25. A further announcement on 24 January provided additional funds as the income guarantee grant was increased from 3% to 4% and the rural services delivery grant was also increased.

7. Business Rate income

This has been assumed under the existing arrangements; the 50% rate retention scheme. The Government had intended to introduce a 75% retention scheme but this has now been dropped with a review at some stage still being the Government's stated intention.

The MTFP assumes in 2024/25 the Council will be £2.800 million above the baseline funding level (retained growth) including pooling gains. This is considered reasonable based on current levels of income and projected growth. The Council does maintain a bad debt provision and a business rate funding reserve to mitigate annual fluctuations in rating assessments.

The greater, more fundamental risk is Government changing the regime and us losing the business rate growth in future years which has been built up. Because the timing and degree of risk is unknown the Council currently holds a Funding Reserve to cover these fluctuations and the existing gaps in the revenue budget which is not balanced. This will be used to continue to meet service costs in the budget in the short term if the worst case scenario happened. This would take place if the Government announce in any December Settlement that all growth income from business rates will be lost in the following year – highly unlikely especially without some transition protection but this reserve is available to give time to cut costs in an orderly manner to best protect the residents of Teignbridge should the worst happen.

8. Council Tax

The Government has for a number of years determined district councils can increase their council tax by £5 a year or up to 2% whichever is the greatest before triggering a local referendum. This is the level of income the Government assess is available to the Council and the MTFP applies this increase annually. The Government assumes that the Council will increase its Council tax by these limits when setting its allocation of other funding streams. The allowance for 2023/24 was increased to 2.99% before a referendum is triggered and this continued for 2024/25 and is built into the model for future years (£5.70 for 2024/25).

9. New Homes Bonus (NHB)

Income retained in the General Fund to support revenue costs has been included in the annual budgets for a number of years but has reduced significantly and is currently £0.4 million. The scheme is supposedly ending in its current form with the annual amount reducing; this gives £0.4 million available in 2023/24 which is then increasing to £0.6 million for 2024/25 and projected to be £0.6 million for 2025/26 and then potentially not replaced so zero for 2026/27 onwards. There are still no guarantees about future years after 2024/25 or whether a replacement will be available.

A replacement for NHB was consulted on over three years ago with the Government wishing to sharpen the incentivising of housing growth in the most effective way, no announcement of a replacement scheme has been made so it is assumed the scheme will continue in its reduced form with just an annual sum paid based on one year's growth and then end. A provision of £0.4 million had been included for potential repurpose of the NHB funding stream but this now seems unlikely. At the height of the scheme the Council was paid the annual growth sum for 6 years – in 2016/17 the Council received £3.848 million (the most received in any one year). A provision for smoothing of the funding changes is also incorporated into 2026/27.

10. MTFP numbers

The MTFP financial data is provided annually in the budget papers as appendix 4. This provides the latest numbers for the current year and the following 3 years. Future years are extremely uncertain however an attempt to calculate our budget gaps extended to year 5 is shown below the 3 year projection replicated below.

Revenue Budget Summary					Appendix 4
Revenue Budget	2023-24	2023-24	2024-25	2025-26	2026-27
	Forecast	Latest	Forecast	Forecast	Forecast
<i>EXPENDITURE</i>	£	£	£	£	£
1 Employees	24,398,970	24,248,980	26,932,610	26,140,290	26,861,980
2 Property	5,721,180	5,903,150	5,873,850	6,023,300	6,180,440
3 Services & supplies	6,768,450	8,471,680	6,919,850	6,816,050	7,012,080
4 Grant payments	19,182,450	22,550,060	19,334,800	17,334,800	15,334,800
5 Transport	1,057,840	798,070	1,082,810	1,099,660	1,118,190
6 Leasing & capital charges	1,497,950	1,543,470	2,365,490	2,701,240	2,726,460
7 Contributions to capital	300,000	567,290	500,000	500,000	500,000
8 Total expenditure	58,926,840	64,082,700	63,009,410	60,615,340	59,733,950
<i>INCOME</i>					
9 Sales	-1,467,900	-783,820	-807,690	-840,000	-873,600
10 Fees & charges	-10,781,150	-11,461,790	-11,928,260	-12,524,670	-13,150,900
11 Grants - income	-19,388,510	-23,207,970	-19,542,500	-17,542,500	-15,542,500
12 Property income	-3,343,710	-4,026,360	-3,699,950	-4,127,570	-4,251,700
13 Other income & recharges	-4,105,820	-5,816,760	-4,533,480	-4,010,380	-3,843,720
14 Transfer from (-) / to earmarked reserves	-2,205,900	-996,150	-3,551,730	-2,217,860	-4,206,570
15 Total income	-41,292,990	-46,292,850	-44,063,610	-41,262,980	-41,868,990
16 Total net service cost	17,633,850	17,789,850	18,945,800	19,352,360	17,864,960
<i>Funding</i>					
17 Council tax	-9,576,500	-9,576,500	-10,004,930	-10,507,120	-10,929,500
18 Council tax/community charge surplus(-) / deficit	-125,550	-125,550	-251,670	0	0
19 Revenue support grant	-245,040	-245,040	-261,270	-294,020	0
20 Rates baseline funding	-3,520,800	-3,520,800	-3,634,240	-3,669,860	-3,705,120
21 Estimated rates retention and pooling gain	-2,446,200	-2,684,960	-2,800,410	-2,920,830	-1,664,880
22 New homes bonus	-404,940	-404,940	-650,240	-650,240	0
23 Alternative housing funding/damping	0	0	0	0	-1,500,000
24 Other grants	-1,314,820	-1,314,820	-1,343,040	-1,310,290	-65,460
25 Budget gap (-) to be found	0	0	0	0	0
26 Total funding	-17,633,850	-17,872,610	-18,945,800	-19,352,360	-17,864,960
27 -Surplus/shortfall	0	-82,760	0	0	0
28 General reserves at end of year	2,300,001	2,400,004	2,400,004	2,400,004	2,400,004
29 General reserves as % of net revenue budget	13.0%	13.4%	12.7%	12.4%	13.4%

The table below shows annual budget position over the 5 year period – see appendix A for more detail.

Table: MTFP Model – Annual budget shortfall

General Fund	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000
Budget Shortfall/(Surplus)	3,552	2,218	4,207	4,352	4,098	Not costed	Not costed	Not costed	Not costed	Not costed



Shortfalls are covered by earmarked reserves. 2026/27 is when rebasing of business rates is expected creating a significant business rates funding reduction. Early identification of savings will ensure the funding reserve is not expended as this is required in the medium term to assist with ongoing variations. By using the model different scenarios can be shown to guide the annual budget setting process.

The Model identifies the pressures and influences on the Council’s revenue budgets and highlights a shortfall between the Council’s spending requirements and the amount of finance available. Actions will need to be taken to meet these shortfalls and the need to keep finding savings year on year is not to be underestimated.

11. MTFP Revenue - The Way Forward

The funding gap for 2024/25, 2025/26 and 2026/27 needs to be addressed working with SLT, senior officers and Members – ultimately eliminating the ongoing gap in 2026/27 when reset of funding is now likely to take place. Savings should be filtered into the budget process each year as part of the annual budget process but also in year as savings ideas are formulated, worked on and delivered.

A key area to explore is what savings/increased income can be achieved by working through service reviews and proposed savings options, this being before more fundamental decisions are made on whether there is a need to explore cutting services to the public. Working through service plans and Modern 25, eliminating quick wins, working more commercially will help towards achieving this goal. Clarifying the appropriate level of investment in IT to reconstruct our organisational structure will be vital and identify staff savings through automation of procedures. These are some initiatives that will help as well as the normal scrutiny through the budget process. This Plan also proposes that we work with the actions in the Financial Viability Process.

The Plan proposes a two stage approach which is linked to the uncertainty of Government funding for local authorities and possibly even the shape of local government going forward.

- Each year we will undertake service reviews to ensure we are delivering VFM, drive efficiencies to see what savings can be achieved and to form an evidence base that we have done what we can, challenging ourselves on cost effective delivery of services. This will also be combined with looking at suggestions from the Ignite report (now incorporated into Modern 25) and savings suggestions identified from review of previous unspent budgets and invest to save – such as IT investment to deliver more automation. A review of our assets including disposal, re-use etc will be explored and all commercial opportunities to generate more income.

- If the funding gap estimated in 2026/27 of £4.2 million materialises, which is dependent on Government direction, then efficiencies and income generation are not going to drive that level of savings and we will need to propose significant service reductions. But this comes at a point when we know how much we need to find and when, before radical service decisions are made. As stated we have an earmarked Funding Reserve in place to protect us against any immediate changes should Government carry out reforms without good notice and support existing revenue budget gaps.

This gap should not be ignored and what actions could be taken should be considered and formulated. If savings are not found over the next 3 years then the Funding Reserve will be depleted leaving insufficient funds to address future significant variations in funding or budget pressures. Early identification of savings and their introduction would allow unspent earmarked funding reserves to potentially be reallocated. There is also some uncertainty around some further funding in the form of 'damping'. It is difficult to determine the value of this funding with no guidance available but this could assist for a period of 24/36 months in 2026/27 and 2027/28 (and possibly 2028/29).

Key areas of budget proposals to be agreed are as follows and can continue to be monitored and developed through the Overview & Scrutiny work plan:

- a. **Approval of Council tax increases at the maximum allowed – £5 or 2.99% currently**
- b. **Agreement of our asset strategy and determining best use of our assets – disposal/transfer/re-use and re-model**
- c. **Pursuit of maximum asset disposal proceeds**
- d. **Exploring commercial investment opportunities including charging policy**
- e. **Maximising income from existing fees and charges**
- f. **Exploring new opportunities for setting fees and charges**
- g. **Reviewing the savings options from the Ignite work**
- h. **Investing in our IT provision to deliver more automation and efficiencies**
- i. **Review our policy for earmarked reserves and funding budget gaps**
- j. **Reviewing support for third sector grants and support**
- k. **Identifying other voluntary grants and future support**
- l. **Reviewing quick wins and budgets no longer required**
- m. **Periodic review of the capital programme and alignment to strategic priorities**
- n. **Agreement to provide a revenue contribution to capital at £500,000 per annum in 2024/25 and £500,000 per annum for future years**
- o. **Determining adequate borrowing limits including headroom for the capital programme through approval of the appropriate treasury management indicators**
- p. **Councillors community fund budget**
- q. **Further payments to reduce the pension fund deficit**
- r. **Minimum level of general reserves – currently suggested at £2.4 million**
- s. **Limit use of earmarked reserves to bridge budget gaps**
- t. **Considering new funding models**
- u. **Timeline for delivery of savings**
- v. **Working with Town and Parish councils re service provision**

12. Capital

The Council maintains a programme of capital expenditure designed to improve a wide range of community facilities and local infrastructure. The forward funding projections below only include rolling items and projects identified early by managers; **there will be proposals missing from this list** that will need to be considered for funding out of available resources as they come forward.

There will be a disparity between the Council's capital spending aspirations being greater than the amount of finance available. In producing these figures agreed principles have/will be applied:

- A capital bid process is in place whereby appraisal forms are completed for each scheme and an assessment methodology applied to prioritise expenditure within resources available. This prioritisation is overseen by the Corporate Projects Board.

MTFP Model – Capital Expenditure and Funding Position

Strategic Priority	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
A roof over our heads	8,412	8,262	1,454	1,454	1,454
Clean scene	388	14,203	768	321	220
Going to town	1,687	11,635	2,463	-	-
Great places to live and work	829	6,422	7,138	2,088	5,138
Health at the heart	-	-	-	-	-
Investing in prosperity	180	2,250	-	-	-
Moving up a gear	6,222	3,025	1,130	250	550
Out and about and active	764	260	700	701	40
Strong communities	2,001	2,443	1,674	1,666	-
Action on climate	3,255	4,552	2,439	439	2,000
Vital, viable council	327	262	221	284	41
Total Capital Expenditure	24,065	53,314	17,987	7,203	9,443
Borrowing	(3,073)	(26,665)	(3,681)	(934)	-
Capital Receipts	(933)	(3,445)	(435)	(154)	(24)
Revenue contributions (includes specific sums)	(544)	(1,619)	(489)	(505)	(291)
Grants / external contributions	(13,305)	(13,313)	(3,074)	(3,066)	(1,400)
CIL	(4,256)	(7,113)	(10,268)	(2,338)	(7,688)
S.106	(1,954)	(1,159)	(40)	(206)	(40)
Total Funding	(24,065)	(53,314)	(17,987)	(7,203)	(9,443)

The Programme expenditure includes those schemes already approved by Council and rolling items and provisions. **Bids will come through the annual budget process giving a different picture to that given above and there will be choices to make in order to keep expenditure within resources available.**

The above has been produced using the latest budget monitoring position and it is clear from observation that periodically the programme needs to be re-profiled with the budget managers. There are a number of schemes which will not be delivered in part or full in the year the budget is allocated. From the view of the MTFP it's the overall position that can be considered taking all years into account.

The programme assumes £34.4 million of borrowing between 2023/24 and 2027/28 in addition to the current underlying need to borrow of £21.0 million. Cash flow monitoring and balance sheet review exercises indicate no immediate need to borrow externally over the next 2-3 years. This is dependent upon the speed with which capital projects progress and is reviewed periodically alongside interest rate monitoring, so that when long-term external borrowing is required, it is undertaken in a controlled way in line with the Council's treasury strategy. This position has been factored into the revenue model in terms of costs of borrowing/lost external interest/minimum revenue provision etc. Any new borrowing will need to be considered in conjunction with existing borrowing commitments, maximum borrowing limits and a comfortable headroom for borrowing.

The above capital receipts line is based on the most recent activity and forecast information.

Key issues to consider for this Plan in terms of capital are:

- Only approved schemes and provisions from the February 2023 budget process and subsequent approvals brought to Members are included. The current position shows General Fund capital receipts largely being used by 2025/26. If any new projects or schemes do come forward, it is assumed they will attract sufficient funding and/or have a positive business case with a minimum return of 1%.
- Any scheme inclusion in the Programme over and above this core annual expenditure needs to be considered carefully for inclusion in future programmes. This happens on a case-by-case basis to determine if they meet corporate objectives. Business cases must evidence the required 1% return in the case of self-funded schemes or show delivery in conjunction with other agencies/partners. Some schemes will come with no funding but may still be necessary, for example IT improvements and asset refurbishments.
- The introduction of £300,000 per year baseline as a revenue contribution to capital in 2023/24 (then increasing to £500,000 in 2024/25 and future years) will assist in supporting the capital programme and for any spends without a sufficient supporting business case. Revenue contributions are all committed until 2027/28.

The Way Forward – Capital programme

- There is a clear necessity for the continuation of the Corporate Projects Board to consider the allocating of capital resources against competing capital scheme bids.
- The programme needs to be populated with realistic expenditure estimates into the future; further work has been undertaken on Council assets costs and a review of our asset management policies and use of assets.
- The Project Management Guidelines will continue to be used to inform the capital bid process through detailed capital appraisal forms and Project Initiation Document (PID). There will be continued monitoring of progress on key projects through the Council’s Corporate Projects Board.

➤ **Part 2 – Financial Viability Process (FVP)**

13. Aim of the FVP

This part of the Finance Plan considers how the Council will balance its finances over the coming years to continue to provide service for its residents and customers. We will ensure we are achieving Value for Money throughout the Council within each service, we will evidence this and seek improvements and savings where possible. We have key dedicated resources to aid us in this process and available to work with services.

Depending on the outcome of this work, and the savings achieved, as identified in 11 above we will then need to look at reductions in service delivery necessary to balance the books going forward to deliver financial viability and sustainability.

This will all be looked at against the backdrop of the risks and challenges that have implications for the Council’s financial position in the medium term.

The major risks and pressures are:

- Changing government funding
- Inflation
- High interest rates
- Cost of living crisis and impact on services/income
- Ongoing impact following the Covid pandemic and recovery
- Existing budget gaps and limited earmarked reserves
- Staff resources
- Additional demands from Government

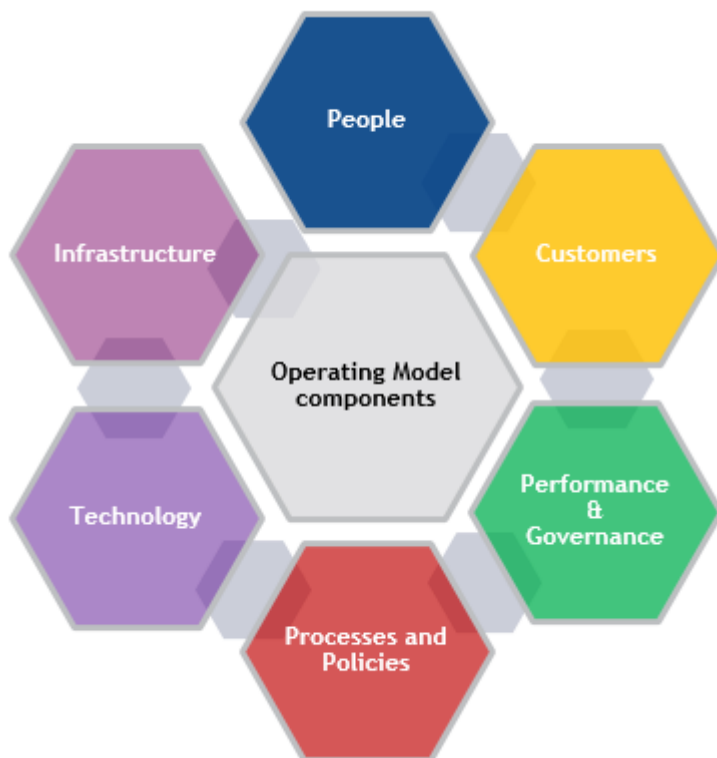
14. Modern 25 Programme

TDC accepts that to achieve the level of savings required, it needs to change the way things are done and alter its operating model, whilst ensuring that the customer is still at the heart of council services. Independent consultants were commissioned through a procurement process to work in partnership with Teignbridge Senior Leadership Team to deliver:

- A strategic alignment review
- Recommendations for a new Target Operating Model

The objective of the programme is to deliver a new operating model for the council. An operating model encompasses all aspects of the way the organisation delivers its core purpose and includes

- People and Organisation – the activities that our staff carry out and how they are managed and organised
- Technology and Infrastructure – the software, physical ICT infrastructure and physical assets that are in place to support how people carry out the council’s work
- Ways of Working – the processes, policies, procedures, performance, governance, leadership and management that is in place
- Culture & Behaviours – Creating a work environment which supports delivery of strategic priorities and core services to our customers and an organisation that invests in its people
- Strategic Priorities – the strategic portfolio of programmes and projects that are in place to deliver the council’s strategic priorities



From their recommendation we have developed our Modern 25 programme which aims to deliver a new operating model for the council delivering £2.6 million of phased benefit savings by April 2026 and implementing the changes across the whole council in line with agreed design principles. The programme focuses on delivery of 3 main workstreams

1. Customer and Service Design - Lead Tracey Hooper

This will digitalise services that the users of our services want and design support mechanisms for customers who need help to make a request or support service users who have complex needs.

Our services will be designed to be more sustainable through:

- Shifting our service users to less expensive digital channels in line with our current demand, through active promotion and nudges
- Designing services that are easy for users to access and make a request
- Maximising the value provided by our front line staff in helping residents with complex needs
- Creating excellent online information and guidance for our service users
- Proactively and passively keeping service users informed throughout their service journey

2. Technology and Digital - Amanda Pujol

This will define and develop the technology and digital requirements to support the new operating model by:

- Defining the key technologies that will support the new operating model and ways of working
- creating a roadmap for delivering these capabilities
- Defining the digital capabilities required and running a procurement exercise to fill the capability gaps
- Provide resources in skills to configure new digital capabilities and integrate them, in line with our technology roadmap

It is underpinned by our Digital Strategy adopted in 2021 built around six themes:

1. Customer access and service
2. Digital and mobile work force
3. Digital democracy
4. High-quality, accessible data
5. Digital and Net Zero
6. Responsive, resilient and secure infrastructure and systems

3. People and Organisational Design - Tim Slater

We are currently designing, developing and delivering a new council structure that supports the new operating Model for the delivery of services to our customers and the delivery of our strategic portfolio. This will include a review of current HR policies and procedures, including performance management, to support the implementation of the new operating model and define:

- The spans of control for managers and the scope of management responsibilities for changes to the organisational structure

- The creation and evaluation of any new roles that will be created to support the delivery of the new operating model
- The programme will review HR policies and procedures, including performance management to support the implementation of the Target Operating Model
- The governance structures that will support performance management

4. Strategic portfolio - Martin Flitcroft

This will define and develop business cases, statements of works and specific individual projects to deliver against a revised strategic portfolio which is aligned with the Council's priorities and strategy. The programme will oversee:

- all implementation and change activities associated with the deliverables from the strategic portfolio projects
- Monitoring of projects progress as part of overall programme governance
- alignment of project outcomes with the new operating model

In order to deliver this programme of work there will be an upfront investment to provide additional temporary staffing resources and capital investment in digital infrastructure and systems. The new structure will result in a reconfiguration of services and new posts and roles being created. The Council is also undertaking a pay structure review which will result in a new pay scale and job evaluation process being developed and implemented to ensure the Council remains competitive and can attract the staff with the key skills to deliver the best service for residents in the District. Changes to the structure and potential investments are/will be incorporated into the revenue and capital budgets.

We are developing a Digital Strategy and we are now working with Strata and our other partner authorities to ensure the outcomes can be defined and delivered. The Strategy is built around six themes

Customer access and service
 Digital and mobile work force
 Digital democracy
 High-quality, accessible data
 Digital and Net Zero
 Responsive, resilient and secure infrastructure and systems

5. Performance Management Data: Lead – Jack Williams

It is crucial we use relevant data to inform our business decisions. Performance data needs to be readily available and used by managers, SLT, CMT and members to drive decisions and be clear where action is needed/not needed and how we are performing for our residents, identifying and resolving issues quickly. Importantly this needs to link with system thinking to ensure we measure the right things.

It is necessary to understand cost, performance and activities of services and undertake appropriate comparisons to be clear where we are providing Value for Money and where we are not. Help identify where improvements are needed or to determine we are comfortable and understand the variances.

We have a Performance and Data Analyst but also services have their own resources in this area and we need to share and oversee the whole.

6. Asset Management: Lead – Tom Phillips

In reviewing our services there are some services where asset management is relevant and areas it is not. There are key elements to be considered by services;

- a) Understanding the financial and non-financial performance of assets and using this to drive asset management decisions.
- b) Proactive asset management – Maximising the returns from assets and disposing of assets that have a poor financial / non-financial return and at market value where appropriate.
- c) Investing in assets only where there's a strong business case.
- d) Supporting wider objectives – Being clear where and how asset management is supporting wider objectives, such as benefitting the community, shaping the built landscape, supporting the Council in its service delivery and proactively supporting our commitment to tackling climate change.
- e) Encouraging asset transfer where appropriate.

There can be a quick analysis within each service to determine scope of opportunities.

7. Income Maximisation: Lead – Claire Moors

It is viewed that members are supportive of ensuring where fees and charges are made that these are set at appropriate rates and reviewed regular to keep pace with costs. It is also considered there is support to develop existing services areas where there is opportunity and customer demand for additional or enhanced services to be offered that can generate surpluses for the Council. An average 5% increase is proposed for 2024/25 to recoup inflationary costs. Any charges below an average for the service need to be increased accordingly and a more commercial view pursued for the charging of activities and services.

Again there can be a quick analysis within services to determine scope for opportunity.

EXTERNAL INFLUENCES AND KEY ASSUMPTIONS WITHIN THE REVENUE MTFP MODEL

- Inflation**

Inflation rates are based on the latest available data.

Although the financial model is based upon what are believed to be a series of prudent assumptions, there is inevitably a risk that some or all factors applied could be inaccurate. The table below summarises the impact of any such inaccuracies that would have a detrimental effect upon the financial plan. Inflation in recent times has not been a high risk but currently rates are historically high with Bank of England projecting inflation to remain relatively high in the short to medium term driven by food and energy costs. Contract costs, pay rises and a pay review of salaries are likely to cause some of the biggest pressures for future years.

Financial impact of changes in inflation assumptions 2024/25.

Factor	MTFP Predicted Inflation Costs £000	Worse by 1% £'000	Worse by 2% £'000
Pay, N.I & Pension & other employee costs + other costs	872	218	436

- Investment Returns**

The approach adopted, of budgeting for investment income remains prudent. Investment return predictions have been factored in with higher income in 2023/24 but reducing in future years.

- Council Tax Income**

The MTFP had previously followed recent Government practice of allowing a £5 a year increase.

This was modified to reflect the change in percentage to 2.99% for 2023/24 and 2.99% for 2024/25 (£5.70) and future years.

Financial impact of changes in council tax levels (2024/25).

Level of council Tax increase	Predicted council tax income £000	Loss of income in MTFP 2024/25 £'000
Council tax yield at £5 (2.62%) increase	(9,969)	36
Yield at 2.0%	(9,909)	96
Yield at 1.0%	(9,812)	193
Yield at 0.0%	(9,715)	290

This calculation shows a one year effect, this reduction would be lost each year going forward plus the opportunity to increase the level in future on a higher base.

- **New Homes Bonus**

The main risk is numbers being below the projections as new properties being built continues to recover from the pandemic plus constraints within the house building market. The Plan assumes significant reduction in income from previous years. We await Government consultation on any revised scheme and the implications on the MTFP but no projections can be made on this until Government outline any replacement scheme (if any).

- **Business Rate Income**

The risks associated with Business Rate income have been covered above including the Government's intention of business rates rebasing. A £2.800 million additional benefit has been budgeted in 2024/25 for additional rates above the Council's baseline (including pooling gain), this is the sum that will be budgeted and if the actual amount is less through a reduction in assessments or collection of income drops than the difference will be met from the earmarked Funding Reserve.

When the Government looks at rebasing then the Council has the earmarked Funding Reserve to be used to mitigate this for the year.

Revenue Budget Summary							Appendix A
Revenue Budget	2023-24 Forecast	2023-24 Latest	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast
	£	£	£	£	£	£	£
EXPENDITURE							
1 Employees	24,398,970	24,248,980	26,932,610	26,140,290	26,861,980	27,667,840	28,497,880
2 Property	5,721,180	5,903,150	5,873,850	6,023,300	6,180,440	6,337,580	6,494,720
3 Services & supplies	6,768,450	8,471,680	6,919,850	6,816,050	7,012,080	7,208,110	7,404,140
4 Grant payments	19,182,450	22,550,060	19,334,800	17,334,800	15,334,800	13,334,800	11,334,800
5 Transport	1,057,840	798,070	1,082,810	1,099,660	1,118,190	1,118,190	1,118,190
6 Leasing & capital charges	1,497,950	1,543,470	2,365,490	2,701,240	2,726,460	2,726,460	2,726,460
7 Contributions to capital	300,000	567,290	500,000	500,000	500,000	500,000	500,000
8 Total expenditure	58,926,840	64,082,700	63,009,410	60,615,340	59,733,950	58,892,980	58,076,190
INCOME							
9 Sales	-1,467,900	-783,820	-807,690	-840,000	-873,600	-908,540	-944,880
10 Fees & charges	-10,781,150	-11,461,790	-11,928,260	-12,524,670	-13,150,900	-13,808,450	-14,498,870
11 Grants - income	-19,388,510	-23,207,970	-19,542,500	-17,542,500	-15,542,500	-13,542,500	-11,542,500
12 Property income	-3,343,710	-4,026,360	-3,699,950	-4,127,570	-4,251,700	-4,379,250	-4,510,630
13 Other income & recharges	-4,105,820	-5,816,760	-4,533,480	-4,010,380	-3,843,720	-3,959,030	-4,077,800
14 Transfer from (-) / to earmarked reserves	-2,205,900	-996,150	-3,551,730	-2,217,860	-4,206,570	-1,820,930	0
15 Total income	-41,292,990	-46,292,850	-44,063,610	-41,262,980	-41,868,990	-38,418,700	-35,574,680
16 Total net service cost	17,633,850	17,789,850	18,945,800	19,352,360	17,864,960	20,474,280	22,501,510
Funding							
17 Council tax	-9,576,500	-9,576,500	-10,004,930	-10,507,120	-10,929,500	-11,368,850	-11,825,870
18 Council tax/community charge surplus(-) / deficit	-125,550	-125,550	-251,670	0	0	0	0
19 Revenue support grant	-245,040	-245,040	-261,270	-294,020	0	0	0
20 Rates baseline funding	-3,520,800	-3,520,800	-3,634,240	-3,669,860	-3,705,120	-3,816,000	-3,867,000
21 Estimated rates retention and pooling gain	-2,446,200	-2,684,960	-2,800,410	-2,920,830	-1,664,880	-1,375,870	-1,435,030
22 New homes bonus	-404,940	-404,940	-650,240	-650,240	0	0	0
23 Alternative housing funding/damping	0	0	0	0	-1,500,000	-1,317,000	-1,210,000
24 Other grants	-1,314,820	-1,314,820	-1,343,040	-1,310,290	-65,460	-65,460	-65,460
25 Budget gap (-) to be found	0	0	0	0	0	-2,531,100	-4,098,150
26 Total funding	-17,633,850	-17,872,610	-18,945,800	-19,352,360	-17,864,960	-20,474,280	-22,501,510
27 -Surplus/shortfall	0	-82,760	0	0	0	0	0
28 General reserves at end of year	2,300,001	2,400,004	2,400,004	2,400,004	2,400,004	2,400,004	2,400,004
29 General reserves as % of net revenue budget	13.0%	13.4%	12.7%	12.4%	13.4%	13.4%	13.0%

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Financial plan sensitivity and risk analysis (section 25 assessment and report)

The Local Government Act 2003 (section 25) requires that when a local authority is agreeing its annual budget and precept, the Chief Finance Officer must report to it on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

In expressing this opinion the Chief Finance Officer has considered the financial management arrangements that are in place, the level of reserves, the budget assumptions, the overall financial and economic environment, the financial risks facing the Council and its overall financial standing.

The key long term driver is preserving the Council's financial resilience within the financial strategy and the medium term financial plan.

The Council has had to operate within a rolling period of uncertainty whereby core funding has been cut for a number of years creating greater pressure to deliver services and core spending power (even with the introduction of the 3% guarantee grant (now increased to 4%)) has not kept pace with inflation. We are operating with one year settlements from Government rather than multi year settlements which makes future financial planning more difficult.

We have faced two years of higher than anticipated inflation and interest rates together with potential for a recession and a further time ahead where households will struggle to pay their bills. This creates uncertainty in terms of growth, economic activity, bad debts and arrears. It is anticipated that inflation will continue to fall and interest rates will then fall as a result.

Our financial management has historically been good and we have reacted to situations appropriately including the impacts of Covid and recovering income streams that were badly affected by the lockdowns etc.

Our governance arrangements require us to have good systems of internal control to manage risk including financial controls and we have budgets and a financial plan that directs financial resources to priorities within our Council Strategy including the housing functions and the delivery of affordable housing, climate change and jobs. We continue to deliver homes to rent and have carried out significant work on our council buildings to deliver on our decarbonisation objective and have a provision in our capital programme to provide employment units. An economic development plan aids local businesses and the local economy, together with a Jobs Plan that was implemented in 2021.

We have to comply with a number of Codes including the Accounting Code of Practice issued by CIPFA annually to guide how we report our financial results and the Prudential Code which covers how we deal with our treasury management activities and setting prudential indicators including the level of borrowing. We comply with all of the relevant Codes.

Robustness of estimates:

We assume that there will continue to be inflationary costs to our services and have assumed an average 4% increase in salaries in 2024/25 and 3% thereafter. We have built in inflation in other areas of the budget to cover major contract cost changes as appropriate including, building cleansing, grounds maintenance, insurance, information technology etc. We have also included inflation for other costs such as utility costs and business rates. As part of the process to identify savings Service Managers have had some budget headings frozen at existing levels for 2024/25.

On the whole we anticipate income activity will be maintained at levels similar to 2023/24 with some small growth in certain areas together with the impact of the increase in the charge for the service.

Income from our treasury management activity is aligned with projections suggested on changes to interest rates together with the cash flow planning we determine for major changes in Council spends and incomes.

Our capital receipt assumptions are based partly upon historic data to inform future projections and arrangements that are currently under negotiation or agreed.

We have assumed that New Homes Bonus will continue past its one year extension from Government of 2024/25 on the basis that it will be paid until an assumed reset of core funding from Government in 2026/27. This seems reasonable based upon past events and the assumption is also for the 3% (now 4% for 2024/25) guarantee grant to continue until 2026/27 to ensure that there is no overall loss of income to the Council.

Any short term one off grants have traditionally been accepted and implemented. We will consider these on merit if and when they arise and determine whether they can be implemented based upon available resources.

The savings required to eliminate our revenue budget overspends within our MTFP are detailed in appendix 4. These are currently funded by a Funding Earmarked Reserve that had a balance of £12 million at the start of the 2023/24 financial year and even with no further action can be utilised to manage the deficits anticipated up to the end of 2026/27. It is considered likely that the work identified in the budget reports for Modern 25 and continuous review of Business Plans will generate savings that are currently not shown in the MTFP thus reducing the use of the Funding Earmarked Reserve.

The Modern 25 agenda looks at a savings plan which delivers ongoing annual savings totalling £2.6 million including a revision of our organisational structure to deliver staff savings, a review of our assets and how they are used and other service activity savings options. The savings 'drops' are mapped out, reported and updated regularly and managed by the Business Transformation Team. Business Plan updates will also need to consider additional savings options.

Future work will be explored through an Overview & Scrutiny Committee task and finish group to investigate savings areas highlighted within the MTFP and other possible areas for review. This may include the current minimum return of 1% on business cases and how we ensure the business cases are robust and all risks are adequately explored and verified.

Other financial risks include whether we face a reduction in our overall income e.g., from fees and charges and property. Calculations shown below will confirm how this meets the adequacy of reserves. The risks are mitigated by the spread of activities we have and adequate bad debt provisions for areas of debt that are considered higher risk or volatile and the evidence we have around historic data to determine likely changes to these numbers.

We currently have no external borrowing but ensure that all Minimum Revenue Provision (MRP) for completed projects meets the requirements of the Prudential Code and is provided for and all business cases presented include provisions for interest and MRP payable on projects being delivered. We profile the debt on a range of maturity dates which ensures no exposure to one area of interest rate change.

Adequacy of reserves:

With inflation having eroded spending power the general revenue reserve balance is proposed to increase from £2.3 million to £2.4 million.

Earmarked reserves – as indicated above £12 million is held in a funding reserve at the start of the 2023/24 financial year. The use of this reserve will be to fund predicted budget gaps for future

years with £10.2 million likely to be used for the current and next three full financial years (2023/24 to 2026/27). This usage will be reduced by savings from Modern 25 and other processes.

Other earmarked reserves – we have £9.9 million of other earmarked reserves which are held to cover grants received which haven't been spent, carry forwards, revenue contributions to capital etc. These are held for specific purposes/projects/spends however some could be reallocated to other funds if necessary.

Capital reserves – at the start of 2023/24 we had £4.5 million of capital receipts and £19.4 million capital grants unapplied. These are utilised throughout the capital programme with capital receipts reducing to £1.1 million by the end of 2026/27 and capital grants unapplied being £2.1 million at the end of that year.

Unusable reserves – we have a further £76.2 million of unusable reserves at the start of the 2023/24 financial year. These are not available for use as cover items such as the revaluation reserve for property valuations and the capital adjustment account which absorbs timing differences arising for the consumption of non current assets and for financing the acquisition, construction or additions to those assets under statutory provisions.

CIPFA provide a Resilience Index which compares our financial data with our nearest neighbours. Most of our indicators in terms of financial stress are in the lower risk category which include external debt, interest payable and sustainability of reserves. Fees and charges as a ratio to service expenditure is still low but closer to medium risk. We have made some changes here including the mid year review to assist with increasing the income we get from fees and charges and will pursue higher increases year on year where appropriate. The one measure closest to medium risk is the level of overall reserves. This can be broken down between earmarked reserves and unallocated reserves. The earmarked reserves are closer to lower risk but unallocated reserves (our general reserve balance) is just above medium risk. We are proposing increasing our general reserve balance from £2.3 million to £2.4 million which will assist with reducing the risk on this measure.

Conclusion:

The main financial risks are around revisions to local authority funding - reductions likely for future years and non delivery of required savings. These are described below together with potential adverse changes in other income and expenditure streams. The risks are mitigated by careful use of earmarked funding reserves, the Modern 25 agenda, action to act more commercially, monthly monitoring of our financial position and reporting of variances.

1. The budget assumes £16.4 million of income from sales, fees and charges, recycling and property for 2024/25. Whilst this assumption is realistic for the income it includes significant rental income from Market Walk and there is always the risk that income could fall further or be less than anticipated. **A drop in income as compared to the net budget of around 10% would result in a loss of £1,644,000.**
2. The small provision of 2.1% which has traditionally been made for potential losses in council tax collection has been maintained in 2024/25 to reflect continuing economic circumstances which is likely to be more difficult next year with the estimated overall increase of 5.1% in council tax.
3. Inflation on costs is being partly managed through energy reduction measures and cost effective procurement. However significant inflationary pressures have resulted in an allowance of £445,000 for inflation (excluding pay award provision) which is included in the budget and is considered reasonable.
4. Known liabilities have been provided for and there are no significant outstanding claims.

5. The final settlement confirmed only one years figures for New Homes Bonus and only for 2024/25.
6. Business rates retention income from rates growth above the baseline and some pooling gain has been assumed for part of the four plan years. This is reasonable being largely based on the special grants we get to cover the cost to Teignbridge of government schemes to help businesses and tempered by ongoing uncertainties in relation to projections in growth. Potential business rates reset may arise in 2026/27 but depends on Government funding reforms. A realistic provision of £474,000 has been made for business rates appeals next year. We are only protected against any rates downturn or further rates appeals by a relatively low safety net and **a 10% reduction in funding would be £643,000.**
7. New homes bonus has traditionally been estimated on the extra homes built per year and a 4 year payment. In addition a 0.4% baseline deduction reduces the figure year on year. The figure of £0.6 million has been used in the budget as legacy payments are eliminated from the funding stream. The Government has intimated eliminating New Homes Bonus and replacing with an alternative form of housing funding. No details of what the changes might be are available at present or whether this will actually take place however there are no assumptions built into receiving such alternative funding in 2026/27 and thereafter.
8. The capital programme is financed over the next three years using realistic estimates of capital receipts, grants, prudential borrowing and other funding including developer contributions such as Section 106 and community infrastructure levy (CIL). Town centre regeneration in the form of major refurbishment of the Market Hall and improvements to Queen Street in Newton Abbot will be funded from prudential borrowing and government Future High Streets grant of £5.5 million during 2023/24 and 2024/25. Other co-funding includes developer and external contributions. The rate of inflation on construction projects has risen steeply over recent months due to a combination of issues. The current economic climate also has the potential to affect the future budgetary impacts of these projects, the business cases for which rely on forecasts for rental income. Business cases are compiled with the benefit of expert external advice where appropriate and are reviewed regularly to assess the impact of the economic environment on capital and revenue costs. The main provision for social and affordable housing – the Teignbridge 100 is forecast to be funded from a combination of government grant, capital receipts, developer contributions and borrowing. The business case for the current Forde House decarbonisation and agile working project is dependent on rental income from letting out space at Forde House. The Broadmeadow Sports Centre Decarbonisation Phase 2 and refurbishment at a cost of £3.7 million is funded from a mixture of government grant, capital receipts, revenue savings and prudential borrowing. Future projects relating to the Carbon Action Plan and a provision for employment site investment are also to be funded through prudential borrowing. Future projects include a provision for improvements to waste management infrastructure, for which funding is as yet unidentified. Any project which is funded through borrowing is subject to interest rate risk. Further detail on how this risk is managed can be found in Appendix 12 (Treasury Management Strategy) and Appendix 12a (Capital Strategy). The next phase of Teignbridge 100 projects, future carbon reduction schemes and the employment site provision are indicative only and not being approved in this budget. Individual business cases will be brought to members for consideration as they are developed.

Summary and call to action

Significant risks are identified above with a potential total adverse revenue effect for 2024/25 of £2.3 million. However, revenue reserves are planned to be 12.7% of the net revenue budget or £2.4 million at the end of 2024/25. The Funding Reserve also has a significant balance. It is anticipated, dependent upon progress of the town centre developments and the Teignbridge 100, that external borrowing will be required during 2026/27, possibly the end of 2025/26. Slippage in the capital programme can mean usable reserves stay higher for longer, delaying the need to

borrow. Such financing is costed within the budget estimates and in line with the requirements of the Treasury Management Strategy and Prudential Indicators. I therefore confirm the robustness of the budget and the adequacy of the reserves.

The specific actions required to support this assessment is to pursue the savings plan as outlined in the Modern 25 proposals and continued investigation of savings in other areas where possible.

Martin Flitcroft, Chief Finance Officer

27 February 2024

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Equality Impact Assessment



Assessment Of: 2024/25 budget proposals	
<input type="checkbox"/> Policy <input type="checkbox"/> Strategy <input checked="" type="checkbox"/> Function <input type="checkbox"/> Service <input type="checkbox"/> Other [please state]	<input checked="" type="checkbox"/> New <input type="checkbox"/> Already exists / review <input type="checkbox"/> Changing
Directorate: Corporate Services	Assessment carried out by: Steve Wotton
Service Area: Finance for all services	Job Role: Finance Systems Manager
Version/Date of sign off by Director: V1 13 February 2024	

Step 1: What do we want to do?

This assessment should be started at the beginning of the process by someone with a good knowledge of the proposal and service area, and sufficient influence over the proposal. It is good practice to take a team approach to completing the equality impact assessment. Please contact the Policy Officer early for advice.

1.1 What are the aims and objectives/purpose of this proposal?

Briefly explain the purpose of the proposal and why it is needed. Describe who it is aimed at and the intended aims / outcomes. Where known also summarise the key actions you plan to undertake. Please use plain English, avoiding jargon and acronyms. Equality Impact Assessments are viewed by a wide range of people including decision-makers and the wider public.

We, the Council are operating within our ten year Strategy taking us to 2030. This sets the tone for contributing to civic life and ensuring public services focus on 'place and person' while remaining accountable, fair and value for money. At the heart are the Teignbridge Ten overarching projects that guide our activities, where we focus our resources and how we shape services to deliver real progress for the district.

The budget proposal includes a council tax increase of £5.70 equivalent to 2.99% in 2023/24, a review of fees and charges, an assumed pay deal of a wage increase of 4.0% whilst continuing to maintain services.

The proposal is aimed at the Council.

1.2 Who will the proposal have the potential to affect?

<input checked="" type="checkbox"/> Service users	<input checked="" type="checkbox"/> The wider community	<input checked="" type="checkbox"/> Teignbridge workforce
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1.3 Will the proposal have an equality impact?

Could the proposal affect access levels of representation or participation in a service, or does it have the potential to change e.g. quality of life: health, education, or standard of living etc.?

If 'No' explain why you are sure there will be no equality impact, then skip steps 2-4 and request review by your manager.

If 'Yes' complete the rest of this assessment.

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	[please select]
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Whilst a council tax increase is proposed Teignbridge has an approved council tax support scheme where it is possible to receive 100% reduction in the council tax charge.

Step 2: What information do we have?

2.1 What data or evidence is there which tells us who is, or could be affected?

Please use this section to demonstrate an understanding of who could be affected by the proposal. Include general population data where appropriate, and information about people who will be affected with particular reference to protected and other relevant characteristics (listed in 2.2).

Use one row for each evidence source and say which characteristic(s) it relates to. You can include a mix of qualitative and quantitative data - from national research, local data or previous consultations and engagement activities.

Outline whether there are any over or under representation of equality groups within your service - don't forget to benchmark to local population where appropriate.

For workforce / management of change proposals you will need to look at the diversity of the affected team(s) using available evidence such as the employee profile data. Identify any under/over-representation compared with Teignbridge's economically active citizens for age, disability, ethnicity, gender, religion/belief and sexual orientation.

Data / Evidence Source <i>[Include a reference where known]</i>	Summary of what this tells us
Census 2021 profile for Teignbridge – Office for National Statistics 2021 Census Profile for areas in England and Wales - Nomis (nomisweb.co.uk)	Details the demography of the Teignbridge District in relation to: <ul style="list-style-type: none"> • Population • Age • Ethnicity • Health • Employment • Education
Census 2021 interactive map of all measures for Teignbridge – Office for National Statistics Age - Census Maps, ONS	Provides further detail on demographic and other variables available from census 2021. This breakdown how each variable looks across Teignbridge.
Additional comments:	

2.2 Do you currently monitor relevant activity by the following protected characteristics? Yes

<input checked="" type="checkbox"/> Age	<input checked="" type="checkbox"/> Disability	<input checked="" type="checkbox"/> Gender Reassignment
<input checked="" type="checkbox"/> Marriage and Civil Partnership	<input checked="" type="checkbox"/> Pregnancy/Maternity	<input checked="" type="checkbox"/> Race
<input checked="" type="checkbox"/> Religion or Belief	<input checked="" type="checkbox"/> Sex	<input checked="" type="checkbox"/> Sexual Orientation

2.3 Are there any gaps in the evidence base?

Where there are gaps in the evidence, or you don't have enough information about some equality groups, include an equality action to find out in section 4.2 below. This doesn't mean that you can't complete the assessment without the information, but you need to follow up the action and if necessary, review the assessment later. If you are unable to fill in the gaps please state this clearly with a justification.

For workforce related proposals all relevant information on characteristics may need to be sought from HR (e.g. pregnancy/maternity). For smaller teams diversity data may be redacted. A high proportion of not known/not disclosed may require action to address and identify the information needed.

N/A

2.4 How have you involved communities and groups that could be affected?

You will nearly always need to involve and consult with internal and external stakeholders during your assessment. The extent of the engagement will depend on the nature of the proposal or change. This should usually include individuals and groups representing different relevant protected characteristics. Please include details of any completed engagement and consultation and how representative this has been of Teignbridge's diverse communities.

Include the main findings of any engagement and consultation in Section 2.1 above.

If you are managing a workforce change process or restructure please refer to HR for advice on how to consult and engage with employees. Relevant stakeholders for engagement about workforce changes may include e.g. staff-led groups, trades unions as well as affected staff.

Consultation is carried out with the Residents Panel, local businesses and the wider community via the Teignbridge District Council website.
Discussion with Parish and Town Councils.

2.5 How will engagement with stakeholders continue?

Explain how you will continue to engage with stakeholders throughout the course of planning and delivery. Please describe where more engagement and consultation is required and set out how you intend to undertake it. Include any targeted work to seek the views of under-represented groups. If you do not intend to undertake it, please set out your justification. You can ask the Consultation Officer for help in targeting particular groups.

Public access to Council meeting.
Annual budget proposals survey/consultation
Future spending plans linked to the original annual budget will regularly be brought to Executive together with proposed variations and updates.

Step 3: Who might the proposal impact?

Analysis of impacts must be rigorous. Please demonstrate your analysis of any impacts of the proposal in this section, referring to evidence you have gathered above and the characteristics protected by the Equality Act 2010. Also include details of existing issues for particular groups that you are aware of and are seeking to address or mitigate through this proposal.

3.1 Does the proposal have any potentially adverse impacts on people on the basis of their protected or other relevant characteristics?

Consider sub-categories (different kinds of disability, ethnic background etc.) and how people with combined characteristics (e.g. young women) might have particular needs or experience particular kinds of disadvantage.

Where mitigations indicate a follow-on action, include this in the 'Action Plan' Section 4.2 below.

GENERAL COMMENTS (highlight any potential issues that might impact all or many groups)	
Whilst a council tax increase is proposed Teignbridge has an approved council tax support scheme where it is possible to receive 100% reduction in the council tax charge.	
PROTECTED CHARACTERISTICS	
Age: Young People	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Positive via: Access to training, work placements and employment. Affordable housing options and increased supply of housing Sports and other activities targeted at the young Contributions to education provision proposed for the wider Teignbridge area

Mitigations:	
Age: Older People	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Positive via: Enhanced opportunities for participation in community life Support for vulnerable older people to live in their own homes Sports and activities aimed at older people Provision of accessible green spaces
Mitigations:	
Disability	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Positive via: Improved access to services through 24/7 online/automated web interactions without leaving home Continued support to adaptations and lifetime design principles in housing Provision of accessible green spaces
Mitigations:	
Sex	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Access to existing and improved services with no increased or detrimental effect Parents with young children are often socially isolated. Targeted actions in deprived areas and the provision of specific sport/leisure activities will provide a benefit for this population.
Mitigations:	
Sexual orientation	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Access to existing and improved services with no increased or detrimental effect.
Mitigations:	
Pregnancy / Maternity	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Access to existing and improved services with no increased or detrimental effect.
Mitigations:	
Gender reassignment	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Access to existing and improved services with no increased or detrimental effect.
Mitigations:	
Race	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Access to existing and improved services with no increased or detrimental effect.
Mitigations:	
Religion or Belief	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Access to existing and improved services with no increased or detrimental effect.
Mitigations:	
Marriage & civil partnership	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Access to existing and improved services with no increased or detrimental effect.
Mitigations:	
OTHER RELEVANT CHARACTERISTICS	
Socio-Economic (deprivation)	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Potential impacts:	Positive via: Actions to improve access to training and jobs Providing in excess of the statutory national living wage to lower paid Teignbridge staff Council tax support for those on the lowest household incomes Improved quality and availability of housing
Mitigations:	
Other group(s) Please add additional rows below to detail the impact for other relevant groups as appropriate e.g. Asylums and Refugees; Rural/Urban Communities, Homelessness, Digital Exclusion, Access To Transport	
Rural	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Positive via: Support for business may benefit the rural economy Improved access to services through 24/7 online/automated web interactions without leaving home Support for the protection and enhancement of the natural and built characteristics of the environment may support the rural economy
Mitigations:	

3.2 Does the proposal create any benefits for people on the basis of their protected or other relevant characteristics?

Outline any potential benefits of the proposal and how they can be maximised. Identify how the proposal will support our Public Sector Equality Duty to:

- ✓ Eliminate unlawful discrimination for a protected group
- ✓ Advance equality of opportunity between people who share a protected characteristic and those who don't
- ✓ Foster good relations between people who share a protected characteristic and those who don't

See points raised in 3.1 above.

Step 4: Impact

4.1 How has the equality impact assessment informed or changed the proposal?

What are the main conclusions of this assessment? Use this section to provide an overview of your findings. This content should be used as a summary in reports, where this full assessment is included as an appendix.

If you have identified any significant negative impacts which cannot be mitigated, provide a justification showing how the proposal is proportionate, necessary and appropriate despite this.

Summary of significant negative impacts and how they can be mitigated or justified:
None identified
Summary of positive impacts / opportunities to promote the Public Sector Equality Duty:
Improving access to services Helping people of all ages to get/stay healthy

4.2 Action Plan

Use this section to set out any actions you have identified to improve data, mitigate issues, or maximise opportunities etc. If an action is to meet the needs of a particular protected group please specify this.

Improvement / action required	Responsible Officer	Timescale

4.3 How will the impact of your proposal and actions be measured?

How will you know if have been successful? Once the activity has been implemented this equality impact assessment should be periodically reviewed to make sure your changes have been effective and your approach is still appropriate. Include the timescale for review in your action plan above.

Consultation feedback is provided to members at the Council budget meeting.
Council performance is monitored and reported on a regular basis to Overview & Scrutiny Committee 1 and 2 and this includes Council Plan achievements.
Budget changes are monitored via quarterly updates to Executive by the Chief Finance Officer

Step 5: Review & Sign-Off

EIAs should only be marked as reviewed when they provide sufficient information for decision-makers on the equalities impact of the proposal. Please seek review and feedback from management before requesting it to be signed off. All working drafts of EIAs and final signed-off EIAs should be saved in G:\GLOBAL\EIA. Once signed-off please add the details to the 'EIA Register' of all council EIAs saved in the same directory.

<p>Reviewed by Service Manager: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Instead was reviewed by: Steve Wotton</p>	<p>Strategic Leadership Team Sign-Off: Martin Flitcroft</p>
Date: 13 February 2024	Date: 13 February 2024

PRUDENTIAL INDICATORS

Indicator Number	Code Page	Para No.	Guidance Para	Indicator	Actual 2022-23	Estimate 2023-24	Budget 2024-25	Forecast 2025-26	Forecast 2026-27
AFFORDABILITY									
1	28	79	153 - 161	Estimates of the proportion of financing costs to net revenue stream		-6.76%	-1.64%	1.92%	3.28%
2	28	80	153 - 161	Actual proportion of financing costs to net revenue stream	-1.49%	-	-	-	-
COMMERCIAL AND SERVICE INVESTMENTS									
The following indicators relate to commercial and service investments (assets held and to be purchased through the capital programme, which provide an income stream). Income relates to rental income and does not include fees and charges income. Net income proportions are after costs have been deducted. Teignbridge District Council does not hold commercial investments (assets purchased primarily for financial return). The figures below relate to investments for service purposes. This is assets which are held primarily and directly for the delivery of public services such as housing, regeneration and local infrastructure.									
3	29	81	162 - 166	Estimates of net income from commercial and service investments to net revenue stream.		13%	12%	15%	16%
4	29	85	162 - 166	Actual net income from commercial and service investments to net revenue stream.	8%				
5	29	84		Net income from commercial and service investments as proportion of useable (unearmarked) revenue	122%				
PRUDENCE									
7	26	68	231	Gross debt and the capital financing requirement (CFR).		Will not exceed CFR		----- >	----- >
The Chief Finance Officer reports that the Council complied with this prudential indicator in the current financial year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans and the proposals in this budget report.									
CAPITAL EXPENDITURE									
8	24	54	184 - 192	Estimates of capital expenditure		£24.1 M	£53.3 M	£18.0 M	£7.2 M
9	24	56	184 - 192	Actual capital expenditure	£14.8 M				
10	24	57		Estimates of CFR		£23.8M	£25.0M	£26.9M	£26.4M
11	25	60		Actual capital financing requirement	21.0M				
Total proportional debt limit as set in capital strategy and commercial strategy. This figure includes forecast "internal borrowing".							£60 M	£60 M	£60 M
EXTERNAL DEBT									
12	25	61		Authorised limit		£22 M	£44 M	£44 M	£50 M
13	25	62		Operational boundary		£20 M	£40 M	£40 M	£45 M
14	20	60		Actual external debt at 31/3/23 (Borrowing plus long-term liabilities, excluding pensions).	£8.4M				
The debt liability benchmark prudential indicator is shown in paragraph 2.2.5 of the Treasury Strategy.									
TREASURY INDICATORS									
15	11			Adoption of the CIPFA Treasury Management in the Public Services: Code of practice and cross-sectoral guidance notes 2021 Edition, including the requirement that the Council must not borrow to invest for the primary purpose of a financial	YES	YES	YES	YES	YES
16	12			<u>Maturity structure of borrowing:</u> <u>Fixed rate borrowing</u> under 12 months 12 months and within 24 months 24 months and within five years five years and within 10 years 10 years and above	Upper/lower	Upper/lower	Upper/lower	Upper/lower	Upper/lower
					0%/0%	0%/0%	100%/0%	100%/0%	100%/0%
					0%/0%	0%/0%	40%/0%	40%/0%	40%/0%
					0%/0%	0%/0%	40%/0%	40%/0%	40%/0%
					0%/0%	0%/0%	40%/0%	40%/0%	40%/0%
					0%/0%	0%/0%	100%/0%	100%/0%	100%/0%
17				<u>Variable rate borrowing</u> <u>NB: no more than 10% of overall external borrowing</u> under 12 months 12 months and within 24 months 24 months and within five years five years and within 10 years 10 years and above	Upper/lower	Upper/lower	Upper/lower	Upper/lower	Upper/lower
					0%/0%	0%/0%	100%/0%	100%/0%	100%/0%
					0%/0%	0%/0%	60%/0%	60%/0%	60%/0%
					0%/0%	0%/0%	40%/0%	40%/0%	40%/0%
					0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
					0%/0%	0%/0%	0%/0%	0%/0%	0%/0%
18	12			Total principal sums invested for periods longer than 365 days (relates to treasury management investments).	£0	£0	£10.5 M	£10.5 M	£10.5 M

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1.1 Background

The Council is required to operate a balanced budget so that cash raised during the year will meet cash expenditure. Part of the treasury management function is to ensure that this cash flow is adequately planned, with cash being available when it is needed to meet spending commitments as they fall due, either on day-to-day revenue or in the longer term for larger capital projects. The capital programme gives an indication of the borrowing need of the Council, essentially longer-term cash flow planning. Management of longer-term cash may involve arranging long or short-term borrowing. Surplus monies are invested in counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return. It is paramount to ensure adequate security of the sums invested, as a loss of principal would result in a loss to the General Fund Balance.

1.2 Reporting requirements

The Local Government Act 2003 requires local authorities to have regard to the Chartered Institute of Public Finance & Accountancy (CIPFA) Treasury Management (TM) Code and Prudential Code.

CIPFA's *Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021* requires local authorities to report annually to Council on their treasury strategy and plan before the start of the year. The Department of Levelling Up, Housing and Communities (DLUHC) 2018 *Statutory Guidance on Local Government Investments (3rd Edition)* requires authorities to produce a publicly available investment strategy setting out policies for managing investments. The DLUHC 2018 *Statutory Guidance on Minimum Revenue Provision (MRP)* requires a statement of policy on making MRP in respect of that financial year to be submitted to full Council for approval. This report fulfils those requirements. A mid-year review and year-end results report are also required and provided to Council at the appropriate time of year.

The *Prudential Code 2021* requires local authorities to set and revise prudential indicators (Appendix 11) and to prepare a capital strategy (Appendix 12a) to provide a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. From 2023-24, reporting against forward-looking prudential indicators is required to be included in the Chief Finance Officer's (CFO's) regular budget monitoring reports.

CIPFA published the revised Treasury Management and Prudential Codes on 20th December 2021, with formal adoption in 2023-24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and related reports to Full Council during the financial year.

Teignbridge has adopted the updated requirements, which include formal adoption of the debt liability benchmark treasury indicator as in paragraph 2.2.5 below to support the financing risk management of the capital financing requirement. The codes clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. They require environmental sustainability to be addressed within the Capital Strategy and

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amend the treasury management practices to address environmental, social and governance (ESG) policy within the treasury management risk framework.

Investment Management Practices (IMPs) are also required and are intended to manage risks associated with non-treasury investment. They sit alongside the Treasury Management Practices, with further reporting requirements for service and commercial investment. There are enhanced requirements around the effective management of liquidity and longer term cash flow requirements, with long term treasury investments to be supported by a business model. The knowledge and skills register for individuals involved in the treasury management function is to be proportionate to the size and complexity of the treasury management conducted by each council. In addition, all investments and investment income must be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

Adoption of Treasury Management Policy Statement

The CIPFA *Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021* recommends in Section 6 that an organisation's treasury management policy statement adopts the following form of words to define the policies and objectives of its treasury management activities. It has been updated slightly to include borrowing in point 1.

1. Teignbridge District Council defines its treasury management activities as:
The management of its borrowing, investments and cash flows, including its banking, money market and capital transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.
2. Teignbridge District Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of

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treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3. Teignbridge District Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques within the context of effective risk management.

The Code also recommends that all public service organisations adopt the following four clauses.

1.3 Clauses to be adopted

1. Teignbridge District Council will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which Teignbridge District Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - Investment management practices (IMPs) for investments that are not for treasury management purposes.

The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Sections 6, 7 and 8 of the TM Code, subject only to amendment where necessary to reflect the particular circumstances of Teignbridge District Council. Such amendments will not result in Teignbridge District Council materially deviating from the TM Code's key principles.
2. Full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed by its TMPs and IMPs.
3. Teignbridge District Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Executive Committee, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with Teignbridge District Council's policy statement, TMPs and IMPs, and if they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. Teignbridge District Council nominates the Audit Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

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2. Annual Investment Strategy

2.1 Investment categories

Investments can fall into one of the following four categories as listed below – **Loans** and **Service and Commercial Investments** fall outside of the treasury management function and are dealt with in the Commercial Strategy and Capital Strategy.

This authority has defined the list of types of investment instruments that the treasury management team are authorised to use within the **lending list**. There are two categories within the list: '**specified**' and '**non-specified**' investments.

Treasury Management Investments

Specified investments (sterling investments with a maturity of less than one year, made with counterparties of high credit quality, the UK government or local authorities).

Teignbridge District Council's treasury management transactions fall into this category.

They contribute to the objectives stated above in the policy statement. The principles of the TM Code to prioritise security, liquidity and yield, in that order of importance, applies to these investments. The lending list within this report sets out which counterparties the Council may invest with and the lending limits which apply.

Non-specified investments (any financial investment that is not a loan and does not meet the criteria of specified investments). They could potentially be of less high credit quality, for periods in excess of one year, and/or more complex instruments which require greater consideration by members and officers before being authorised for use.

As a result of the change in accounting standards relating to IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG (now DLUHC) concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23). DLUHC have now extended the override period to 31.3.25.

The Council has determined that its exposure to non-specified investments will be managed through the decision-making framework laid out in its Commercial Strategy, subject to an overall limit of 15% of its agreed borrowing cap (determined as £60m for 2024-25).

Non-Treasury Management Investments

Loans (for local enterprises as part of a wider strategy for economic growth). Teignbridge District Council may make loans to public bodies and other organisations which deliver social value or economic growth within the district. These loans should follow the governance procedures laid out in Teignbridge District Council's commercial strategy. If the Council borrows to finance such loans, they will follow the Department for Levelling Up, Housing and Communities (DLUHC) guidance on Minimum Revenue Provision (MRP).

Service and Commercial Investments (generally involving a physical asset that can be realised to recoup the capital investment). Teignbridge District Council does not currently hold any investments purely for financial gain. However, the council has invested in property

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for regeneration and local economic benefit purposes which also benefit the Council financially. There are provisions in the capital programme for projects which are for a combination of service delivery, regeneration and local economic benefits.

In the case of service and commercial investments, it is recognised that it may not be possible to give priority to security and liquidity over yield due to the nature of the assets. It is expected that the risks associated with these non-financial investments would be considered in detail as part of the due diligence process required by the Corporate Projects Board process and/or Commercial Property Investment Board process. The Council's Commercial Strategy, Capital Strategy and Investment Management Practices set out its approach to potential future service and commercial investments of this type. Business cases would include financial appraisal, cost benefit analysis and dependent on investment type, may also feature market assessments, the nature and level of competition, how market/customer needs will evolve over time and barriers to entry and exit. Specialist consultants will be appointed as necessary to provide detailed analysis required for the due diligence process.

Annual assessments of fair value are carried out and monitored against the original capital investment, to take account of changes in the market and other conditions. Minimum revenue provision is set aside in relation to these investments, mitigating against the possibility of adverse valuation changes and also, ongoing refurbishment or replacements. Revenue budgets are monitored as part of the budget monitoring which feeds into the regular reports provided by the Chief Finance Officer to CMT and Executive. In addition, the estates team track rent receipts and market conditions for early indications of potential problems.

2.2. Managing risk

2.2.1 Risk appetite

The DLUHC and CIPFA have extended the meaning of 'investments' to include both financial (treasury management) and non-financial (service and commercial) investments. Guidance from DLUHC and CIPFA places a high priority on the effective identification, monitoring and control of risk. The TM Code identifies the main treasury management risks. These are considered in detail within Teignbridge District Council's TM Practices and Investment Management (IM) Practices, which are available within Finance. This strategy sets out the council's approach to investments and borrowing, including credit and counterparty risk, liquidity risk, interest rate risk and refinancing risk.

This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

2.2.2 Credit and counterparty risk

This is the risk of failure by a counterparty to meet its contractual obligations, particularly as a result of diminished creditworthiness.

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration.

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Minimum acceptable **credit criteria** are applied in order to generate a **lending list** of counterparties with acceptable creditworthiness at Section 3. This also enables diversification and avoidance of concentration risk. The key ratings used to monitor counterparties are detailed at 2.2.3 below. **Lending limits** (amount and duration of investment) within the list are tiered dependent on relative counterparty strength.

A limit is set within the Prudential indicators for investments which are longer than 365 days.

All investments are denominated in sterling.

- 2.2.3** Teignbridge District Council regularly monitors the standing of counterparties it does or may deal with and maintains an authorised lending list, which is updated quarterly, with reference to credit ratings and other information provided by its treasury advisors.

Use of ratings

The DLUHC investment guidance requires that the annual strategy statement details the authority's use of ratings and external treasury advisors.

There are three main ratings agencies: Fitch, Moody's and Standard and Poor. These agencies provide an opinion on the ability of the institutions to repay short and long-term investments, whether there is likelihood of them receiving state support should they run into difficulties and their general financial strength.

The council's TM schedules require that institutions meet the following minimum ratings:

Ratings Agency	Long Term	Short Term	Baseline Credit Assessment/ Bank viability
Fitch	BBB	F2	bbb
Moody's	Baa2	P2	baa2

While ratings from all agencies are considered, our scoring system is based on those of Moody's and Fitch. Standard and Poor do not cover some of the institutions on our list. Ratings are reviewed quarterly. In addition, they are monitored if there is any news of changes in the press and before any investment. If ratings have fallen below the minimum acceptable level, an alternative would be sought.

Other information – ratings will not be the sole determinant of the quality of an institution. In assessing and monitoring the financial sector in relation to economic and political environments in which the Council operates, the Council will engage with its advisors to maintain a monitor on market pricing. Other information sources include share prices, the financial press and commentary received from brokers, establishing a robust scrutiny process on the suitability of potential investment counterparties.

Environmental, Social and Governance Issues (ESG)

In terms of treasury management, ESG investment considerations involve understanding the ESG risks that entities are exposed to. It is distinct from socially responsible investing (where negative screens are applied) and sustainable investing (investing in products / companies based on expected sustainable and beneficial societal impact, alongside a financial return).

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The methodologies for measuring ESG investments are still developing, and it is important to recognise that screening investments for environmental or social concerns could lead to unintended consequences around the Council's primary investment objectives of security, liquidity and yield.

Our treasury advisors note that the "G" or Governance element is by far the most important when considering treasury investments, the majority of which will be shorter-term in nature. Poor governance can have a more immediate impact on the financial circumstances of an entity and the potential for a default event that would impact the amount the local authorities receive back from their investments.

In general, we expect all financial institutions and investment counterparties to move towards full Carbon neutral and ESG compliance. The majority of institutions on the Council's approved lending list are signatories to the UN's principles for responsible banking. ESG ratings are beginning to be incorporated into credit rating information, however there is a lack of consistency which means they cannot yet meaningfully be used as a basis for assessment. This is a developing area which the Council will monitor in conjunction with its treasury advisors.

The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's strategy. This would include, among other things, avoiding direct investment in institutions with material links to:

- a. Human rights abuse (e.g., child labour, political oppression)
- b. Environmentally harmful activities (e.g., pollutants, destruction of habitat, fossil fuels)
- c. Socially harmful activities (e.g., tobacco, gambling)

The Council is working towards taking advantage of some green deposit accounts with institutions on the approved lending list.

2.2.4 Liquidity

Length of treasury management investments will take into consideration that monies are available to meet large regular outgoings such as BACS payments for creditors, benefits and salaries and other regular commitments such as precepts and non-domestic rates contributions. A cash flow planner is maintained with details of regular payments and receipts. Other information is recorded as it becomes available, for example payments in relation to capital projects. This is in order to identify whether Teignbridge District Council may be exposed to the effects of potential cash flow variations and shortfalls. The maximum length of an investment will depend both on when funds will be required and on the ratings of the institution with which the investment is placed. In addition, the treasury team will take into account the likely path of interest rates (see interest rate risk below). These activities are carried out daily to ensure the current account bank balance is near to zero in order to maximise investment returns whilst minimising risk and protecting capital.

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2.2.5 Interest rate risk

This is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on an organisation's finances, against which it has failed to protect itself adequately.

Greater returns are usually obtainable by investing for longer periods.

The treasury management team actively monitors interest rates and provides a monthly interest forecast report in order to regularly assess the impact of interest rate changes on the council's budgets. Where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed. If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable. Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Officers will continue to seek the best rate, balanced against risk, at the time of investment, whether this is for a fixed term deposit with counterparties from the lending list, or use of call, notice and money market fund accounts. These accounts provide access to flexible deposits, with a range of access options and interest rates.

Investment returns expectations.

At its latest meeting in February, the Bank of England's monetary policy committee (MPC) held interest rates at 5.25% for the fourth time. Inflation remains above the bank's 2% target, with the Consumer Price Index for December (released January 2024) at 4.0%. The Bank of England have indicated that they expect inflation to briefly reach the target of 2% in the spring before increasing again towards the end of the 2024, only falling below 2% in 2026.

While cuts to bank rate are widely expected, forecasts of when that might occur have been volatile. Current expectations are that this may happen in the third quarter of 2024, perhaps falling to 4.5% by the end of the year. In the upcoming months, forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe and the on-going conflict between Russia and Ukraine, and Gaza and Israel.

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

Against the backdrop of interest rates which are forecast to fall, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated.

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As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts. Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

The Authority's investment priorities remain security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority's risk appetite.

Investment performance benchmarking

Due to the phasing out of LIBOR/LIBID rates, the Council will assess the investment performance of its portfolio against overnight SONIA. SONIA (Sterling Overnight Index Average) is administered by the Bank of England. It is based on actual transactions and reflects the average interest rates banks pay to borrow sterling overnight from other financial institutions and investors.

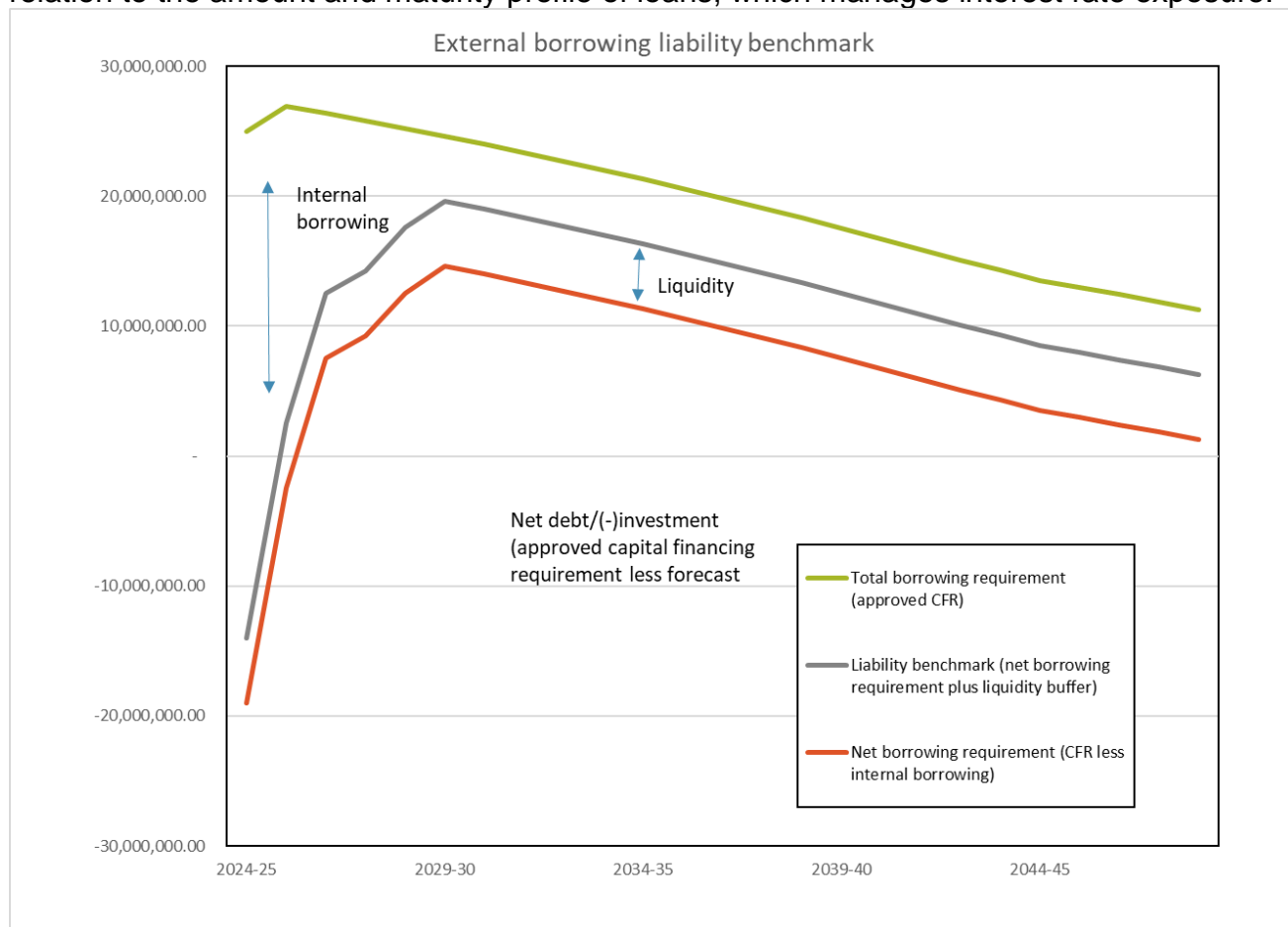
External borrowing liability

The council does not currently have any long-term external borrowing. However there are policies in place through the Prudential Indicators to ensure a planned and well-balanced spread of maturity dates. This is in order to reduce the prospect of having to negotiate refinancing at an unfavourable time.

The following liability benchmark is part of the range of Prudential Indicators required by CIPFA. This has been calculated by working out the total borrowing requirement should the approved (only) capital programme expenditure occur, then adjusting for sums which could be funded by internal borrowing. A liquidity allowance is factored in to ensure that funds are available for regular outgoings (see Liquidity above). This is currently assumed to be a minimum £5 million average daily lending.

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The liability benchmark is a tool which allows measured borrowing decisions to be made in relation to the amount and maturity profile of loans, which manages interest rate exposure.



The council does not use financial instruments based on derivatives for interest rate risk management.

2.2.6 Security

As stated in the DLUHC investment guidance, the council’s investment priorities are security of the principal sums and liquidity, keeping money readily available for expenditure when needed. Yield becomes a consideration after the priorities have been satisfied.

“Specified” investments as defined in the DLUHC investment guidance; in sterling, with a maturity of no more than one year, placed with the UK government, other local authorities or bodies and investment schemes of high credit quality, determined by the lending list.

In relation to treasury management, the maximum value and period of specified investments with any one organisation is dependent on a score based on credit ratings. Institutions are graded to allow larger sums and longer investments with the strongest banks and building societies, capitalising on the better terms available while actively maintaining a breadth of counterparties, allowing us to spread our investments and achieve effective risk management.

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One organisation is defined as a banking group or other institution, including any subsidiaries. If the maximum amount is invested with one subsidiary, no more will be invested within that group.

Non-specified investments require further due diligence analysis to arrive at an assessment of the security of Council funds and follow the decision-making process laid out in the Commercial Strategy.

2.2.7 Staff training and treasury management advisors

The DLUHC investment guidance requires that the annual strategy gives details of procedures for reviewing and addressing the training needs of the authority's treasury management staff and members.

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. All new members are offered a Budget and Financial Management Seminar, which includes an overview of Treasury Management. CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

Treasury staff receive internal training from experienced staff and managers as well as attending regular training courses provided by the Council's treasury advisors. Staffing is arranged so that a bank signatory, is always available for consultation on decisions. Procedure and system notes, together with official guidance from CIPFA and the DLUHC are maintained for consultation within the section. These are updated for any changes, which are also communicated to the relevant staff. Bank signatories are either professionally qualified accountants or studying for professional-level qualifications. Officers carrying out daily procedures either studying with or AAT-qualified. Cover staff have regular experience of carrying out the procedures.

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and non-financial investments, such as investment in properties.

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In relation to non-financial investments, the Council's Estates team has the experience of RICS-qualified staff. The Council has working relationships with a range of specialist consultants whose areas of expertise include property management, development and infrastructure, investment and valuation. This is crucial for the due diligence required in assessing potential service and commercial investments. The process for this is set out in the Commercial Strategy.

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3.0 Lending list

The current authorised lending list has been updated to take account of changes in ratings and banks and is shown below for approval. The list applies both to investments made direct with counterparties and those placed via agency or custody arrangements with third parties such as treasury advisors or financial management companies. The use of such arrangements provides access to a wider range of counterparties (all of which must be included on the list below and assessed on the same security criteria).

Specified Investments

Type of Lender	Details	
1. Current Banker	Lloyds Bank	£3,000,000 limit
2. Local Authorities	All	No limit
3. UK Debt Management Office Deposit Facility (UK government AA-/Aa3/AA rated) no limit.		
4. UK Treasury Bills (UK government AA-/Aa3/AA rated) no limit.		
5. Top UK-registered Banks and Building Societies, subject to satisfactory ratings. Updated below to reflect information provided by treasury advisors.		

Institution	Tier	90 day limit	180 day limit	364 day limit	Overall limit
		£	£	£	£
Handelsbanken plc	1	3,000,000	2,000,000	1,000,000	3,000,000
HSBC Bank plc	1	3,000,000	2,000,000	1,000,000	3,000,000
Lloyds Bank plc and Bank of Scotland plc	1	3,000,000	2,000,000	1,000,000	3,000,000
Nationwide Building Society	1	3,000,000	2,000,000	1,000,000	3,000,000
NatWest Bank	1	3,000,000	2,000,000	1,000,000	3,000,000
Royal Bank of Scotland	1	3,000,000	2,000,000	1,000,000	3,000,000
Santander UK plc	1	3,000,000	2,000,000	1,000,000	3,000,000
Close Brothers Ltd	2	2,000,000	1,000,000		2,000,000
Coventry Building Society	2	2,000,000	1,000,000		2,000,000
Skipton Building Society	2	2,000,000	1,000,000		2,000,000
Standard Chartered Bank	2	2,000,000	1,000,000		2,000,000
Sumitomo Mitsui Banking Corporation Europe Ltd	2	2,000,000	1,000,000		2,000,000
Clydesdale Bank	3	1,000,000			1,000,000
Goldman Sachs International Bank	3	1,000,000			1,000,000
Leeds Building Society	3	1,000,000			1,000,000
Principality Building Society	3	1,000,000			1,000,000
Yorkshire Building Society	3	1,000,000			1,000,000

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6. Money market funds, subject to maintenance of AAAMf rating.		
CCLA Public Sector Deposit Fund	AAAMmf	£3,000,000 limit
Abrdn Liquidity Fund	AAAMmf	£3,000,000 limit
Blackrock Liquidity Fund	AAAMmf	£3,000,000 limit
LGIM Liquidity Fund	AAAMmf	£3,000,000 limit
Morgan Stanley Liquidity Fund	AAAMmf	£3,000,000 limit
7. Non-specified: CCLA Property and Diversified Income Funds - £2,000,000 limit		

Bank regulations force banks to maintain “capital buffers”, classifying their deposits according to duration. Instant access accounts and short deposits are not attractive to banks as they cannot be counted towards those buffers. For this reason, interest rates on most “call” accounts remain low.

Other Non-specified investments

These will be considered on a case-by case basis, using the decision-making framework laid out in the Commercial Strategy and the requirements of the Prudential Code and Statutory Guidance on Investments and Minimum Revenue Provision.

Investments which may be considered include

Renewable energy/social impact investments

On-lending to key partners/stakeholders in relation to jointly beneficial projects

Lending in instances where doing so would protect the local economy

4. Borrowing

Section 33 of the Local Government Finance Act 1992 requires each council to set a balanced budget. The treasury management function will comply with this requirement. This means that increases in capital expenditure must be limited to a level at which increases in financing charges from increased borrowing, such as interest and minimum revenue provision, and increases in running costs are affordable for the foreseeable future. Teignbridge District Council adheres to the Prudential Code, which underpins “prudential” borrowing by ensuring that the Council takes into account the following factors:

- Strategic service objectives (in line with the council strategy)
- Stewardship of assets
- Value for money (project appraisal as required by the capital approval process)
- Prudence and sustainability (factors such as the implications of external debt; looking at whole life costing and the impact on revenue budgets)
- Affordability
- Practicality (achievability of the capital programme and staff resource requirements)

4.1 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded

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with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered. Based on the average treasury management interest rate received during Q1 to Q3 of 2022-23 (4.56%), interest foregone due to internal borrowing to cover the Council's Capital Financing Requirement would be in the region of £958,449 per annum. This figure has risen over the year due to the rise in interest rates. This approach represents good value for money. Had the Council externally borrowed the equivalent amount at (for example) the PWLB's 10-year rate on 1st April 2023 (4.76%), the annual cost would have been £1,000,486.

The Council will continue to adopt a flexible approach to borrowing, making use of internal resources and keeping shorter term borrowing under review in comparison to longer term borrowing costs. This approach has minimised financing costs for capital projects where appropriate. The Council currently has no external borrowing and based on the current approved capital programme does not foresee undertaking any long-term external borrowing until 2026-27.

Medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy (base rate is now viewed to have peaked). It is therefore felt to be appropriate to maintain an under-borrowed position. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

It is anticipated that as external borrowing is required, it will be undertaken as a mixture of short-term funding through money markets (often intra-local authority lending) and longer-term borrowing, for which the PWLB currently offers terms which are most favourable and appropriate to the Council's likely level of requirement. This is in line with the Prudential Indicators, which set limits for the maturity spread of external debt.

Policy on Borrowing in Advance of Need

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

The overall treasury management portfolio as at 31.3.23 and for the position as at 31.12.23 are shown below for both borrowing and investments.

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Treasury Portfolio				
	Actual	Actual	Current	Current
	31.3.23	31.3.23	31.12.23	31.12.23
	£'000	%	£'000	%
Treasury Investments				
Banks	3,181	11%	3,316	7%
Building Societies - rated	1,000	3%	2,000	4%
Local authorities	7,000	24%	5,000	11%
DMADF (H.M. Treasury)	12,500	42%	29,000	64%
Money market funds	6,000	20%	6,000	13%
Total treasury investments	29,681		45,316	
Treasury external borrowing				
Local authorities	-		-	
PWLB	-		-	
Other	-		-	
Total external borrowing	-		-	
Net treasury investments (borrowing)	29,681		45,316	

Forward projections of borrowing are summarised in the Prudential Indicators at appendix 11 and considered in more detail in the capital strategy at appendix 12a. The liability benchmark set out in the Interest Rate Risk section above allows management of interest rate exposure while ensuring that funds are kept available for cash flow requirements.

Acceptable sources of loans as stated in the TM schedules are:

- Public Works Loans Board
- UK Municipal Bonds Agency
- Community municipal (local) investment bonds
- Finance leases
- UK Infrastructure Bank
- Local authorities
- Public bodies
- UK banks and building societies

Debt capital markets (a market where companies raise funds by trading debit securities such as corporate and government bonds). This could include, for example, insurance companies or pension funds.

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

In October 2019, the Public Works Loans Board (PWLB) increased the margin over gilt yields by 100 basis points (1%) to 180 basis points (1.8%) on loans lent to local authorities. Following a consultation process, this was reversed in November 2020. At the same time, government implemented ~~106~~ form of its lending terms with the aim of ending the situation in which a minority of local authorities used PWLB loans to support

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the acquisition of investment assets primarily for yield. In order to be able to benefit from PWLB lending, local authorities must now provide information about the level and type of planned capital activity, project descriptions and an assurance from the Section 151 officer that the local authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. This approach is further clarified in the updated Treasury Management Code and Prudential Code. The Council is mindful of these requirements. Officers will keep sources of borrowing under review in conjunction with the Council's treasury management advisors and select those offering the best value for money to the Council at the time the funding is required.

4.2 Limits to borrowing activity

Borrowing limits are included within the Prudential Indicators. The operational boundary is the limit which external debt is not normally expected to exceed. The authorised limit represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited.

Further, the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024-25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

The Council's Commercial Strategy and Capital Strategy also sets a proportional debt limit, which has been assessed as approximately £60 million. This figure has been arrived at after consideration of benchmarking provided by external expertise, based on overall debt compared to cost of service and the financing liabilities this would place upon the council. This overall limit encompasses both internal and external borrowing activity.

Teignbridge District Council adheres to the DLUHC investment guidance which states that money may not be borrowed in advance of need in order to invest at a profit. Any decision to borrow in advance for capital projects or debt maturities would only occur if there was a clear business case to do so. Borrowing may occur to cover temporary shortfalls in cash balances.

3.0 Prudential indicators

The Council's capital expenditure plans are the key driver of treasury management activity. They are reflected in the prudential indicators, which include both capital and treasury elements.

The Prudential Code requires local authorities to set prudential indicators for capital finance for the forthcoming and following years and to monitor actual figures from previous years where required.

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The setting of indicators is done before the beginning of the forthcoming year as part of the budget process. The prudential indicators may be revised at any time, following due process and taking into account their affordability. The prudential and treasury indicators in appendix 11 take into account the affordability of the Council's capital finance plans, ensuring that borrowing remains within prudent and sustainable levels and that treasury management decisions are taken in accordance with good practice.

Further detail is available within the Council's capital strategy. This takes a long-term view of proposed borrowing to fund capital expenditure, together with the financing costs (interest and Minimum Revenue Provision).

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4.0 Minimum Revenue Position (MRP) Annual Statement:

Regulation 28 of The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 states that 'A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent'. The provision is made from revenue in respect of capital expenditure financed by borrowing or credit arrangements. These amounts make up the Council's capital financing requirement (CFR).

The first recommendation given by the guidance is to prepare, before the start of each financial year, an annual statement of the policy on making MRP in respect of that financial year and submit this to Full Council for approval. The guidance recommends that 'prudent' provision should be made in accordance to the following:

- That the provision should ensure that debt is repaid over a period similar to one over which the capital expenditure provides the benefit, or if it is government-supported borrowing, over the period in the grant determination.
- That the provision should be calculated by one of the four methods that the Secretary of State considers appropriate to making prudent provision although it is recognised that other approaches are not ruled out. The four methods are:
 - Option 1 – regulatory method.
 - Option 2 – CFR method

Both option 1 and option 2 are only available in relation to capital expenditure incurred before 1 April 2008 or after April 2008 that the authority is satisfied forms part of its Supported Capital Expenditure for Revenue Support Grant purposes. Neither of these applies to Teignbridge.

Option 3 – asset life method

This option is applied to particular items of capital expenditure and sets up a simple framework for spreading the expenditure over the estimated useful life of the asset. Revenue provision is then calculated one of two ways – equal instalments or annuity method. The equal instalments method divides the cost equally over a number of years. The annuity method differs from the equal instalment method in that the amounts payable start low and increase over time. This is because it is a method often used to calculate loan repayments, where it is required that the total amount of principal and interest repaid each year is a common amount. It is therefore suited to investments where revenues will increase over time. It also takes into account the time value of money by growing approximately with inflation over time.

Option 4 – the depreciation method

This method places reliance on standard depreciation accounting procedures in setting MRP charges. This means the future profile of charges will be matched to the consumption of the relevant assets, however potentially creates uncertainty in the charges which would apply each year as assessments of useful life change over time.

With all options MRP should normally commence in the financial year following the one in which expenditure was incurred. Regulation 28 does not define 'prudent'. However statutory guidance, which authorities must "have regard" to, has been issued by DLUHC. It makes recommendations to authorities on the interpretation of that term. The broad aim is to put aside revenue over time to cover the CFR. The DLUHC guidance

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was updated in 2018 (applicable from 1 April 2019) to include a number of clarifications on determining a prudent level of provision. Following sector feedback to a consultation launched in 2021 on changes to MRP provision, a revised consultation took place in 2022. This covers further elements of regulation, including the need for providing MRP on loans to third parties and not using capital receipts in place of MRP (now revised to allow in the case of loans where capital receipts from payments under the arrangement are available). This consultation is ongoing at the time of writing.

MRP can only be nil if a local authority's capital financing requirement is nil or negative on the last day of the preceding year, or a previous year's overpayment is being offset. The Council has a positive capital financing requirement, mainly due to the purchase of Market Walk.

In 2024-25 it is proposed to continue to adopt option 3, the asset life (annuity) method.

Following the implementation of IFRS 16, where the authority has acquired assets under leases (for example, waste vehicles) an MRP charge will be made for an amount equal to the principal element of the annual repayment relating to liabilities recognised on the balance sheet. The overall impact of this policy is that the annual charge against the General Fund Balance for leases will be the rents/principal payable for each financial year.

For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

The following table illustrates MRP made and forecast for approved projects only.

MRP Summary	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Actual	Forecast	Forecast	Forecast	Forecast
Market Walk	- 153,346	- 157,318	- 161,392	- 165,572	- 169,861	- 174,260
Minerva Building, Brunel Road	- 48,991	- 50,255	- 51,552	- 52,882	- 54,246	- 55,645
Sherborne House	- 28,343	- 28,050	- 28,776	- 29,521	- 30,286	- 31,070
Forde House decarbonisation	-	- 41,796	- 42,874	- 43,981	- 45,115	- 46,279
Forde House decarbonisation	-	-	- 29,238	- 29,992	- 30,766	- 31,560
Future High Streets - Market	-	-	-	-	-	- 67,557
PSDS Phase 3 (Broadmeadow)	-	-	-	-	- 96,437	- 99,330
Newton Abbot Hotel	-	-	-	-	- 11,266	- 11,604
Employment sites	-	-	-	- 477	- 492	- 506
Cattle Market Enabling Works	-	-	-	-	- 5,486	- 5,650
Chudleigh purchases	-	-	-	- 1,961	- 2,020	- 2,081
TDC100 - Sherborne House	-	-	-	- 7,131	- 7,345	- 7,566
Refugee Accommodation	-	-	-	- 25,115	- 25,869	- 26,645
Total approved MRP only	- 230,680	- 277,418	- 313,832	- 356,633	- 479,188	- 559,753

The Council does not rule out alternative methods of prudent provision as per the regulations.

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Background

Local authorities are required by regulation to have regard for the Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code 2021 edition and Treasury Management Code 2021 edition. CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is required from the 2023/24 financial year. The Prudential Code requires that local authorities have in place a capital strategy. This is in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and overall organisational strategy and resources. The aim is to ensure decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Local authorities must also have regard to the Statutory Guidance on Local Government Investments, the updated 3rd edition of which applies from 1 April 2018. This requires the production of at least one investment strategy. Teignbridge District Council have:

- a Treasury Management Strategy Statement which is primarily concerned with treasury (financial) investments

- a Capital Strategy, which also covers non-financial investments (for example, service or commercial investments in property).

Purpose

The capital strategy is intended to give an overview of how the Council plans and delivers its capital expenditure, capital financing, treasury management and investment activities. It shows how these activities are carried out with the aim of fulfilling the priorities set out in key strategic documents such as the ten year council strategy and local plan. It is a key document for the Council and forms part of the annual budget papers.

As part of its budget papers, the Council produces a Financial Plan. This is divided into two parts – the Medium Term Financial Plan (MTFP) and the Financial Viability Process (FVP). The Medium Term Financial Plan provides a financial model and forecast of the cost of providing services over a rolling five year period. As well as considering the revenue implications and the General Fund balance, the MTFP also reviews the affordability of the Council's capital investment programme, matching forecast funding against planned capital spending over a five year horizon. Additional support provided during the Pandemic has been withdrawn and funding for local authorities is historically low. Significant financial pressures to consider are high inflation rates, interest rates, high energy and food costs. Higher interest rates can have an adverse impact on borrowing costs for capital schemes. Profiling debt can smooth out some of these short term change in rates. The MTFP seeks to address these financial challenges while facilitating the Council's strategic aspirations, such as affordable housing and carbon reduction.

The Financial Viability Process shows how the Council will attempt to balance its finances over the coming years to continue to provide service for its residents and customers. A key part of this is a process of reviewing service plans to achieve financial sustainability and viability.

The Capital Strategy shows how the Council intends to focus its capital investment to further its strategic objectives, including investment in infrastructure, housing and reducing

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the impacts of climate change. It provides the framework which will allow the Council to achieve its vision of shaping Teignbridge as a place which is economically resilient, delivering good quality services while addressing the funding challenges outlined above.

The Treasury Management Strategy and performance indicators, along with the Capital Strategy provide information on Teignbridge's approach to managing the risks associated with capital investment and financing decisions taken.

1. Capital Expenditure

1.1 Strategic factors

The capital programme is included at Appendix 7 of the budget papers. The capital strategy which underpins it is driven by a number of factors:

The ten year Council strategy. Covering the period 2020-2030 and currently under review, this sets out the Council's key objectives:

- A carbon neutral district
- Better quality and affordable housing
- Wages and jobs growth
- Active and sustainable travel choices
- Encouraging our young people to stay
- A healthier population living in resilient communities
- A clean, green and safe environment
- An open council

The capital programme is continually reviewed with a particular focus on the primary goals of affordable housing, carbon neutrality and wages and jobs growth.

In the latest programme, a provision of £6.8 million has been made for the construction of a social housing scheme in Sherborne House car park, Newton Abbot. The proposal is for a *Passivhaus* extremely energy-efficient design, enabling residents to benefit from lower energy bills. It is assumed to be funded from a combination of Homes England and One Public Estate grant, S106 contributions, capital receipts and borrowing. This uses the balance of the funding allocated for Phase1 of the Teignbridge 100 housing programme, in accordance with the priority Actions outlined in the Council Strategy for delivering affordable and social housing. To date, the programme has delivered:

- 7 units of housing allocated to local applicants in housing need at Drake Road and Well House, East Street, Newton Abbot
- 5 units of shared housing in Dawlish
- 5 units of rough sleeper accommodation in Dawlish, Teignmouth and Newton Abbot
- 4 homes for social rent in Chudleigh
- 15 homes for social rent under the government's Local Authority Housing Fund scheme, which in the short term provides accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. Longer term, the homes will provide a supply of affordable housing for local communities.

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The pipeline of further Teignbridge 100 projects covers a range of urban and rural sites, including the Dartmoor National Park, with work ongoing to identify further means of delivery, whether this is direct or by partnership with developers and housing associations. The aim is to deliver the full programme over time, with projects being brought forward for approval in due course as details are firmed up. Schemes can move up and down the priorities pipeline depending on a number of factors, including planning constraints and affordability.

Following successful bids for grant funding under the Public Sector Decarbonisation Scheme which resulted projects delivered to decarbonise Forde House offices, Newton Abbot Leisure Centre, Broadmeadow Sports Centre and Teignmouth Lido, the Council's Climate Change Officer continues to develop the Carbon Action Plan. This is supported in the capital programme with a further provision of £1.3 million funded from borrowing for measures covering the Authority's Scope 1 & 2 carbon footprint. Likely provisions will target emissions arising from the Authority's top 15 sites by carbon emissions; provisions are likely to include: onsite renewable energy generation, renewable energy power purchase agreements, thermal fabric improvements and energy efficiency improvements.

Work is underway to deliver further measures at Broadmeadow Sports Centre, following a further successful grant bid. This second phase comprises fabric improvements, insulation and installation of an air source heat pump. In addition, consultation is underway to ensure that planned refurbishment proposals meet the needs of centre users. The aim is to deliver a sports centre fit for the future, benefiting both communities and the environment. These projects represent a significant step to phase out fossil fuel use from our buildings. The Forde House scheme alone represents a reduction in emissions equivalent to heating around 50 homes with natural gas.

In September 2023, Full Council approved the replacement of the vehicle fleet, with all suitable small, medium and large vans switching to Battery Electric Vehicles. £0.8 million is included in the 2024/25 capital programme for the associated infrastructure improvements. The proposed project will reduce the Authority's Scope 1 Carbon Footprint by 58 tonnes CO₂ per annum and provide the infrastructure necessary to support the long-term future needs of a battery electric fleet.

A provision of £4 million is also made towards strategic energy infrastructure and low carbon, funded from CIL. This is to support measures identified in the Local Plan.

£14.5 million is included for town centre investment, including the adjusted Future High Streets Fund Market Hall and Queen Street improvement schemes as outlined in the 16 January 2024 Full Council report. These projects aim to help stimulate growth in the local economy and ensure it is an attractive and well-connected environment for local businesses.

There is a £2 million provision for employment sites, funded from borrowing and developer contributions where applicable. This will encourage new and existing businesses to set up, move in and stay in the area. The aim is to create better paid

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jobs and business expansion for a more resilient local economy. Where people can both work and spend leisure time locally, carbon emissions are also reduced. Individual projects will come back to committee as appropriate as business cases are developed.

The Local Plan, which guides development in the district, setting out policies, proposals and actions to meet the environmental, social and economic challenges facing the area. This includes supporting infrastructure for proposed developments. The capital programme shows contributions towards enabling a new bridge and link road in Dawlish, with work now underway. There are provisions for further contributions to transport infrastructure, including transport hubs and public transport. There are provisions towards education facilities in the wider Teignbridge area and projects to create and improve green spaces and cycle routes.

The council's asset management policy, which sets out the council's approach to the strategic management of its land and building assets. As part of the Modern 25 programme, this aims to identify how the council's property portfolio supports wider objectives, such as benefitting the community, shaping the built landscape, supporting the Council in its service delivery and proactively supporting our commitment to tackling climate change. It aims to ensure the Council maximises use and efficiency of its real estate. The capital programme includes items which invest in council buildings, such as extensive carbon reduction projects. The capital programme is supported by any capital receipts arising from the disposal of assets.

The council's Medium Term Financial Plan – the programme must be affordable within the council's overall budget plans. This means that business cases for projects funded by borrowing must demonstrate that they will cover the revenue costs associated with borrowing over the life of the asset.

Strategic Service Planning – The Modern 25 (M25) process, led by a team of key staff from the Business Transformation Team, Finance and Performance focuses on delivering a new operating model. The workstreams include review of service delivery, a strategic portfolio focused on business cases to deliver the new model and an asset management thread to promote awareness of how assets support the delivery of Council priorities. All these workstreams will contribute towards defining the future shape of the capital programme, particularly investment in digital infrastructure and systems to enable people to carry out the council's work and the definition of strategic priorities.

- **Environmental Sustainability** - The Council's commitment to environmental sustainability is laid out in the Council Strategy, including ambitions, amongst others, to support active, sustainable transport choices, more green energy schemes. In July 2022, the Council's Part 1 Carbon Action Plan was published, three years after the Council declared a climate emergency. Since that declaration, the organisational baseline carbon footprint has been measured and £3.4 million of grant funding secured to tackle carbon emissions. Work has taken place on a package of decarbonisation capital works covering four of its top five carbon emitting buildings. The revenue budget supports the ongoing funding of the specialist Climate Change

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Officer and temporary staffing resources to assist with the implementation of various works to meet climate change aspirations. Continuing investment for climate change projects, with further provisions under the Carbon Action Plan, (the district's Part 2 Carbon Action Plan is currently being written, following Teignbridge's endorsement of the Devon Carbon Action Plan) and capital projects are included and highlighted within the budget papers. The capital programme highlights the priority of projects which support environmental sustainability with a green leaf. In addition to decarbonisation projects, this includes energy efficient housing, cycle projects and provisions for contributions to infrastructure encouraging sustainable transport choices and low carbon energy. The Corporate Projects Board process promotes broad consideration of projects through the lens of corporate strategic priorities, with environmental sustainability being a key consideration. The climate change officer's role includes comment and input into new projects.

Commercial Strategy – The commercial strategy is intended to support the Council's financial sustainability. It takes a broad view of the concept of commercialisation, to include service and charging reviews and process redesigns; financial management, investment and procurement initiatives; housing and regeneration projects, asset management and income generation. While it does not relate exclusively to the capital programme, it has links to the capital strategy in terms of the larger projects within the Key Priorities of Regeneration and Commercial Property, Asset Management and Housing. Delivery of these projects is integral to the Council strategy aims and service provision, providing affordable housing and delivering jobs and wages growth. They are supported by the Council's approach to investments and the borrowing which is critical to funding them. This is relevant to the Key Priority of Financial Management and must be taken into account within the Council's treasury management strategy.

CIPFA and Government guidance – the council must have regard to both CIPFA's Prudential Code (capital expenditure and financing) and its Treasury Management Code (the management of borrowing, investments and cash flow). Both of these Codes were recently updated in December 2021, with updated provisions to be implemented in 2023-24. They include formal adoption of the debt liability benchmark in relation to financing risk around borrowing and clarification of what CIPFA expects a local authority to borrow for and what they do not view as appropriate. Environmental sustainability is to be addressed within the Capital Strategy, with amendments to the treasury management practices (TMPs) to address environmental, social and governance (ESG) policy within the treasury management risk framework.

New Investment Management Practices (IMPs) are introduced to manage risks associated with non-financial investments, with further reporting requirements for service and commercial investment.

In relation to treasury management, there are enhanced requirements around the effective management of liquidity and longer term cash flow requirements, with long term treasury investments to be supported by a business model. The knowledge and skills register for individuals involved in the treasury management function is to

Teignbridge District Council Capital Strategy

be proportionate to the size and complexity of the treasury management conducted by each council.

In addition, all investments and investment income must be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

In addition to the CIPFA Codes of Practice, the Department for Levelling Up, Housing and Communities (DLUHC), formerly Ministry for Housing, Communities and Local Government (MHCLG) issued updated statutory guidance on investments and minimum revenue provision (MRP) in February 2018. This is due to be updated by April 2024 following consultation on further elements of regulation, including the need for providing MRP on loans to third parties and not using capital receipts in place of MRP (this has now been caveated to allow capital receipts to be used in cases where loan arrangements involve capital receipts by way of loan repayments received).

1.2 Governance

Responsibility for decision-making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators remains with Full Council. Each year, the budget process reports to Full Council across a range of strategies and information which is relevant to capital expenditure, investment plans and financing implications, to ensure that decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

The capital programme is considered annually by Full Council. Updates are reported to CMT and Executive throughout the year, with any budgetary changes approved by

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reference to the virement rules in the financial instructions. Separate reports are brought back to Full Council for approval for any larger projects (over £500k).

The Treasury Management strategy, which sets out policies relating to the management of investments, balancing security, liquidity and yield. This is approved annually by Full Council and includes the approved lending list and the council's approach to borrowing. Updates are brought to Executive throughout the year as necessary.

The Minimum Revenue Provision Statement sets out the council's method of making prudent provision from revenue in respect of capital expenditure financed by borrowing or credit arrangements. Any changes are required to be approved by Full Council.

The Prudential Indicators aim to demonstrate whether the Council has fulfilled the objectives of an affordable, prudent and sustainable approach to capital expenditure, investment and debt. Any revisions are required to be approved by Full Council.

The Commercial Strategy, as approved by Full Council in February 2020. It includes an explanation of the role of the **Commercial Property Investment Board**.

Role of the Corporate Projects Board

Teignbridge District Council operates a Corporate Projects Board (CPB), with members including senior officers across a range of services. This allows a corporate approach to capital planning and expenditure, along with the use of property assets throughout the organisation. Its role is to consider and prioritise capital proposals, ensuring that proper option appraisals are carried out and that they have considered in sufficient detail those matters which are required to be taken into account by the Prudential Code:

- Strategic service objectives
- Stewardship of assets
- Value for money (option appraisals)
- Prudence and sustainability (including external debt implications and impact on revenue budgets)
- Affordability
- Practicality (including staff resource requirements)

Proposals must follow the Capital project reporting flow chart as per the Financial Instructions, adhering to the corporate project management methodology. An initial mandate is followed up by a financial appraisal and Project Initiation Document (PID) plus any associated project management documentation as required. The CPB ensures early wide consideration from a wide range of relevant expertise. The corporate mandate checklist ensures that prospective projects are consistently assessed against corporate and legislative requirements. Stage 2 of the flow chart ensures the correct level of approval as per the Council's constitution. The details of this process are currently under review as mapping work continues to streamline and digitise the process.

Basis of cost estimates – Council project managers are experienced in providing cost estimates in line with best practice, to include surveys, preliminaries, project and design

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team fees, risk allowances, contingency and other development and project costs. Previous similar schemes are available for review and the financial appraisal template includes a checklist of typical capital costs for reference. For certain projects, external quantity surveyors may be appointed either on a one-off basis or as part of a multi-disciplinary project management team. Financial appraisals look at the whole life cost of projects including both capital and long-term revenue costs, with inflation factored in.

The delivery phases of capital projects are managed under the corporate project management methodology. This includes regular project team meetings for large projects and the use of standard templates to record Risks, Actions, Issues and Decisions (RAID logs), ensuring that risks to delivery are actively managed and giving projects the best opportunities to be completed according to plan.

The CPB also monitors the existing capital programme using Power BI reporting to ensure its continued relevance, consider the progress of schemes including variations and re-phasing and to identify or reallocate unused resources.

The role of the CPB is crucial to ensuring that the risks associated with capital investments are mitigated. It ensures that projects demonstrate affordability, that there is wide consultation to ensure proper procedures are followed, for example tender processes, legal and financial matters. It also considers whether there are sufficient resources for effective project management and delivery.

1.3 Commercial Activity

The Council's approach to commercial activity is dealt with in its Commercial Strategy. This takes a broad view of commercialisation, so as well as capital investments such as housing and regeneration projects, it also deals with service and charging reviews and process redesigns, financial investments, asset management and income generation. These areas are being addressed by the M25 programme.

The goal of the commercial strategy and M25 programme is to enable the Council to become financially self-sufficient against the backdrop of reduced central government funding for local authorities. This is essential to providing the stability which will allow it to focus on the provision of good quality services and achieving the key objectives of the Council strategy. The Medium Term Financial Plan identifies the pressures and influences on the Council's revenue budgets and highlights a shortfall between the Council's spending requirements and the amount of finance available.

Due diligence and risk

Investment Management Practices (IMPs)

CIPFA's Treasury Management in the Public Services Code of Practice and cross-sectoral guidance notes 2021 edition require that any investments that are not taken or held for treasury management purposes should be clearly identified and reported in appropriate categories reflecting their **service** or **commercial** purposes in the authority's **Investment Management Practices**. For each category, the various purposes, objectives and management arrangements of the investments should be described. The level of risk and the arrangements for managing it should be set out.

Teignbridge District Council Capital Strategy

Teignbridge District Council does not currently hold any commercial investments purely for financial gain. However, the council has invested in property for regeneration and local economic benefit purposes which also benefit the Council financially.

Summary of key service investments with outstanding underlying need to borrow:

Investment	Value (£'000)
Market Walk, Newton Abbot	12,480
Minerva Building, Brunel Road	1,501
Sherborne House, Newton Abbot	2,680
Forde House decarbonisation	1,035
Houghton Barton Link Road*	1,250
Newton Abbot hotel	411
* temporary, pending developer contribution	

A projection of the authority's future investments can be seen in the capital programme, summarised in paragraph 1.5 below. This comprises **service investment** projects which are for a combination of service delivery, regeneration and local economic benefits and analysed by strategic priority. The authority does not make investments primarily for financial return.

Teignbridge District Council therefore has one portfolio category:

Service Investments

Teignbridge's Investment Management Practices outline the requirements as laid out by CIPFA, including risk management arrangements. Measures include:

- Reference to the risk appendix (appendix 2 of the IMPs).
- Broad early consideration of capital projects by the CPB.
- Use of business cases, checklists and financial appraisal.
- Project management risk registers and monitoring of projects' risk status as they progress (RAG or red, amber, green ratings) – this is carried out routinely by project management boards. The Corporate Projects Board also monitors on an exceptions basis.
- Annual assessments of fair value are carried out and monitored against the original capital investment.
- Minimum revenue provision is set aside in relation to these investments, mitigating against the possibility of adverse valuation changes. A detailed schedule is maintained.
- Revenue budgets are monitored as part of the budget monitoring which feeds into the regular reports provided by the Chief Finance Officer.
- Tracking of rent receipts and market conditions for early indications of potential problems.

Teignbridge's appetite for risk seeks to be proportional to its role as a district council.

Teignbridge District Council Capital Strategy

Governance and decision-making

Commercial activity is subject to the Council's governance arrangements, with legal advice to be sought on a case-by-case basis. There are provisions for urgent decisions to be taken by the Chief Finance Officer in consultation with the Commercial Property Investment Board, if it would be contrary to the financial interests of the Council to delay. The intention is to allow a quick response to opportunities where appropriate, while adhering to a strict due diligence process.

1.4 Policies on Capitalisation

The Council's accounts are required to be prepared in accordance with proper accounting practices. For capital, these practices are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended) supported by International Financial Reporting Standards (IFRS). Local authorities must also have regard to CIPFA's Prudential Code.

The Council's Statement of Accounts includes detailed policies on the treatment of different asset classes. Capital documentation such as the outline proposal form is considered by the Capital Review Group to ensure that projects meet the requirements for capital expenditure. There are three routes by which expenditure might qualify as capital:

The expenditure results in the acquisition of, or the addition of subsequent costs to non-current assets in accordance with proper practices.

REFCUS expenditure (Revenue Expenditure Funded from Capital Under Statute): These are arrangements which recognise that some expenditure incurred by local authorities has a wider, lasting public benefit than is reflected in the accounting rules for non-current assets, for example grants and loans and expenditure on non-Council assets.

The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

The Council's current de minimis for capital is £10,000, subject to review.

The Council has not used the capitalisation flexibilities issued by the Secretary of State for the Department for Levelling Up, Housing and Communities. These give authorities the continued freedom to use capital receipts to help fund the revenue costs of transformation projects and release savings. These flexibilities have been extended to 2024-25.

1.5 Capital Expenditure Plans and Financing Strategies

The Capital Programme – the capital programme sets out planned capital expenditure over the medium term financial plan period of 5 years. It shows how each project is linked to a Council Strategy priority and summarises planned expenditure and funding. It is approved annually along with the budget papers, with quarterly updates to Executive Committee.

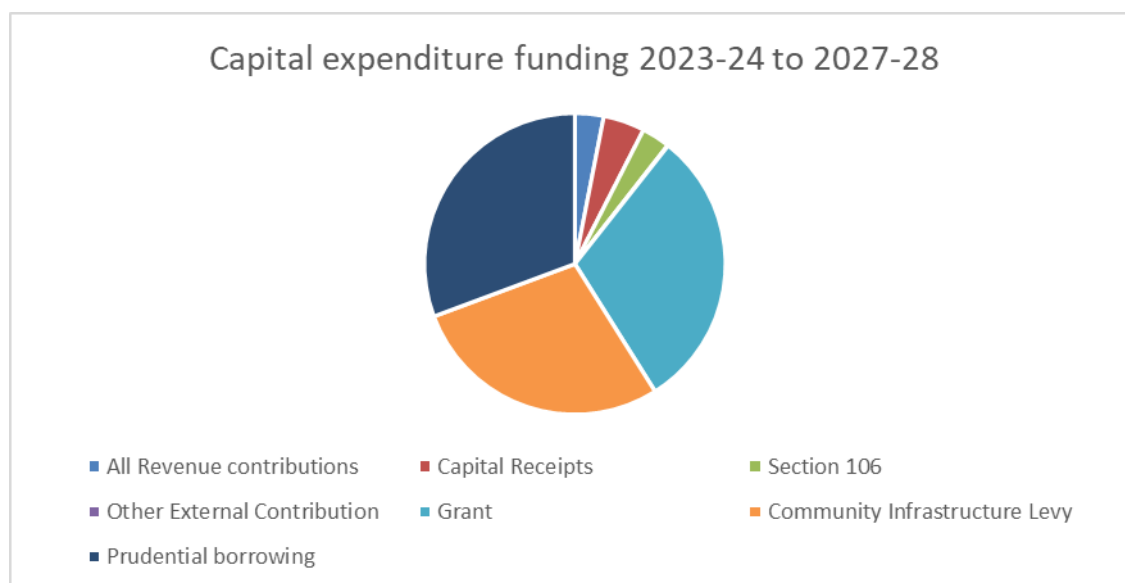
The Council's capital expenditure plans for the current 5 years of the Medium Term Financial Plan amount to £112.0 million, summarised in the table below:

Teignbridge District Council Capital Strategy

Council Strategy Priority	LATEST BUDGET	LATEST BUDGET	LATEST BUDGET	LATEST BUDGET	LATEST BUDGET	TOTAL
	2023-24	2024-25	2025-26	2026-27	2027-28	2023-28
Expenditure	£'000	£'000	£'000	£'000	£'000	£'000
1. A roof over our heads	8,412	8,262	1,454	1,454	1,454	21,036
2. Clean scene	388	14,203	768	321	220	15,900
3. Going to town	1,687	11,635	2,463	-	-	15,785
4. Great places to live & work	829	6,422	7,138	2,088	5,138	21,615
5. Health at the heart	-	-	-	-	-	-
6. Investing in prosperity	180	2,250	-	-	-	2,430
7. Moving up a gear	6,222	3,025	1,130	250	550	11,177
8. Out and about and active	764	260	700	701	40	2,465
9. Strong communities	2,001	2,443	1,674	1,666	-	7,784
10. Action on climate	3,255	4,552	2,439	439	2,000	12,685
Vital, Viable Council	327	262	221	284	41	1,135
Totals	24,065	53,314	17,987	7,203	9,443	112,012
Funding						
All Revenue contributions	- 544	- 1,619	- 489	- 505	- 291	- 3,448
Capital Receipts	- 933	- 3,445	- 435	- 154	- 24	- 4,991
Section 106	- 1,954	- 1,159	- 40	- 206	- 40	- 3,399
Other External Contribution	- 70	-	-	-	-	- 70
Grant	- 13,235	- 13,313	- 3,074	- 3,066	- 1,400	- 34,088
Community Infrastructure Levy	- 4,256	- 7,113	- 10,268	- 2,338	- 7,688	- 31,663
Prudential borrowing	- 3,073	- 26,665	- 3,681	- 934	-	- 34,353
Totals	- 24,065	- 53,314	- 17,987	- 7,203	- 9,443	- 112,012

Sources of funding

The programme is funded from a combination of capital receipts, revenue contributions, grants and external contributions, Community Infrastructure Levy (CIL) and borrowing. These are explained in further detail below.



Community Infrastructure Levy (CIL) is a charge on new development which aims to ensure that it contributes to the provision of essential local facilities. It must be spent on

Teignbridge District Council Capital Strategy

infrastructure. Under the current system, local authorities are not permitted to borrow against the receipt of future CIL. Teignbridge's priorities for CIL expenditure are available on the Council's website and reflect the needs identified in the Infrastructure Delivery Plan which supports the Teignbridge Local Plan. Projects include provision of Suitable Alternative Natural Green Spaces, habitat mitigation, leisure provision such as playing pitches and parks, education infrastructure and improvements to local roads and rail, infrastructure for cycling, walking and public transport. CIL projects often involve working together with other organisations, such as the Habitat Mitigation Executive and Devon County Council to achieve improvements across a wide range of infrastructure.

Section 106 contributions are received from developers in relation to specific needs such as leisure and open space improvements, affordable housing, air quality and drainage improvements.

Grants and external contributions are received from a range of government and agency sources towards expenditure such as disabled facilities grants, affordable housing, flood alleviation and prevention and open space and leisure improvements.

Capital schemes funded by CIL, Section 106 contributions, grants or external contributions are required to follow the capital approval process to ensure that the matters which the Prudential Code requires to be taken into account are considered. For example, strategic service objectives, revenue budget implications and the practicalities of delivery.

Teignbridge Capital Funding. There are two ways in which the council can directly contribute to capital projects. **Capital Receipts** are funds which result from events such as the disposal of assets or the repayment of loans which were made for a capital purpose. The Council also receives Right to Buy receipts, allocated to Housing. The council had £4.5 million capital receipts at the start of 2023-24. Taking account of forecast expenditure and receipts, it is currently forecast that General Fund capital receipts will be £0.1 million by the end of the current Medium Term Financial Plan. In order for Teignbridge to continue to benefit from capital investment in the future, the Medium Term Financial Plan has reinstated **Revenue Contributions** to capital, following their suspension during the pandemic period. £0.3m is budgeted in 2023-24 and £0.5m per annum thereafter. Note that overall revenue contributions figures also include use of the revenue contributions reserve and additional sums set aside by departments to support capital investment. Projects funded by capital receipts and revenue contributions include contributions to superfast Broadband provision, improvements to Council buildings and equipment including IT projects and waste management, discretionary housing grants and affordable housing.

Borrowing

Projects which are not funded by one of the sources above are initially funded by borrowing and must first demonstrate a sound business case during the capital approval process. This is because there are revenue budget implications associated with borrowing. Both the principal borrowed and interest costs will have to be repaid and it is essential that the capital programme remains affordable, prudent and sustainable with regard to:

- Capital financing costs, e.g. interest
- Loss of investment income

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- Other income and costs e.g. rent, fees & charges, salaries, rates, energy and maintenance arising from the investment
- MRP – this is the statutory requirement to charge the revenue account with the principal cost of capital expenditure which has not been met from grants, contributions or capital receipts. It is explained in the Council's Minimum Revenue Provision statement.

Business cases must demonstrate a scheme's ability to cover all the relevant costs above for the whole life of the asset.

Projects funded from borrowing aim to bring a broad range of economic benefits such as continued growth in local jobs, business expansion and wealth creation as well as improving the Council's income resilience against the challenge of lower government funding. Projects include town centre improvements, industrial sites, affordable housing and carbon reduction measures.

The council's approach to borrowing is laid out in Appendix 12 of the budget papers – the Treasury Management Strategy. See also Section 2 below for a projection of the Council's borrowing requirements.

1.6 Asset Management Planning

The Executive member for Corporate Resources has responsibility for assets. The Head of Place and Commercial Services is the current designated Corporate Property Officer (CPO). The CPO is authorised to take the lead on asset management planning across all services thus ensuring that property assets are regarded throughout the Council as corporate assets.

This strategic approach ensures that the Council's business and property plans support its key objectives and inform its spending decisions. The alignment of the corporate vision with service business plans, the Medium Term Financial Plan and Capital Strategy provides a stable context in which to make informed decisions and deliver the right outcomes. Property assets represent the Council's largest physical resource in financial terms and they underpin all service activities. The vision of the Asset Management Policy is to manage assets to support the strategic delivery of district services improving the economic, social and environmental prosperity of our communities now and for the future. Its strategic objectives fall in to three main categories:

1. To develop a more efficient property portfolio, increasingly more fit for purpose and aligned with the council's strategic and operational objectives;

To produce revenue savings and reduce property ownership cost and liabilities through a programme of asset rationalisation;

To optimise the realisation of asset values through planned capital receipts and the maximisation of rental income.

2. To effectively contribute to the district's economic growth and to its social and environmental wellbeing.

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3. To improve service delivery by providing fit for purpose assets which support corporate service strategies.

The Council's corporate property function sits as part of the Economy and Assets Service and is overseen and supported by the Corporate Projects Board. The overview below summarises the Council's strategic property aims, asset priorities and how they are managed and monitored.

The ongoing costs associated with existing assets are reflected in the Medium Term Financial Plan and mainly comprise repairs and maintenance, utilities, non-domestic rates, property insurance, furniture and fittings and contracts such as cleaning and grounds maintenance. When considering new capital projects, these long-term costs are considered as part of the proposal and appraisal process.

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2. Debt, Borrowing and Treasury Management

2.1 Projection of borrowing requirements

Previous capital projects such as the purchase of Market Walk mean that Teignbridge District Council has an underlying need to borrow. In addition, the capital programme contains projects which would not immediately be funded by grants, contributions, capital receipts or revenue contributions. When taken together, the current underlying need to borrow and projected borrowing from the capital programme give an estimate of the council's future borrowing requirements. The table below divides this between the amount it is estimated we could fund internally from our other cash balances and the amount we would seek to borrow externally.

	2023-24	2024-25	2025-26	2026-27	2027-28
	£'000	£'000	£'000	£'000	£'000
Estimated Approved Capital Financing Requirement (underlying need to borrow).	23,777	24,961	26,945	26,386	25,810
Including provisional schemes (total cumulative underlying need to borrow).	23,777	48,876	50,057	48,298	45,517
Estimated internal borrowing based on forecast usable reserves	-23,777	-43,943	-29,381	-18,890	-16,580
Liquidity buffer to maintain cash-flow	0	5,000	5,000	5,000	5,000
Estimated external borrowing (excluding provisional schemes).	n/a	n/a	2,564	12,945	14,230

The table above cannot take account of as yet unknown future receipts which may bolster the scope for internal borrowing. Slippage in the capital programme can also mean usable reserves stay higher for longer. However, at this stage, external borrowing appears likely by 2026-27 and possible towards the end of 2025-26.

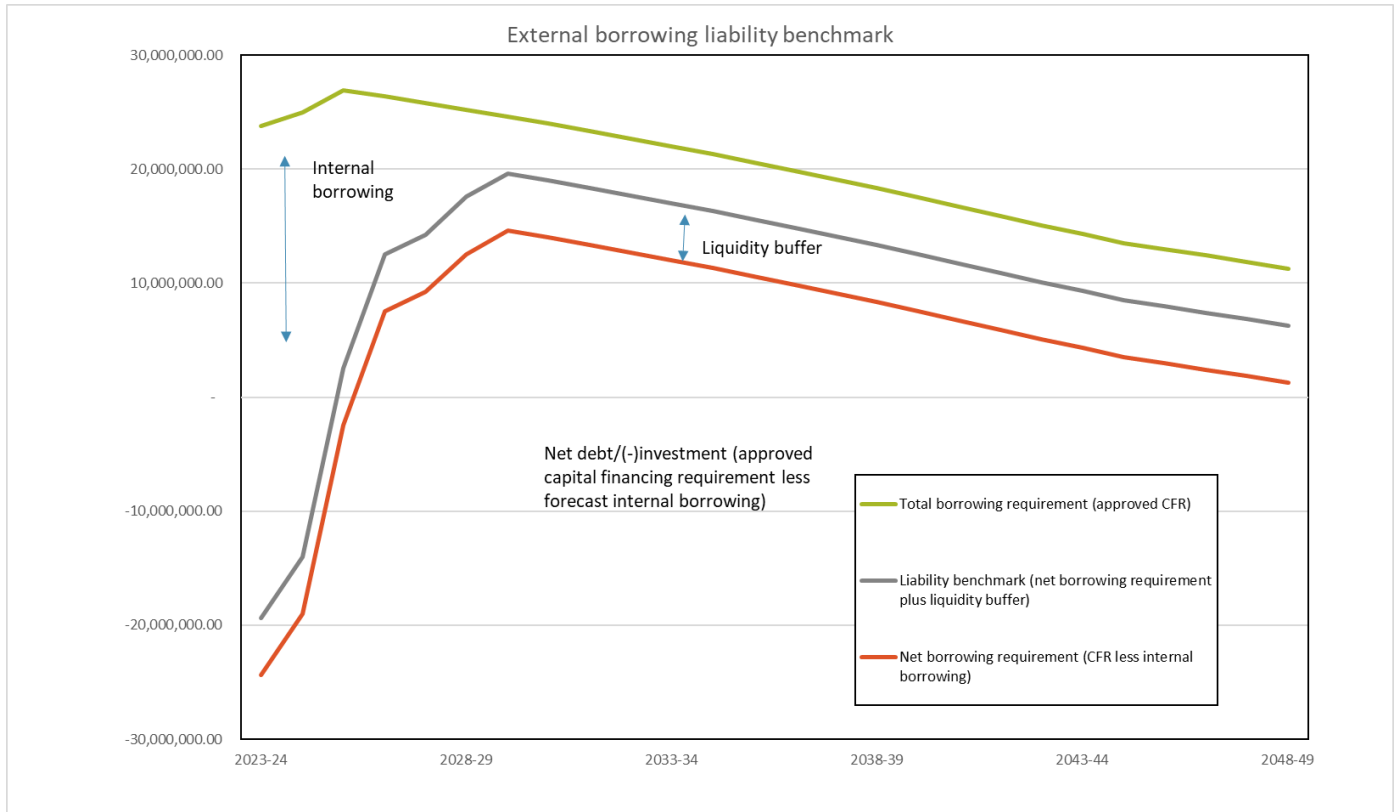
It should be noted that should provisional schemes be approved, this will significantly increase and bring forward the need to borrow and associated costs.

In the longer term, the calculation of a liability benchmark as required by CIPFA, extends this information and allows measured borrowing decisions to be made in relation to the amount and maturity profile of loans, which manages interest rate exposure:

For the purposes of the liability benchmark, it is the approved capital financing requirement (CFR) which is used as a starting point. The net borrowing requirement is estimated by deducting forecast internal borrowing. A liquidity allowance is factored in to ensure that

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funds are available for regular outgoings. This is currently assumed to be a minimum £5 million average daily lending.



Acceptable sources of loans are specified in the Treasury Management Strategy and include the Public Works Loans Board, local authorities, public bodies and UK banks and building societies.

The estimated sums for external borrowing relating to capital are taken account of, along with contingency sums for possible temporary borrowing, in the Prudential Indicators authorised limit and operational boundary. These figures also include an allowance for other long-term liabilities, as identified in the Council's financial statements. The operational boundary represents a prudent estimate of the maximum level of external debt, whereas the authorised limit provides headroom over and above the operational boundary sufficient for unusual cash movements. Both indicators are approved annually by Council as part of the Prudential Indicators.

	2023-24	2024-25	2025-26	2026-27
	£'000	£'000	£'000	£,000
Operational boundary	20,000	40,000	40,000	45,000
Authorised limit	22,000	44,000	44,000	50,000

The Council's Commercial Strategy also sets a proportional debt limit, which for 2024-25 has been assessed as £60 million. This figure has been arrived at after consideration of

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benchmarking provided by external expertise, based on overall debt compared to cost of service and the financing liabilities this would place upon the council. This overall limit encompasses both internal and external borrowing activity. The reduction of £10 million from previous years reflects current interest rate risks and maintains maximum borrowing at around three times the Council's core spending power. The limit is monitored and benchmarked against other similar councils.

2.2 Implications of borrowing

2.2.1 Minimum Revenue Provision (MRP)

All capital expenditure has to be financed from capital receipts, grants and contributions (such as S106 and CIL) or eventually from revenue income. Where local authorities borrow to fund capital expenditure, there is a requirement to ensure that they put aside enough revenue money over time to cover those debts. This is MRP and the broad aim is to ensure that the period over which it is charged is commensurate with the period over which the capital expenditure provides benefits.

The Local Government Act 2003 requires the council to have regard to the Department for Levelling Up, Housing and Communities' (DLUHC) Guidance on MRP. This guidance requires the council to approve an annual MRP statement and recommends a number of options for calculating the required prudent provision, while also not ruling out other methods should they be deemed more appropriate. This is discussed in more depth in the council's Minimum Revenue Provision Statement.

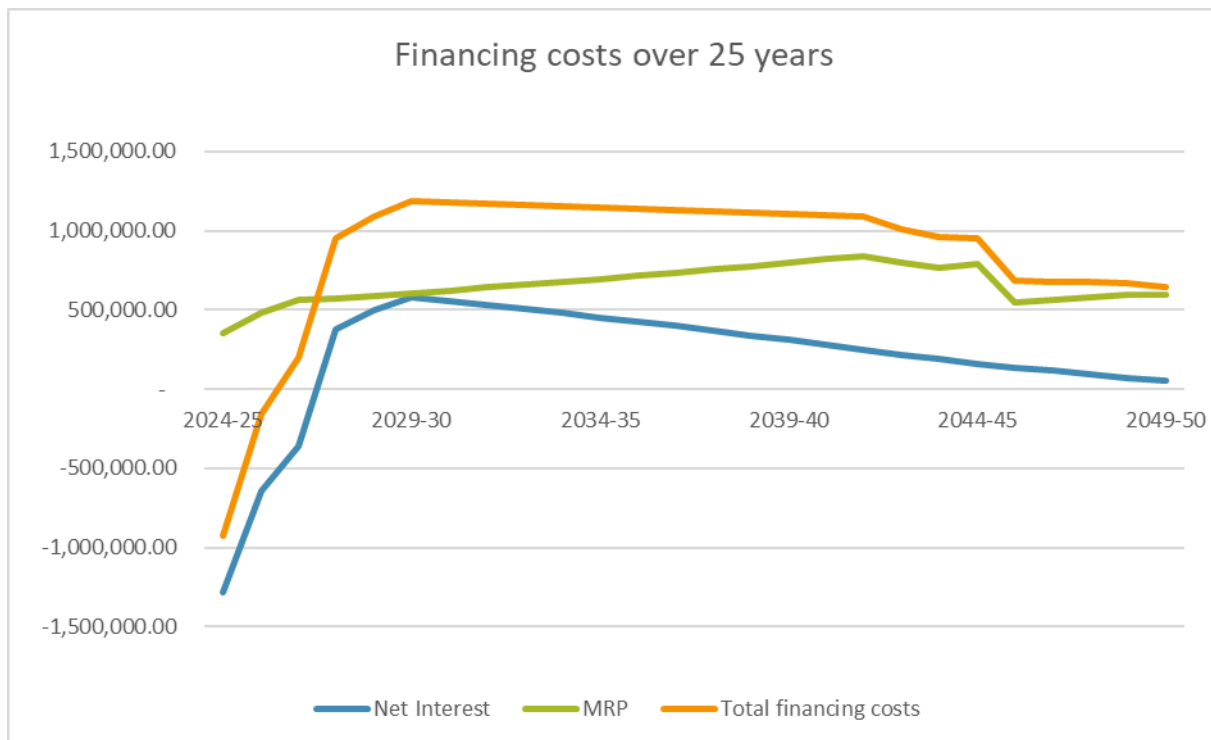
The updated DLUHC Statutory Guidance on Minimum Revenue Provision includes a number of clarifications on determining a prudent level of provision. MRP can only be nil if a local authority's capital financing requirement is nil or negative on the last day of the preceding year, or a previous year's overpayment is being offset. The Council has a positive capital financing requirement, mainly due to the purchase of Market Walk.

For 2024-25 the Council's MRP statement continues to adopt option 3, the asset life (annuity) method. This is a method often used to calculate loan repayments, where it is required that the total amount of principal and interest repaid each year is a common amount. Principal amounts start low and increase over time. It is therefore suited to investments where revenues will increase over time. It also takes into account the time value of money.

2.2.2 Interest payable

Based on the projected borrowing discussed above (approved schemes only), assuming all schemes are delivered without slippage and a maturity structure which is spread to mitigate against interest rate risk, it is calculated that net interest receivable would be close to £1.3m in 2024-25, falling to around £640k in 2025-26, and £361k in 2026-27 then net interest payable builds over the next few years as reserves are assumed to reduce, limiting the scope for internal borrowing. The following chart shows financing costs (interest and MRP) over 25 years. It should be borne in mind that the business cases for each project would need to demonstrate that they would achieve sufficient return to cover interest costs and any MRP.

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DLUHC suggests indicators to assess an authority's risk exposure as a result of investment decisions. The investment cover ratio looks at total net income from property investments to see whether it will cover the expense of interest. Teignbridge does not currently have interest expense, due to not borrowing externally. This is forecast to change over the next 3 years as follows, based on approved borrowing:

2024-25	External borrowing not forecast, so no interest expense.
2025-26	Net service property income covers forecast interest cost 37 times over.
2026-27	Net service property income covers forecast interest cost 8 times over.

2.2.3 Proportionality

In its new investment guidance, DLUHC introduces the concept of proportionality. This is to allow assessment of the contribution of yield-bearing investments to the achievement of a balanced budget. It also requires that quantitative indicators are provided to allow risk exposure as a result of investments to be assessed.

The proportional debt limit for the council has been assessed as approximately £60 million. This figure has been arrived at after consideration of benchmarking provided by external expertise, based on overall debt compared to cost of service and the financing liabilities this would place upon the council.

Neither the Council's historic investments nor its future capital investment plans are purely commercial. They are focused on delivering the housing, regeneration and economic benefits laid out in the Council's Strategy. They do however create an underlying need to

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borrow and contribute to the Capital Financing Requirement (CFR). The four main items which make up the Council's existing CFR are the costs of purchasing Market Walk, Sherborne House and an industrial unit in Newton Abbot plus decarbonisation costs of Forde House. The Council has chosen to forego treasury management interest in order to fund the underlying need to borrow from other balances in the medium term. Based on the average treasury management interest rate received during Q1 to Q3 of 2023-24, interest foregone due to internal borrowing to cover the Council's Capital Financing Requirement would be in the region of £958,449 per annum. This figure has risen over the year due to the rise in interest rates. This approach represents good value for money. Had the Council externally borrowed the equivalent amount at (for example) the PWLB's 25-year rate on 1st April 2023 (4.76%), the annual cost would have been £1,000,486.

Current debt to net service expenditure ratio:

	2023-24
	£'000
External debt	0
Net service expenditure	17,790
Ratio	0

Based on approved borrowing over the next 3 years:

	2024-25	2025-26	2026-27
	£'000	£'000	£'000
Forecast external debt	0	2,564	12,496
Net service expenditure	18,946	19,352	17,865
Ratio	0	0.13	0.7

Commercial and service income

Teignbridge District Council does not currently hold property investments purely to profit from the income. Assets are held for a combination of service delivery, regeneration and economic benefit to the area. The DLUHC guidance on investments suggests the following indicator to demonstrate gross and net income from commercial and service investments. It shows gross property income and net income (less costs). The operating costs show the property costs (but not the estimated financing costs):

	2022-23	2023-24	2024-25	2025-26	2026-27
	£'000	£'000	£'000	£'000	£'000
Gross rental income*	-6,589	-7,224	-7,186	-8,016	-8,257
Net income after costs, not including financing costs	-2,818	-2,833	-2,838	-3,557	-3,682
Operating costs	3,771	4,391	4,348	4,459	4,575

*also includes fees and charges for car parks, beach huts and market stalls

The 2021 Prudential Code includes the following indicator which identifies the percentage of net income (after operating costs) from commercial and service investments, as a

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percentage of the total net revenue stream. The intention of this indicator is to show the net financial impact on the authority of its entire non-treasury investment income, identifying the potential risk should the investment income cease for any reason.

The actual net income from commercial and service investments to net revenue stream in 2022-23 has been calculated as 8%. Estimates for future years are as follows, increasing due to additional anticipated rental income in relation to projects within the capital programme:

Estimate 2023-24	Budget 2024-25	Forecast 2025-26	Forecast 2026-27
13%	12%	15%	16%

In considering whether authorities could plausibly absorb any losses in budgets or reserves without unmanageable detriment to local services, the net income from commercial and service investments is below considered as a proportion of useable, un-earmarked general revenue reserves. Net income from commercial and service investments in 2022-23 as a percentage of these general reserves was 122%.

2.2.4 Prudential Indicators

The Local Government Act 2003 requires the council to have regard to CIPFA's Prudential Code. Its objectives are to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice, with an understanding of the risks involved. Local authorities must look at capital expenditure and investment plans in the light of overall organisational strategy and resources, ensuring decisions are made with sufficient regard to the long run financing implications and potential risks to the authority.

To that end, the Prudential Code sets out indicators which must be approved by Full Council and factors which must be taken into account. The factors which must be taken into account underpin the work of the Corporate Projects Board (see above).

In setting its Prudential Indicators, the council sets borrowing limits which are affordable and sustainable. The authorised (absolute) limit and operational (day-to-day) boundary are consistent with the council's capital programme and treasury management strategy. In addition, they identify long-term liabilities relating to capital (and as set out in the relevant note to the annual Statement of Accounts) in order to arrive at prudent limits on external borrowing.

Estimates of capital expenditure and the capital financing requirement bring together past and future capital commitments for consideration of affordability.

The treasury management prudential indicators are designed to deliver accountability in taking capital financing, borrowing and treasury management decisions. They also highlight possible risks such as interest rate exposure and demonstrate the policies in place

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to mitigate the risks, for example, limiting the length of investments and the maturity structure of borrowing.

2.3 Treasury Management

The Council has regard to CIPFA's *Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021*. In doing so, it follows three key principles:

- Maintaining comprehensive policies, practices, strategies and reporting arrangements for the effective management and control of treasury management activities
- The effective management and control of risk are prime objectives and responsibility for these lies clearly within the Council. Risk appetite forms part of the annual Treasury Management Strategy. The council's investment priorities relating to this area are security of the principal sums and liquidity, keeping money readily available for expenditure when needed.
- The pursuit of value for money and the use of suitable performance indicators are valid and important tools. Within the context of effective risk management, the Council's policies and practices reflect this.

The Council has adopted four clauses as recommended in the Treasury Management Code, as follows and adopts the updated clauses as per the 2021 code.

1. Teignbridge District Council will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which Teignbridge District Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
2. Full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed by its TMPs.
3. Teignbridge District Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Executive Committee, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with Teignbridge District Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. Teignbridge District Council nominates the Audit Scrutiny Committee to be responsible for ensuring the effective scrutiny of the treasury management strategy and policies.

Yield becomes a consideration after the priorities have been satisfied. The majority of treasury management investments are "specified" as defined in the DLUHC 2018 investment guidance; in sterling, with a maturity of no more than one year, placed with the UK

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government, other local authorities or bodies and investment schemes of high credit quality, determined by the lending list, which is reviewed quarterly and updated as necessary.

The treasury management strategy is designed to be “risk aware” rather than the traditional “risk averse”. This has been approached in a measured way to mitigate against risk, recognising a balance within the overall priorities of security, liquidity and yield. Property and diversified income funds are included as non-specified investments within the authorised lending list, while other non-specified investments such as renewable energy/social impact investments and on-lending to key partners and stakeholders would follow the approvals route laid out in the Commercial Strategy and the statutory guidance around MRP provision and not borrowing purely for financial return.

The council’s Treasury Management schedules require that specified investment institutions meet the following minimum ratings from the ratings agencies:

Ratings Agency	Long Term	Short Term	Baseline Credit Assessment Bank viability
Fitch	BBB	F2	bbb
Moody’s	Baa2	P2	baa2

In addition to considering ratings from agencies it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial and sector press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. Daily relevant financial news updates and market commentaries are received by email from treasury advisors, brokers and the Council’s bank. These enable assessment of future treasury risks and scenarios in order to develop suitable risk management strategies.

The Treasury Management strategy also sets out the Council’s approach to borrowing. It is underpinned by the Prudential Code and DLUHC investment guidance. Any decision to borrow in advance for capital projects or debt maturities would only occur if there was a clear business case to do so. Borrowing may occur to cover temporary shortfalls in cash balances.

The liability benchmark set out above allows management of interest rate exposure while ensuring that funds are kept available for cash flow requirements.

The Council will adopt a flexible approach to borrowing, making use of internal resources and keeping shorter term borrowing under review in comparison to longer term borrowing costs. This approach is to minimise financing costs and to spread re-financing risk. Acceptable sources of loans as stated in the Treasury Management schedules are the PWLB, UK Municipal Bonds Agency, community municipal investment bonds, finance leases, local authorities, public bodies, UK banks and building societies and debt capital markets.

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In October 2019, the Public Works Loans Board (PWLB) increased the margin over gilt yields by 100 basis points (1%) to 180 basis points (1.8%) on loans lent to local authorities. Following a consultation process, this was reversed in November 2020. At the same time, government implemented a reform of its lending terms with the aim of ending the situation in which a minority of local authorities used PWLB loans to support the acquisition of investment assets primarily for yield. In order to be able to benefit from PWLB lending, local authorities must now provide information about the level and type of planned capital activity, project descriptions and an assurance from the Section 151 officer that the local authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. The Council is mindful of these requirements. Officers will keep sources of borrowing under review in conjunction with the Council's treasury management advisors and select those offering the best value for money to the Council at the time the funding is required.

The Treasury Management Mid-Year and Year End Reviews report on activities undertaken and provides key information on performance including average interest rates achieved. In addition, the Chief Finance Officer receives regular reports, which form part of financial reports received by the Executive and Corporate Leadership Team. Historically, these used the 7-day London Interbank Bid Rate (LIBID, or the interest rate at which banks are willing to borrow from other banks) as a benchmark. Due to the phasing out of LIBOR/LIBID rates, the Council will use an investment benchmark to assess the investment performance of its portfolio of overnight SONIA. SONIA (Sterling Overnight Index Average) is administered by the Bank of England. It is based on actual transactions and reflects the average interest rates banks pay to borrow sterling overnight from other financial institutions and investors.

The latest Treasury Management Code includes investments which fall outside normal treasury management activity. Commercial or service (property) investments are sometimes entered into outside of normal treasury management activity. These need careful financial risk assessment and will follow the risk arrangements as laid out in the Council's Investment Management Practices. Where such investments do not give priority for security and liquidity over yield, CIPFA recommends that such a decision should be explicit, setting out the risks and the impact on financial sustainability. This is a critical purpose of due diligence procedures. The Council's current CFR and projected borrowing relate to projects whose central purpose is for the provision of services or regeneration. The Commercial Strategy highlights the crucial role of risk assessment and due diligence before entering into any non-specified investment.

3. Knowledge and Skills

The Prudential Code requires that the capital strategy gives details of the knowledge and skills available to the authority and confirmation that they are commensurate with its risk appetite.

As a district council, Teignbridge strikes a balance between the retention of suitably qualified staff and the use of external expertise where this offers best value and flexible use of resources.

Treasury management staff receive internal training from experienced staff and managers. Staffing is arranged so that a bank signatory (all experienced staff), is always available for consultation on decisions. Procedure and system notes, together with official guidance from CIPFA and the DLUHC are maintained for consultation within the section. These are updated for any changes, which are also communicated to the relevant staff. Bank signatories are

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professionally qualified and/or experienced accountants, with the officers carrying out daily procedures either studying with or AAT-qualified.

During 2019-20, a tender process was undertaken to appoint treasury management advisors. The Council uses Link Asset Services. This decision recognises the value in employing external providers to acquire access to specialist skills and resources, especially in the light of the Council's anticipated borrowing requirement. However, responsibility for treasury management decisions remains with Teignbridge District Council at all times and officers will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

In terms of capital expenditure, the Council has the benefit of the experience of four fully qualified chartered accountants and six AAT-qualified members of staff. It also has access to specialist advice through subscription to consultants who specialise in local authority accounting and capital finance. In addition, knowledge and skills are shared throughout the region via the Devon Accounting Development Group.

In relation to the investment strategy, as well as the experience of RICS-qualified staff, the Council has working relationships with a range of specialist consultants whose areas of expertise include property management, development and infrastructure, investment and valuation.

The Council has a Legal team, experienced in a comprehensive range of legal work relevant to local authority and also works with external legal service providers where other expertise is required.

Council officers across a range of disciplines, including Property and Assets, Planning, Housing and Finance as well as other service areas, make up the Corporate Projects Board to ensure project appraisal is subject to wide early scrutiny and practical considerations.

The Council's constitution ensures an effective governance process. The chief finance officer is responsible for ensuring that all matters required to be taken into account are reported to the decision-making body (normally Full Council).

Teignbridge District Council - Budget Consultation Report

Date:	27 February 2024
From:	Communications Team
Subject:	Consultation feedback to Executive Committee

Methodology

The Communications Team were tasked to consult with the public, businesses, on the website, about the budget proposals. The consultation ran from 20th December 2023 to 2nd February 2024 and below you will find a short summary of the results so that full Council on 27th February has the opportunity to take into account residents' feedback when considering the final budget recommendations from Executive.

The survey

870 people responded to the survey.

The following budget questions were put to Teignbridge residents:

1. Do you agree with the current recommendation to increase council tax by 2.99%, which equates to £5.70 per year for a Band D property, (taking the council tax to £196.41) to help maintain essential services?
2. Please rank in priority order, those non statutory services that you think are important (1 top priority – 7 least important).
3. Do you agree we should continue to focus our remaining budget on supporting our priorities of affordable housing, tackling climate change, and supporting good quality jobs and local economy?
4. Is there anything else we should be prioritising?
5. To Balance the Council's budget in the future, please indicate which of these measures we should be considering? – residents could tick more than one option.

Q1	Increase council Tax.	
	Yes	No
	76% agree	24%
Q2	Ranking in priority order.	
	Open space e.g., Country Park	Ranked 1 st Top priority
	Leisure centres and swimming pools	Ranked 2 nd
	Beaches & resorts	Ranked 3 rd
	Toilets	Ranked 4 th
	Play parks	Ranked 5 th
	Community Transport	Ranked 6 th
	Markets	Ranked 7 th Least important
Q3	Continue supporting priorities- affordable housing, tackling climate change, and supporting good quality jobs and the local economy.	
	Yes	No
	64% agree	36%

Q4	See comments below	
Q5	Other measures to consider.	
	Increasing Council Tax	46%
Residents could tick more than one measure.	Making more budget savings	44%
	Generate more income through charging for services	41%
	Reducing the discretionary services, we provide	33%

Q4 Comments – Is there anything else we should be prioritising:

Leisure Health wellbeing Sport	35 Comments (Many about preserving swimming pools and leisure centres)
Road Repair Potholes	25 Comments
Climate	11 Comments (Not all in favour of climate initiatives)
Affordable Housing	15 Comments (Homes for local people, accommodation above shops etc).

Other comments:

Transport and Speed limits, Council tax, Infrastructure, Youth, Rural / village investment, Planning enforcement, better waste collection, Childrens services, Police ASB, NHS, Tourist Tax, Dentists, Public Transport, Cycle Paths, Cultural events, Drains, Local Food Production, Pavement repairs, Toilets, Dog Fouling, Support for local business and Economy.

Appendix 14

Extract of the Executive Minutes 13 February 2024

19. FINAL FINANCIAL PLAN BUDGET PROPOSALS 2024/25 TO 2026/27 AND COUNCIL TAX 2024/25

The Executive Member for Corporate Services presented the report on the final financial plan proposals 2024/25 to 2026/27 for recommendation to Council on 27 February 2024. The proposals included recommended revenue and capital budgets for 2024/25 and planned in outline for 2025/26 and 2026/27.

Overview and Scrutiny Committees 1 and 2 had supported the recommended final financial plan proposals 2024/25 to 2026/27 and the recommendations of the Medium-Term Financial Plan task and finish group as set out in the agenda. The latter had been taken into account in the budget proposals.

Responses received to date from the public consultation supported the Councils priorities.

A non-Executive Member spoke in support of the presented final budget proposals.

Members thanked officers for their work in putting together a balanced budget.

It was unanimously,

RECOMMENDED to Council

(a) That it approves a budget set out in the agenda report as in appendix 4 for revenue and appendix 7 for capital and

(b) That these proposals be considered together with any subsequent consultation comments for approval by Council as the final budget for 2024/25 and the outline plan for the subsequent years 2025/26 and 2026/27.

The proposed budget includes:

- An increase in council tax of £5.70 or 2.99% to £196.41
- Maintaining 100% council tax support
- Continuing to react to the climate change emergency by maintaining ongoing revenue budgets for a climate change officer and associated spending, temporary staffing resources in revenue and provision in the capital programme, including ongoing provisions for corporate decarbonization schemes as per 5.5
- A £2 million provision for employment sites funded by borrowing
- Temporary funds for a Scrutiny Officer to assist Members with the Scrutiny function and working groups; other temporary resources including for facilitating the Modern 25 work
- Support for housing including the Teignbridge 100 (see 5.3) whilst backing business and bringing people and organisations together for local neighbourhood planning

- Other central funding reductions – in particular provisional assumptions for business rates for future years and reset of the baseline
- Reserves at 12.7% of the net revenue budget or £2.4 million
- Infrastructure delivery plan investment funded by community infrastructure levy and external sources where available
- Continuation of grant funded South West Regional Monitoring Programme as per 5.6
- Town centre investment in infrastructure and employment as per 5.7
- Increasing revenue contributions to capital to £500,000 per annum
- Introduction of a blue badge car parking permit and associated staffing resources
- Councillors community fund set at £1,000
- Paying £1,000,000 off our pension deficit in 2024/25 to reduce ongoing contributions
- Maintaining existing voluntary grant contributions
- The Financial Plan 2024 – 2029 as updated for adoption (at Appendix 8) and to facilitate Member progression of work plans by Overview & Scrutiny to address the budgetary position and deliver savings.

**Teignbridge District Council
Council
27 February 2024
Part i**

Council Tax Premiums

Purpose of Report

To seek affirmation of the Council decision made on 12th January 2023 to implement a Council Tax premium on 2nd homes and to bring forward the time period for levying a premium on empty homes from 2 years to 1 year.

Recommendation(s)

That Council resolves to:

- (a) Apply the current premium of 100% for all dwellings which are unoccupied and substantially unfurnished (empty dwellings) after 1 year instead of 2, with effect from 1st April 2024;
- (b) Apply a premium of 100% for all dwellings which are unoccupied but substantially furnished with effect from 1st April 2025;
- (c) Approve the policy detailing the Council's approach to the levying of the empty and second homes premiums; and
- (d) Authorise the S151 Officer to implement the policy in line with any guidance given by the Secretary of State.

Financial Implications

The financial implications are set out in paragraphs 4.1 to 4.5 of the report.

Martin Flitcroft – Chief Finance Officer and Head of Corporate Services
Email: martin.flitcroft@teignbridge.gov.uk

Legal Implications

The Legal implications are set out in paragraphs 4.6 to 4.8 of the report.

Paul Woodhead – Head of Legal Services and Monitoring Officer
Email: paul.woodhead@teignbridge.gov.uk

Risk Assessment

The risks are set out in paragraphs 4.9 to 4.11 of the report

Tracey Hooper – Service lead for Revenue, Benefits and Customer Support
Email: tracey.hooper@teignbridge.gov.uk

Environmental/ Climate Change Implications

There are no environmental or climate change implications associated with the recommendations of this report.

William Elliott
Climate Change Officer
william.elliott@teignbridge.gov.uk

Report Author

Tracey Hooper Service Lead for Revenue, Benefits and Customer Support
Email: tracey.hooper@teignbridge.gov.uk

Executive Member

Cllr Richard Keeling – Executive Member for Corporate Resources

Appendices/Background Papers

Minutes – Full Council 12 January 2023.
Draft Empty Homes & Second Homes Premium Policy 2024-25 – Appendix 1
Equality Impact Assessment – Appendix 2

1. Introduction

- 1.1 In January 2023, subject to the Levelling Up and Regeneration Bill receiving Royal Assent, Council agreed to introduce the following changes to council tax premiums:
 - Apply the current premium of 100% for all dwellings which are unoccupied and substantially unfurnished (empty dwellings) after 1 year instead of 2, with effect from 1st April 2024;
 - Apply a premium of 100% for all dwellings which are unoccupied but substantially furnished with effect from 1st April 2025
- 1.2 The Levelling Up and Regeneration Bill received Royal Assent on 26th October 2023. The Council now needs to affirm its decision to adopt these changes.
- 1.3 The Government proposes to introduce a number of exemptions to the second homes and empty homes premium. It issued a consultation paper in July 2023 but has yet to issue formal guidance. The draft policy at Appendix 1 makes provision for these exemptions to be recognised once the formal guidance is available.
- 1.4 Legislation requires that twelve months' notice is given for 100% premium on properties which are unoccupied but substantially furnished. Therefore, this premium, if confirmed, will take effect from 1st April 2025.

- 1.5 The change to the empty home premium, does not require a notice period and will take effect from 1st April 2024.
- 1.6 When determining its policy, each billing authority must decide the level of charge (or discount) by the 31 March prior to the financial year in which it wants to introduce the changes.
- 1.7 The Council is therefore required to determine the level of any discounts or premiums which will apply in its area and a decision is required to be made by Full Council under Section 11A and 11B of the Local Government Finance Act 1992.
- 1.8 Once determined, the resolution of the Council will need to be published in at least one local newspaper(s) within 21 days of the decision.

2. Background

2.1 Premiums were introduced by Government in 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term. Initially premiums could only be charged at 50% but, since 2019, legislation changed to allow a progressive charge to be made as follows:

- Dwellings left unoccupied and substantially unfurnished for 2 years or more, up to 100%;
- Dwellings left unoccupied and substantially unfurnished for 5 years or more, up to 200%; and
- Dwellings left unoccupied and substantially unfurnished for 10 years or more, up to 300%.

NB. These premiums are charged **in addition** to the 100% Council Tax already payable

- 2.2 Prior to the Levelling Up and Regeneration Act 2023, there has been no provision to charge any amount exceeding 100% for second homes (unoccupied but substantially furnished properties).
- 2.3 Government, together with local authorities, has unfortunately seen a rise in the number of empty dwellings together with a growth in second homes. Inconsistencies in the legislation have also been identified where a premium can be avoided by the taxpayer merely furnishing an empty premises, whereupon it would become a 'second home' which currently has a maximum charge of 100%.
- 2.4 Clauses within the Levelling Up and Regeneration Act have been introduced in order to address these inconsistencies and to encourage more dwellings into use.

3. Premiums – generally

- 3.1 In line with all similar legislation, any decision must be publicised in at least one local newspaper, within 21 days of its being taken by full Council.
- 3.2 Should the Council at any time wish to vary or revoke a decision to impose any type of premium this can be done at any time before the beginning of the financial year to which it would apply.
- 3.3 The Secretary of State has the power to prescribe certain classes of property that will not be subject to an empty dwelling premium. Currently these are homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of a main property. It is expected that when regulations are laid, similar exceptions will apply to second homes premiums.
- 3.4 Incentivising empty homes back into use are key strands of both our homelessness and housing strategies. At the time of writing this report, we have approximately 1,450 people with a registered housing need on our social housing register (Devon Home Choice). In addition, approximately 60 households per month approach our Housing Solutions Service in order to make a statutory homeless application. There is a shortage of affordable private rented accommodation locally. As a result, we are seeing increasing numbers of households in temporary accommodation for long periods because finding suitably affordable 'move-on' accommodation is so challenging. Increasing the supply of suitable affordable private rented accommodation is of paramount importance if we are to reduce levels of homelessness and address the housing need of local residents.

4. Implications, Risk Management and Climate Change Impact

Financial

- 4.1 This policy will provide additional revenue to the collection fund. This income is shared between the Council, the major precepting authorities (County; Police and Fire) as well as local precepting authorities, in line with their share of the council tax.

Second homes premium

- 4.2 Based on high level analysis of current council tax datasets the application of a 100% premium on unoccupied and substantially furnished property (second homes) could generate additional income of around £2.7 million subject to the Bill receiving Royal Assent and any specific Government guidance. But please note the caveats set out in 2.4 below relating to exemptions, quality of data, and changes in resident behaviour. Our records indicate that we have around 1,260 properties that are furnished but not currently used as anyone's sole or main residence.
- 4.3 Teignbridge would retain around 8% (up to £216,000) of this additional income. NB. The actual amount of additional income generated could be significantly lower as a result of the concerns noted in 4.4 below.

- 4.4 The number of properties liable for the premium is likely to reduce once the Government proposed exemptions take effect. It is impossible to predict how many properties will benefit from an exemption at this stage. Given that the Council Tax levied on second homes mirrors that for main residences, there may also be issues with the current classification of properties within our Council Tax database, and the application of a second homes premium may prompt owners to reclassify properties for genuine reasons; reducing the potential revenue that might be derived from the premium and the figures quoted above. It is also impossible to predict how many council taxpayers will decide to sell, let out, or move into their property because of the premium.

Empty homes premium after 1 year instead of 2

- 4.5 Based on current data, there are 134 empty and unfurnished properties that have been empty and unfurnished for a period of 12 months or more. If the premium were applied to these properties now, this would generate in the region of £277,000 based on current values (approximately £22,160 to Teignbridge @ 8%). These numbers are fluid and may not be representative of the number of empty properties on our records as at 1st April 2024 when the premium would take effect. These figures may also be impacted by the factors noted in 4.4 above.

Legal

- 4.6 The legislation that covers this report and the recommendations made is as follows:
- S11A & S11B of the Local Government Finance Act 1992
 - S11C of the Local Government Finance Act 1992 (as introduced by the Levelling Up and Regeneration Bill (Bill 169 2022-23)); and
 - Levelling Up and Regeneration Bill (Bill 169 2022-23).
- 4.7 Where the recommendations are accepted, a resolution is to be made by Full Council. The decision needs to be published in at least one local newspaper within 21 days of the decision having been made.
- 4.8 The Council will be required by statute to be mindful of any guidance issued by the Secretary of State. The draft policy makes provision for premiums to be applied in line with this Government guidance.

Risks

- 4.9 The recommendations are considered to be low risk. This is because premiums apply only to dwellings that are empty or are not used as someone's main place of residence. Bringing these dwellings back into use will support the Council's Empty Homes Strategy and potentially will increase the level of income available to the Council and preceptors.
- 4.10 There is a potential risk that some of these homeowners may struggle financially to pay additional amounts of council tax. However, this could provide an opportunity to engage with owners regarding how the property could be brought back into use. Billing authorities also have discretion to reduce or remit council

tax in exceptional circumstances using S13A Local Government Finance Act 1992(as amended). This provides a safety net which can be used to provide merits-based support where appropriate.

- 4.11 The amount of income generated from this proposal may be less than anticipated for the reasons outlined in 2.4 above,

Environmental/Climate Change Impact

- 4.12 There are no environmental or climate change impacts arising from this report.

Equality Impacts

- 4.13 There are no identified equality impacts arising from this report. An equality Impact Assessment has been completed and is attached as an appendix to this report. Members are reminded to have due regard to this assessment before making any decisions in relation to this report.

5. Alternative Options

- 5.1 The alternative to implementing these recommendations would be to leave the existing premiums in place. This would weaken the incentive for owners of empty homes and properties not in use as a main residence, to bring these properties back into use. It would also miss an opportunity to generate much needed additional income for Teignbridge and other precepting authorities.

Empty Homes and Second Homes Premium Policy 2024-25

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1. Introduction and background

- 1.1 The following policy outlines the Council's approach to the levying of empty homes premium and second homes premiums.
- 1.2 Premiums were also introduced by government from 1 April 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term.
- 1.3 The legislation which introduced premiums is S11B of the Local Government Finance Act 1992 (inserted by the Local Government Finance Act 2012). Premiums could only be charged on long-term empty dwellings. An empty dwelling is one which is 'unoccupied' and 'substantially unfurnished'. The definition of long-term is where the dwelling has been empty for a continuous period of at least 2 years.
- 1.4 Initially the maximum level of premium was set by government at 50% of the amount of Council Tax chargeable. Each Council could determine the level of premium up to the maximum and this is charged in addition to the amount determined by the Council as payable for an empty dwelling¹
- 1.5 Certain classes of dwellings cannot be charged a premium namely:
 - a dwelling which would be the sole or main residence of a person but which is empty while that person resides in accommodation provided by the Ministry of Defence by reason of their employment i.e., service personnel posted away from home²; or
 - dwellings which form annexes in a property which are being used as part of the main residence or dwelling in that property³.
- 1.6 In 2018 the Rating of Property in Common Occupation and Council Tax (Empty Dwellings) Act allowed authorities to increase the level of premiums on empty dwellings with effect from 1 April 2019 as follows;
 - Dwellings left unoccupied and substantially unfurnished for 2 years or more, - from 1 April 2019 a premium can be levied up to 100%;
 - Dwellings left unoccupied and substantially unfurnished for 5 years or more, - from 1 April 2020 a premium can be levied up to 200%; and
 - Dwellings left unoccupied and substantially unfurnished for 10 years or more, - from 1 April 2021 a premium can be levied up to 300%.
- 1.7 It should be noted that premiums are charged in addition to the 100% Council Tax payable on empty premises.

¹ Under the Council Tax (Prescribed Classes of Dwelling)(England) Regulations 2003 and amended by the Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes C & D.

² Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes E

³ Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes F

- 1.8 Government, together with local authorities (including the Council) has unfortunately seen a rise in the number of empty homes together with a growth in second homes.
- 1.9 Inconsistencies in the legislation have also been identified whereby a premium can be avoided by the taxpayer merely furnishing an empty premises, when it would become a 'second home' which currently has a maximum charge of 100% with no premium.
- 1.10 In order to address these inconsistencies, and also to bring more dwellings into use, government has introduced sections within the Levelling Up and Regeneration Act 2023 (the Act).
- 1.11 This policy details the Council's approach in the charging of premiums as allowed within the new legislation.
- 1.12 The continued pressure on local authority finances (both the Council and the Major Preceptors) together with the need to encourage all owners of domestic premises to bring them back into use, makes it essential that the Council changes its approach to empty homes. The new legislation for second home premiums will encourage the use of dwellings as primary residences.

2. Empty homes premiums (From 1 April 2024)

- 2.1 Section 79 (1) (b) of the Levelling Up and Regeneration Act 2023 permits the Council to impose an empty homes premium after one year instead of two years. Section 80 of the Act provides that from 1 April 2024, a property can be charged an empty homes premium at 100% after one year, even if it became empty before 1 April 2024.
- 2.2 The Council has resolved to implement the change with effect from 1 April 2024
- 2.3 The legislation requires the Council to be mindful of any guidance or further regulation in relation to the implementation of the premiums and this is detailed in Section 4 of this policy.

3. Introduction of premiums for second homes (From 1 April 2025)

- 3.1 The definition of a second home for Council Tax purposes is a dwelling which has "no one resident" but is "substantially furnished".
- 3.2 Section 80 (2) of the Act inserts a new section 11C into the Local Government Finance Act 1992. This permits the Council to apply a premium on second homes. The maximum Council Tax charge in these cases would be a standard 100% charge plus a premium of 100% making a total Council Tax charge of 200%.

- 3.3 Unlike empty dwellings, there is no requirement for a property to have been used as a second home for a fixed period of time before the premium can apply.
- 3.4 As with other changes introduced by the Act, section 11C (3) requires that the first decision to impose this class of premium must be taken at least 12 months before the financial year to which it would apply. In effect this means that premiums for second homes will not take effect until the 2025-26 financial year at the earliest.
- 3.5 The Council has resolved to charge second home premiums and has given the required notice.
- 3.6 The Act provides that a dwelling cannot be subject to both a second homes premium and an empty homes premium imposed under section 11B of the 1992 Act, and that an existing empty homes premium would cease to apply to a property which became subject to a second homes premium.

4. Exceptions from the premiums (empty homes premiums and second homes premium)

- 4.1 At the time of writing this policy, government has issued a consultation (which has now ended), seeking views on possible categories of dwellings which should be dealt with as exceptions to the Council Tax premiums. Regulations are expected to cover the exceptions for both empty homes premium, and also the second homes premiums.
- 4.2 **The Council has included the proposed exceptions below however; it should be noted that these MAY CHANGE when the new regulations are commenced.**
- 4.3 The consultation proposes that there will be circumstances where premiums will either not apply or be deferred for a defined period of time. These are as follows:
 - **Properties undergoing probate** - the government proposes that these properties should be exceptions to both the second homes and empty homes premiums for a **maximum of 12 months**. The exception would start once probate or letters of administration is granted. This will not affect the Class F Council Tax exemption or the ability for the Council to charge its determined rate of Council Tax following the expiry of the Class F exemption;
 - **Properties that are being actively marketed for sale or rent** - the government proposes that this exception will apply for up to a **maximum of 6 months** from the date that active marketing commenced, or until the property has been sold or rented, whichever is the sooner. The Council, in determining whether this exemption applies will require the following evidence:
 - (a) evidence that the dwelling is being **actively** marketed for sale or rent through a recognised agent (evidence can include contracts with

agents, advertisements in recognised newspapers or marketing websites);

- (b) where the premises are being self-marketed by the owner or landlord, evidence that the premises is being **actively** marketed (evidence can include advertisements in recognised newspapers or letting websites;
- (c) where for sale, evidence that the premises are being sold at a true market level for the size and type of dwelling within the area in which it is situated. Where the dwelling is for let, that the rent requested is at a true market level for the size and type of dwelling within the area in which it is situated.

The above list is not exhaustive and the Council reserves the right to request further evidence to support any claim for exemption. The exemption will only apply once to any taxpayer or taxpayers if they are jointly and severally liable;

- **Empty properties undergoing major repairs** - this is time limited to 6 months. The government proposes that empty properties undergoing major repair works or structural alternations should be an exception to the premium for up to 6 months once the exception has been applied or when the work has been completed, whichever is the sooner. The exception will be applied at any time after the property has been empty for at least 12 months, so long as the Council is satisfied that the necessary repair work is being undertaken. As with all other exemptions to the premiums, the Council will require the taxpayer to provide such evidence as is required to support their application;
- **Annexes forming part of, or being treated as, part of the main dwelling** - the government proposes that such annexes should be an exception to the Council Tax premium on second homes;
- **Job related dwellings** - currently, there is a Council Tax discount of up to 50% for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide dwellings for employees. The government proposes that the dwelling should also be an exception to the second homes premium. **The exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintain their previous address;**
- **Occupied caravan pitches and houseboat moorings** - the government proposes that these caravans and boats should be an exception to the Council Tax premium on second homes; and
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence** - the government proposes that properties that have restrictions or conditions preventing occupancy for a continuous period of at least 28 days in any 12-month period, or specifies its

use as a holiday let, or prevents occupancy as a person's sole or main residence, should be an exception to the second homes premium.

- 4.4 It is understood that regulations will be issued late 2023 or early 2024 and the Council will need to ensure that any charging policy is in line with legislation. Therefore, the Council's the Service Lead for Revenues, Benefits and Customer Support in consultation with S151 Officer is granted delegated powers to amend this policy in line with legislative or government requirements.

5. Outcome expected and 'safety net'.

- 5.1 The expected outcomes of this policy are as follows:
- (a) Taxpayers will be encouraged, through the implementation of the premiums, to bring empty properties into use and to revert the use of second homes to primary residences;
 - (b) The reduction of empty homes and second homes within the Council's area in line with the Council's Empty Property Strategy; and
 - (c) Increased Council Tax income from empty homes and second homes.
- 5.2 There may be circumstances where the implementation of these changes may cause exceptional hardship to a taxpayer. In such cases, the Council will consider applications for a reduction in liability under its Discretionary Discount and Exceptional Hardship Policy.
- 5.3 Where such an application is received, it will be considered on an individual case basis taking into account the circumstances of the taxpayer and the situation regarding the level of Council Tax charged. Should the taxpayer be aggrieved by any decision of the Council a further right of appeal will be with the independent Valuation Tribunal.

6. Legislation

- 6.1 The legislation that covers this policy and the recommendations made is as follows:
- S11A & S11B of the Local Government Finance Act 1992;
 - S11C of the Local Government Finance Act 1992 (as introduced by the Levelling Up and Regeneration Act 2023);
 - The Levelling Up and Regeneration Act 2023; and
 - S13A(1)(C) Local Government Finance Act 1992 (reduction in liability).
- 6.2 Due to changes in the legislation, the Council will be required to amend this policy, at any time, in line with statute.

7. Finance

- 7.1 Any amount of premium received will be part of the Council's Collection Fund and will be shared between the Council and Major Precepting authorities in line with their share of the Council Tax.
- 7.2 Any reduction granted under S13A(1)(c) will be financed through the Council's general fund and do not form part of the Collection Fund.

8. Notification

- 8.1 Where a taxpayer is granted an exemption, a revised demand notice will be issued. Where an exemption is applied for but not granted, the Council will provide a notification of its decision.

9. Appeals

- 9.1 Appeals against the Council's decision may be made in accordance with Section 16 of the Local Government Finance Act 1992.
- 9.2 **The taxpayer must in the first instance write to the Council outlining the reason for their appeal. Once received the council will then consider whether any additional information has been received which would justify a change to the original decision and notify the tax payer accordingly.**
- 9.3 Where the taxpayer remains aggrieved, a further appeal can then be made to the Valuation Tribunal. This further appeal should be made within 2 months of the decision of the Council not to grant any reductions. Full details can be obtained from the Council's website or from the Valuation Tribunal Service website.

10. Delegated Powers

- 10.1 This policy for the Council Tax premiums has been approved by the Council. However, the Service Lead for Revenues, Benefits and Customer Support in consultation with S151 Officer is authorised to make technical amendments to ensure it meets the criteria set by government and the Council.

11 Fraud

- 11.1 The Council is committed to protecting public funds and ensuring that premiums are correctly charged.
- 11.2 A taxpayer who tries to reduce their Council Tax liability by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

11.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

12. Complaints

12.1 The Council's complaints procedure (available on the Council's website) will be applied in the event of any complaint received about this policy.

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**Teignbridge District Council
Full Council
27 February 2024
Part I**

**Consultation on the Proposed Devon and Torbay Combined
Authority (Devolution Deal)**

Purpose of Report

To allow members to fully consider the devolution offer and contribute to the public consultation

Recommendation(s)

The Committee RESOLVES to:

- (1) Recommend that Council approves the response (as set out below) to the consultation, and that delegated authority be given to the Managing Director in consultation with the Leader to add to the response if required following district-level briefing by the team at DCC on the 22nd February and the debate at the Full Council meeting.

Financial Implications

There are no financial implications in responding to the consultation. However, should the CCA be set up then there may be financial implications, not least because district councils may not be administering the UK Shared Prosperity Fund (or its successor).

Martin Flitcroft – Head of Corporate Services
Email: martin.flitcroft@teignbridge.gov.uk

Legal Implications

There are no legal implications arising from any response to the consultation per se.
Paul Woodhead Head of Legal Services and Monitoring Officer
Email: paul.woodhead@teignbridge.gov.uk

Risk Assessment

The proposals contained within the Devolution Deal have the potential to affect how the Council accesses funding moving forward. The lack of formal voting representation on the Combined County Authority adds a potential additional layer of risk to how associated investment decisions are made.

Phil Shears
Email: phil.shears@teignbridge.gov.uk

Environmental/ Climate Change Implications

The Devolution Deal specifically secures additional resources to progress low carbon initiatives.

Phil Shears
Email: phil.shears@teignbridge.gov.uk

Report Author

Phil Shears
Email: phil.shears@teignbridge.gov.uk

Executive Member

Cllr Wrigley, Leader

Appendices/Background Papers

1. Introduction/Background

1.1. The Levelling Up and Regeneration Act 2023, makes provision for the creation of County Combined Authorities (CCAs) and for the devolution of powers to those Authorities.

1.2. The Levelling Up White Paper set out the range of powers that could be devolved, the scope of which was dependant on what type of governance model was chosen. The authorities in Devon, comprising the eight Districts, Devon County Council (DCC), Torbay Council (TC) and Plymouth City Council (PCC), decided to open up discussions with government over a potential Level 2 devolution deal. PCC subsequently dropped out of the process.

1.2. The Devon and Torbay Devolution proposal being consulted upon is for a Level 2 arrangement which requires the creation of a CCA rather than a Level 3 deal which requires a mayoral model.

1.4. The Devon and Torbay Devolution Deal was approved for consultation by Devon County Council and Torbay by their respective cabinets/executives on 2nd

February 2024. The consultation went live on 12th February 2024. All information can be found either in the reports that went to DCC's cabinet or at the webpage here: <https://www.devontorbaydeal.org.uk/>

1.5. The consultation runs from 12th February 2024 to 24th March 2024.

2. TDC's proposed response;

- We note the county is intending to propose this deal under the process prescribed by statute.

- We support the principles of devolved decision-making and firmly believe that decisions taken in Devon are more likely to be beneficial to the specific needs of the communities in Teignbridge than those taken in Whitehall. However, we have a number of specific concerns that we would urge parties to consider and address as part of any implementation.

- In common with other district colleagues across Devon, we have concerns in a number of specific areas:
 - o UK Shared Prosperity Fund (UKSPF) – we expect this (or its successor) to continue to be devolved to districts within Devon. We note that there is currently no certainty about any future rounds of the UKSPF programme. However, in line with government commitment to replace lost EU funding, we would expect the shared prosperity fund, or equivalent replacement funding streams, to be devolved from the CCA to district level by default. The remaining CCA remit should be to broker conversations about strategic commissioning of countywide (generic) business support activity, and to maximise the effectiveness of local investment aligned to the economic support activity newly-returning to the county council as part of the winding down of the Local Enterprise Partnership (LEP). However, since the LEP failed on both its democratic mandate and often in its local relevance, we would wish the CCA to set off firmly on the right foot by

committing to retain local delivery methods for business support where this is currently in place via districts.

- o Housing empowerment – we expect the CCA to enable and accelerate delivery with and through districts and local housing associations. Much is made of the potential for a shared strategic investment pipeline with Homes England, and while we recognise the potential for shared investment and the need for strategic conversations to deliver this, we would wish to make it clear that districts expect existing housing functions and groupings to be utilised. We specifically would like to ensure that the district councils relationship with Homes England be retained and built upon. The aims of the CCA should be to build on best practice and expertise; to provide a stronger platform and empower the excellent work being done across the Team Devon landscape, not to duplicate or add extra bureaucracy. We understand that this is the intention, however we would wish to be involved more fully in the discussions around ‘operationalising’ the CCA.

- o Voting rights and governance – we understand that the government rejected the proposed amendment by the House of Lords to allow district councils to be constituent members of the new Combined County Authorities. We would hope that a more enlightened future government takes steps to amend this. However, in the meantime we would ask that all such opportunities within the law are considered to ensure that districts can have a voice on reserved matter issues. Particularly when many of these are of relevance to districts and existing partnership ambitions are already in place, for example around carbon reduction and the Devon Climate Emergency. We welcome and firmly support the proposal to move ‘Team Devon’ onto a more robust governance footing by converting this to a statutory joint committee in order to inform the voting intentions wielded at the CCA board. However, we regret that such a workaround is necessary and note the policy paradox of government devolution diminishing the voice of local democratic institutions.

- o Transport – we recognise that operational highway matters will remain with DCC and Torbay respectively. However, in the duty to produce a joint strategic transport plan across the CCA geography, we would urge inclusion of the district councils in the formulation of this in order to ensure

that vital land-use and housing plans are aligned to transport plans and that sustainable transport options are embedded – both in terms of strategic intent and future investment.

o Community and involvement of local towns and parishes – the voice of the Devon Association of Local Councils (DALC) is a welcome one within the current ‘Team Devon’ arena, and we would strongly support the inclusion and recognition of town and parishes in the implementation and operationalising of the CCA. Housing, transport, jobs, skills and sustainability are strategic issues with often local or hyper-local solutions. The CCA should aim to be the bridge that demonstrates strategic intervention and scale, while empowering our communities’ ambition and aspiration.

4. Alternative Options

The Council may choose not to respond to the consultation.

5. Conclusion

As the district council is not party to the deal directly with Government a response to the consultation is considered necessary to ensure the views of the district are heard and noted.

The proposed response outlines the common areas of concern shared by the Devon District Councils.

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**Teignbridge District Council
Full Council
27 February 2024
Part i**

Proposed withdrawal and dissolution of the Heart of the South West Joint Committee

Purpose of Report

1.1 This report follows a steer from the Leaders / senior members of several Constituent Authorities for proposals to be brought forward to all Constituent Authorities to consider their withdrawal and dissolution of the Heart of the South West (HotSW) Joint Committee (the Joint Committee).

1.2 The proposals in this report specifically relate to the Joint Committee's governance arrangements only and do not cover the HotSW Local Enterprise Partnership or the associated HotSW Joint Scrutiny Committee.

1.3 The review of the role and functions of the Joint Committee has taken account of the legal framework within which the Joint Committee operates.

Recommendation(s)

That Council approves the service of a notice of withdrawal on the constituent authorities and the Heart of the South West Joint Committee to be effective as soon as practical.

Reasons for the recommendation:

Changes in Government policy over the last five years, the development of the Devon and Torbay devolution deal and forthcoming integration of the HotSW LEP into local authorities mean that the purpose of the HotSW Joint Committee has largely been superseded and other existing partnership arrangements between the Constituent Authorities can deliver their aims. The HotSW Joint Committee is therefore considered to be superfluous and not adding value to the Constituent Authorities.

Financial Implications

There are no financial implications for Council to consider.

Martin Flitcroft – Chief Finance Officer and Head of Corporate Services
Email: martin.flitcroft@teignbridge.gov.uk

Legal Implications

The HotSW Joint Committee is established under Sections 101 to 103 of the Local Government Act 1972. In particular, section 102 of the Act allows for the discharge of a local authority's functions through a joint committee. This report seeks authority to dissolve the arrangements.

The recommendations in this report raise no issues for the Monitoring Officer.

Paul Woodhead – Head of Legal Services and Monitoring Officer

Email: paul.woodhead@teignbridge.gov.uk

Risk Assessment

The key risk is continuing with the Joint Committee and duplicating the work of existing partnership arrangements without adding any value. The recommendations in this report mitigate that risk.

Phil Shears

Managing Director

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Environmental/ Climate Change Implications

No specific implications have been identified in relation to the proposed recommendations.

Phil Shears

Managing Director

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Report Author

Phil Shears

Managing Director

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Executive Member

-

Appendices/Background Papers

None

1. Introduction/Background

In 2015 the HotSW partnership (17 local authorities, two National Parks, the LEP and three clinical commissioning groups) submitted a devolution “statement of intent” to Government and began negotiations about a devolution deal. However, following the EU referendum in 2016, devolution was no longer a government policy priority and the HotSW partnership developed a Productivity Strategy. In March 2018 the partnership formalised the arrangements to establish the HotSW Joint Committee. Following the establishment of Somerset Council, the HotSW Joint Committee Constituent Authorities are now:

- Dartmoor National Park Authority;
- Devon County Council;
- East Devon District Council;
- Exeter City Council;
- Exmoor National Park Authority;
- Mid Devon District Council;
- North Devon Council;
- Plymouth City Council;
- Somerset Council;
- South Hams District Council;
- Torbay Council;
- Teignbridge District Council;
- Torridge District Council;
- West Devon Borough Council

The Heart of the SW LEP and the NHS are co-opted members of the HotSW Joint Committee.

The Joint Committee was seen a partnership vehicle to provide a single forum for local authority engagement with the Heart of the South West Local Enterprise Partnership and Government.

The specific objectives of the HotSW Joint Committee in its Terms of Reference are to:

- (a) Improve the economy and the prospects for the region by bringing together the public, private and education sectors;
- (b) Increase our understanding of the economy and what needs to be done to make it stronger;
- (c) Improve the efficiency and productivity of the public sector;
- (d) Identify and remove barriers to progress and maximise the opportunities / benefits available to the area from current and future government policy.

Since its inception, the Joint Committee’s work has worked on issues covering the HotSW area as a whole such as: Local Industrial Strategy, Coastal Productivity Plan, Housing Task Force and regional imbalances.

The Joint Committee currently has a meeting cycle of two formal meetings a year and it is directly supported by Somerset Council.

The case for change

Changes in Government policy over the last five years, the development of the Devon and Torbay devolution deal and forthcoming integration of the HotSW LEP into local authorities mean that the purpose of the Joint Committee has largely been superseded and other partnership arrangements between the Constituent Authorities can deliver their aims with reduced duplication.

In relation to withdrawal from/dissolution of the Joint Committee, the inter-authority agreement states that:

- A Constituent Authority wishing to withdraw from the Joint Committee shall give a minimum of 6 months' notice in writing to the other Constituent Authority via the Administering Authority. The Constituent Authorities shall co-operate with any such request.
- If two or more Constituent Authorities give notice of withdrawal from membership of the Joint Committee in the same Financial Year, the Joint Committee shall consider and make recommendations to the remaining Constituent Authorities as to the future operation of the Joint Committee and, if appropriate, recommend any necessary amendments required to the Joint Committee's functions and operating arrangements.
- Where a majority of the Constituent Authorities at any time agree (via formal resolutions) that the Joint Committee should be dissolved or terminated on a specified date then the Joint Committee shall cease to exist from that date.

In December 2022, the scheduled meeting of the Joint Committee was adjourned as it was not quorate due to low attendance by Constituent Authorities. On 27 October 2023, the scheduled meeting of the Joint Committee was also not quorate and able to proceed due to only four of the fourteen Constituent Authorities attending the meeting.

Proposals have already been brought forward by a number of the Constituent Authorities in November and December for their councils to agree to serve notice and recommend the dissolution of the Joint Committee. It is required that given the committee is to be dissolved the Council should formally resolve to also request dissolution of the Joint Committee.

2. Implications, Risk Management and Climate Change Impact

2.1 Financial - none – see section 1 above

2.2 Legal – as above

2.3 Risks – none – see section 1

2.4 Environmental/Climate Change Impact – none

3. Alternative Options

The alternative option is that the Council does not agree to serve notice and continues to be a member of the Joint Committee. However, if the majority of Constituent Authorities serve notice then the Joint Committee will be automatically dissolved. As stated previously it is considered that the Joint Committee is superfluous and adds duplication to existing arrangements.

4. Conclusion

The Joint Committee no longer has a purpose for the reasons set out above therefore it is recommended the Council serves notice of the intention to withdraw.

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**Teignbridge District Council
Full Council
27 February 2024
Part i**

Report Title: Grounds Maintenance Contract

Purpose of Report

To seek Council's approval to retender the Grounds Maintenance Contract

Recommendation(s)

The Council RESOLVES to:

- (1) Retender the Grounds Maintenance Contract for an initial 5-year period with the option to extend for a further 5 years using a restricted tender procedure.**
- (2) Let a contract at a fixed price of £662,740.**
- (3) Include an annual CPI (Consumer Price Inflation) increase at the anniversary each year of the contract.**
- (4) Include a contract incentive payment of up to £15,000 measured by an annual customer survey alongside an assessment by the contract administrator to drive quality and performance.**
- (5) Delegate authority to the Head of Place and Commercial Services to undertake the above.**

Financial Implications

Please see the comments at Paragraphs 3.3, 4.1 and further potential implications in 4.4.

Martin Flitcroft

Chief Finance Officer & Head of Corporate Services

Email: martin.flitcroft@teignbridge.gov.uk

Legal Implications

There are no specific legal obligations arising from this report save that it is imperative that the council complies with its obligations pursuant to the procurement legislation. Also, that it must continue to meet its statutory obligations in respect of grounds maintenance as referred to in this report.

Paul Woodhead

Head of Legal Services and Monitoring Officer

Email: paul.woodhead@teignbridge.gov.uk

Procurement implications

Please see the comments at Paragraph 4.2

Rosanna Wilson

Corporate Procurement Officer
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Environmental/ Climate Change Implications

Please see the comments at Paragraph 4.3

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Risks

Please see the comments at Paragraph 4.4

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Executive Member

Cllr John Nutley - Executive Member for Open Spaces, Leisure, Sport, Resorts and Tourism

Appendices/Background Papers

- Appendix 1 - Restricted Procedure - timescales for retendering
- Appendix 2 - Examples of previous initiatives to lower emissions and enhance local biodiversity.
- Appendix 3 - Wider risks and associated mitigations
- Appendix 4 - List of Grounds Maintenance sites

1 Introduction/Background

The existing contract (the contract) delivers the maintenance and upkeep of public open spaces, including parks, playing fields, sports pitches, recreational areas, bowling greens, approach golf, cemeteries etc along with various added value ecological projects. The parks and open spaces provide important health and wellbeing opportunities for residents, attract visitors/tourists and are important for wildlife conservation. The grounds maintenance work is required to meet statutory or landowner obligations.

The contract was awarded in 2010 for a term of five years. It was extended for a further 5 years following satisfactory performance in line with the original included extension option. It was further extended by a Voluntary Ex-Ante Transparency (VEAT) Notice 10 February 2020. The

contract ends on 30 November 2024. Accordingly, there is a need to retender the contract to ensure grounds maintenance takes place as required and to enable the Council to meet its statutory obligations.

2 The Contract and Tendering Options

The contract will be put out to tender initially for 5 years on a fixed price of £662,740, with the option of extending by a further 5 years if standards and satisfaction levels have been maintained.

Rather than providing a specification and asking for a price, we will ask applicants “*what can you provide for £x?*”. This is called a performance specification rather than a conformance specification.

Releasing this tender without a budget being noted, increases the risk the winning bidder would quote a significantly higher amount than we are able to afford. Therefore, to reduce any risks of this happening, it is advised we release the tender with the budget.

Tendering Options

A contract will need to be awarded by August 2024, to allow suitable lead in times for the new contract to commence on the 1 December 2024. The options for tender are:

Option 1. Open Tender

Option 2. Restricted Tender procedure

Option 3. Further Competition via a framework

Option 1 Would risk interest from a cross section of suppliers which would have significant resource implications for the council to administer a full market open tender based on the anticipated volume and quality of tender returns. This approach would likely attract bids from applicants who would lack suitable experience or capabilities.

Option 2 The Restricted Procedure is a two-stage process. The first stage is a selection process where the bidders’ capability, capacity, and experience to perform the contract is assessed against a predetermined set of criteria. This means the number of bidders would be reduced to a maximum of 5 suppliers for the second stage, where detailed bids are assessed to determine the most economically advantageous tender based on quality and price.

Option 3 is the quickest route to market; however, it would mean that some local companies may not have the opportunity to bid, which is against our social value objectives.

The preferred option is **Option 2** Restricted Tender procedure. As it provides a route to market which will ensure that the opportunity is open to the full market, but suppliers will be shortlisted down to a maximum of 5 bids to enable detailed scrutiny and evaluated using an agreed methodology.

Appendix 1 - Restricted Procedure - timescales for retendering

3 Supporting information

3.1 Assessment of the current contract

The current grounds maintenance contractor has performed well overall over the life of the contract. The contractor has delivered the added value initiatives offered as part of their initial bid and have also delivered considerable savings. As follows:

- A flexible and responsive service
- No indexation over the length of the contract (TDC covered Living Wage Increases)
- Taken on additional work during the Contract, Dawlish Lawn, Shaldon Approach Golf, Cemeteries (including burials) and 22 closed churchyards.
- Passed on 50% of the Contract incentive payment to the staff.
- Helped maintain 4 green flag awards.
- Gained a British Association of Landscape Industries Award (BALI) for Courtenay Park
- Delivered several social value projects with local colleges, community, and friends' groups.
- Assisted in planting over 7000 small trees (whips) as part of added value element of the contract.
- Provided one standard tree for each member of staff annually (16 per year for 4 years)

The grounds maintenance contract mainly comprises the management and maintenance of land and facilities in the district's parks and open spaces including:

- grass cutting
- closed churchyard maintenance.
- cemetery maintenance and services
- Shrub and rose beds.
- Summer bedding
- Wildflowers
- Herbaceous borders/ Bog Garden
- Hedge management
- Litter picking
- Leaf clearance
- Maintenance of Bowling Greens
- Pitch and Putt golf maintenance
- Sports Pitches maintenance
- Other miscellaneous work, e.g., maintenance of ditches, edging of grassed areas etc.

Appendix 4 - List of Grounds Maintenance sites

The contract does not and will not include the Suitable Accessible Natural Green Space sites (SANGS) Dawlish Countryside Park & Ridgetop, or any of the sites currently managed by our in-house Ranger service e.g., nature reserves, SSSI at Decoy and Dawlish Warren and various historical woodlands. They are dealt with under separate arrangements.

The contract was let on a fixed price basis, and the evaluation was on quality only (contract performance and public perception). This gave the advantage of a known budget that was

affordable and has resulted in a very good partnership contract over the years. The contract also had a contract incentive payment, the contractor was able to access up to £15,000 per annum depending on performance. This is measured by an annual customer survey alongside an assessment by the contract administrator. The contractor typically earned approximately £13,000 and 50% of this was given to the contract operatives as an annual bonus payment.

It is preferred that an incentive payment features in the new contract as it worked well to manage budgets and drive performance.

The current contractor pays £30,000 per annum for the use of Cross Park Nursery. This income is not guaranteed going forward. The asset is also in the local plan for potential residential use.

3.2 Mandatory/Statutory work

The Council has statutory duty to provide and maintain cemeteries and to maintain many closed churchyards within the district. This is obviously something that would need to be undertaken in any event. In addition to the statutory obligations the council also has contractual obligations to maintain an amount of land within the district of which it is the leaseholder.

As a landowner the council also has obligations to manage and maintain its other green spaces to ensure they are safe and fit for purpose.

3.3 Contract reduction

In the current financial climate, the council needs to deliver ongoing budget savings. The council-wide Modern 25 programme was initiated in 2022 with the objective of delivering a new operating model for the council and delivering £2.6m of phased benefit savings by April 2026. To achieve this target consideration must be given to reducing the cost of discretionary services, such as the maintenance of some open space assets. Significant savings opportunities related to the ground's maintenance contract have been identified within Modern 25, including the removal of the performance incentive payment and the disposal/transfer of assets.

A strategic Asset Management Review project will run concurrently to the re-tender process to develop a new Asset Management Framework, which will inform our approach to evaluating our land and buildings and taking action to develop a more effective and efficient asset portfolio.

The grounds maintenance contract specification will therefore include an allowance to reduce the contract value in line with significant reductions in park and open space assets following transfer or disposal.

Continuing the service at existing budget will eliminate the ability to deliver substantial savings in this area of activity and will require exploration of savings elsewhere to make up the shortfall.

4.0 Implications, Risk Management and Climate Change Impact

4.1 Financial

The current contract is not index linked and has delivered substantial ongoing savings already. It ran for ten years at a fixed price, the VEAT extended the contract by four years but included an annual National Living wage uplift.

There is an incentive payment of £15,000 per annum which softens the impact of no RPI (Retail Price Index) annual increase as it is shared equally between the business and employees. The incentive payment budget is not built into the contract sum. The budgeted cost of the current contract for 2024/25 is £662,740 which includes an annual living wage uplift of £34,260 but excludes any ad hoc works and the incentive payment. The sum is based on annual contract performance, surveys are undertaken both online and at open space roadshows with feedback collated to reflect the five KPI's of the contract, client observation and an annual contract reports also contribute to the overall sum awarded. This process promotes staff incentives and rewards their efforts throughout each year of the contract based on overall performance.

It is proposed the future contract will be index linked by means of CPI (Consumer Price Inflation) as at the anniversary each year of the contract. The £15,000 annual incentive payment to continue but the National Living Wage uplift will cease.

4.2 Procurement Officer

To comply with the Public Regulations 2015, it is recommended to conduct a full procurement exercise. Quality and climate change impacts will be built into the tender documents via an added value element of the tender process and given an appropriate weighting. The risk is that the costs will increase as the current contract is not index linked. However, a bigger risk is that we are non-compliant and get legally challenged if we were to not go out to the market.

4.3 Environmental/Climate Change Impact

The incumbent grounds maintenance contractor features consistently within the councils top ten suppliers by carbon emissions based on the spend based approach to emissions reporting. There is therefore scope to engage with the prospective future supplier to establish how we can work together to reduce our supply chain carbon footprint by capturing opportunities for continual quick wins to reduce carbon whilst supporting the natural environment. Such approaches could include:

- Electric/Battery machinery and small equipment used, where feasible
- New technology for monitoring fuel and continuing to monitor carbon emissions.
- Route planning to minimise fuel consumption.
- Modern vehicles to Euro 6 emissions standards
- Explore opportunities for ultra-low emissions vehicles.
- Increased recycling projects
- Sourcing supplies and materials locally

- Continued support for local biodiversity initiatives.
- Additional tree planting schemes where appropriate
- Rewilding of suitable locations
- Design planting schemes to attract pollinators and improve bio – diversity.
- Explore options for more sustainable planting.

Examples of potential future improvements

A longer-term contract should give the opportunity to invest in new methods of working and enable investment in more efficient equipment. We will be asking perspective tenderers to include a commitment within their tender to continue to work with and assist community groups with nature recovery and open space ecology improvements which contribute to improving open spaces for the benefit of wildlife and pollination.

We will also look for a commitment to provide trees in relation to staff numbers (at least one per staff member per year) on contract for the term of the contract annually. And the provision of added value by offering free labour to progress whip and tree planting schemes across the district. Other opportunities:

- Chip and re-use more material from green waste created as part of contract operations.
- Increase recycling and separation of general waste collected.
- Where possible and feasible use more eco-friendly methods of transport and equipment.
- Source goods and services locally to reduce carbon footprint further.

Appendix 2 - examples of previous initiatives to lower emissions and enhance local biodiversity.

4.4 Risks

The main risk is falling out of contract and not appointing a suitable contractor to meet the Councils statutory and landowner legal obligations.

The contract price will be fixed apart from the recommended inclusion of CPI. The soft market testing indicates the industry would expect a higher contract value than we are able to offer. There is a likely reduction of standards leading to a potential increase in complaints, accidents leading to civil claims and reputational damage. This would however be mitigated by the inclusion of CPI, which was not a factor in the previous contract and progress being made on the work the Council is undertaking to review its Assets, including those maintained under this contract.

A new contractor may not want to use Cross Park Nursery which would reduce income by £30,000 and increase the risk their staff would travel further to get to work.

There are specific timescales associated with the tendering process and a decision is required to allow us to undertake the required due diligence and assess any applicants effectively, so we achieve the best value for money and achieve the quality expected.

Appendix 3 – wider risks and associated mitigations for additional risk information.

5.0 Alternative options other than the preferred option

The following section provides an assessment of potential alternative options:

5.1 Retender at current fixed contract value for 5 years with option to extend by 5 years without CPI.

Previously the grounds maintenance contract was fixed for 10 years without RPI but with national living wage applied when the 4-year Voluntary ex ante transparency notice (VEAT) began in 2020. However, it is recommended that we base the new contract on CPI (Consumer Price Inflation) which is the measure of inflation in the United Kingdom.

5.2 Increase the value of the contract to reflect the outcome of the soft market testing.

The figures from the recent soft market test indicate an average cost for a contract of this size to be significantly higher than the budget we have available. Any increase in budget would have an impact on the council's financial position but would reduce the anticipated impact on the standards of our parks and open spaces. Additional budget would need to come from other council budgets and would ultimately impact on the other services the council provides.

5.3 Voluntary ex ante transparency notice (VEAT).

It states to the market that we haven't followed the Public Contracts Regulations 2015 along with a justification of why we haven't followed the rules. In essence, a VEAT notice is used when a public authority does not create an opportunity for competition in the European market. The reason for advertising in the European Market is due to the price of the contract being over the threshold for the Public Contracts Regulations 2015 threshold.

Another VEAT notice with the same justification as the previous VEAT is not recommended. We could face a challenge from the Crown Commercial Service that could lead to legal proceedings, reputational damage, and loss of contractors.

The only justification we could use for another VEAT notice would be bringing the grounds maintenance contract back in-house. This has been explored with support from the Modern 25 team, with input from Torridge and South Hams/West Devon Council who have in house provision. This demonstrated the value and benefits of the contract we currently have in place.

5.4 Bring service in house.

To bring the service in-house, the set-up costs would be significant. It would require substantial investment in a contract base, vehicles, plant, and equipment along with the TUPE of operational staff to the Council. The new staff and work would require additional

management/supervision and support services resources e.g., Human Resources and Health and Safety.

Cross Park Nursery would be the only suitable base to accommodate vehicles, plant, and equipment necessary for ground maintenance operations. This would result in a loss of income, cost of repairs and maintenance to the facility, utility cost, site security. Impact on the authority's vehicle workshop to facilitate vehicle, equipment and plant repairs and maintenance, all contributing to ruling out the in-house provision option.

6.0 Conclusion

For the reasons set out in this report it is recommended that the council approves the recommendations.

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Appendix 1 - Restricted Procedure - timescales for retendering

Activity	Date	Time
Business case	Dec 2023	
Executive approval – full council approval	Feb 2024	
Bidders’ day & tour of depots	Mar 2024	
Find a Tender Service	15/03/2024	
Deadline for return of SQs	15/04/2024	4 weeks
Evaluation of SQs and selection of shortlisted tenderers	15/04/2024 - 29/04/2024	2 weeks
Issue ITT documents	29/04/2023	
Deadline for return of ITTs	29/05/2024	4 weeks
Evaluation of ITTs (including clarification) and selection of successful tenderer	19/06/2024	3 weeks
Full Council Approval of successful tenderer	Jul 2024	
Notification to suppliers and commencement of Alcatel / standstill period	29/07/2024	10 days
Mobilisation Period	01/08/2024 - 30/11/2024	4 months
Contract start.	01/12/2024	

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Appendix 2 Examples of previous initiatives to lower emissions and enhance local biodiversity which we expect to continue and expand include:

- Working with various community groups (Bradley Bug Recovery Project, Dawlish Transition, Exminster Green Spaces, Starcross Action for trees along with various closed churchyard volunteers and friends' groups) to assist in improving and promoting nature recovery projects, tree, and whip planting initiatives along with amending frequencies for grass cutting and identifying areas to promote and enhance biodiversity.
- Renewing small plant such as strimmer's, blowers, and hedge-trimmers with electric items where practical.
- All drivers trained in economical driving techniques.
- Offer government's Cycle scheme to all our employees to encourage commuting by bicycle.
- Green waste is recycled, wherever possible composted.
- Commitment to peat-free compost and low-maintenance planting schemes.
- Segregation and recycling of waste generated and minimising the amount of paper used.
- Work with clients to introduce sustainable planting schemes to reduce water use and ongoing maintenance costs, and introduction of wild-flowering schemes.
- Minimal use of herbicides.

Specific project breakdown	
Projects / locations	Achieved
Various open spaces across the district.	Planted 64 standard trees as part of added value elements of grounds Maintenance contract 2020 - 2024
Working with Nature recovery and community groups. <ul style="list-style-type: none"> • Bradley Bug recovery project. • Exminster Nature Recovery Project. • Starcross Action for trees. • Dawlish Transition. 	Assisted with several projects to rewild and improve open spaces for bio – diversity and pollination.
Battery / electric equipment provision.	Changed one site in Shaldon (Homeyards Botanical Gardens) to all electric/ battery handheld equipment for grounds maintenance tasks.
Michaels field Bishopsteignton	Planted 900 whips over a 3-year period 2020-2023
Sandringham Park Newton Abbot	Planted 1200 whips over 4-year period 2020-2024
Dawlish leisure centre grounds	Planted 1400 whips over three-year period 2020 - 2023
Eagle Farm open space Kingsteignton	Planted 600 whip over 2-year period 2022 - 2024
Ashburton Road open space / play area Newton Abbot	Planted 650 whip over 2-year period 2023-2024
The Strand Starcross	Planted 400 whips 2022

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Appendix 3 – Wider risks and associated mitigations

Risk	Mitigations
Budget	Fixed contract value plus CPI, agreed asset management plan
Reduction in frequencies and standards leading to an increase in complaints	Dynamic management of the contract, use of complaint and accident data to prioritise. Engage the community and friend's groups etc.
Unknown contractor	Establish working relationship to ensure partnership working. Agreed frequency in contract for operational and contract meetings. Procurement documentation.
Potential changes to contract during the contract term	Flexible approach, intelligent client, open book/transparent approach. Contract to enable the reduction if/when significant asset transfer or sale takes place.
Possible transfer or sale of assets	The option of transferring assets through the existing Council Asset and Service Devolvement Policy exists. If Town and Parish Councils do not wish to transfer assets, they could consider contributing towards the Councils contract costs.
Climate change	Contract specification would need to change to meet Council aspiration. This could mean an increased budget is required e.g., tree planting & management or other services are reduced.
Contract term	The contract needs to ensure equipment can be depreciated over reasonable term to ensure we achieve the expected standards. A minimum of 5 years is required to allow for depreciation of equipment costs.
Fixed Price plus CPI (Consumer Price Inflation) not attracting high quality bids.	The client will continue to work with the contractor to find the best way to achieve the best possible standards within the budget. It is envisaged changes to the assets through transfer or sale or contributions towards the contract will soften the impact.
Potential banning of chemicals	The contractor will be permitted to employ methods of weed control based on need, efficiency and compliance with relevant regulations including any changes that may happen including withdrawal of any chemical from the market.
Unable to appoint a new contractor due to contract value or uncertainty over Future, leading to: <ul style="list-style-type: none"> Inability to meet statutory obligations and/or maintain safety of our green spaces. Increase in complaints and civil claims. Reputational damage. 	<ul style="list-style-type: none"> Retender the contract based on report recommendations. Keep executive informed of progress.
Loss of rental income from Cross Park Nursey	Expectation the contractor will be based within the district and ideally utilise this facility.

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Appendix 4 list of Grounds Maintenance sites

Town / Parish	Site Name
Ashburton	
Ashburton	Amberley Close
Ashburton	Balland Lane Footpath
Ashburton	Cleder Place
Ashburton	Crockaton cottages
Ashburton	Dolbeare Road
Ashburton	East End Terrace
Ashburton	Home Park
Ashburton	Kingsbridge Lane Car Park
Ashburton	Miners Close Play Area
Ashburton	Recreation Ground
Ashburton	Swimming Pool
Ashburton	Westabrook
Bishopsteignton	
Bishopsteignton	Michaels Field
Bishopsteignton	The Drive
Bishopsteignton	St John the Baptist churchyard
Bovey Tracey	
Bovey Tracey	Le Molay-Littry Way
Bovey Tracey	Le Molay-Littry Way Car Park
Bovey Tracey	Mary Street Car Park
Bovey Tracey	St. Peter/Paul/Thomas
Bovey Tracey	St Johns
Bovey Tracey	Station Road Car Park
Bovey Tracey	Cromwells Way
Bridford	
Bridford	Butts Park Field
Buckfast	
Buckfast	Furlong Close
Buckfast	Furlong Close Play Area
Buckfastleigh	
Buckfastleigh	Barn Park
Buckfastleigh	Duckspond Recreation Ground

Buckfastleigh	Glebelands
Buckfastleigh	Glebelands Play Area
Buckfastleigh	Hamlyn's Playing Field
Buckfastleigh	Harewood House
Buckfastleigh	Mardle Way Car Park
Buckfastleigh	Market Close
Buckfastleigh	Victoria Park
Buckfastleigh	Victoria Woodholme Car Park
Christow	
Christow	Layne Fields
Christow	Smithay Park
Christow	St. James Play Area
Christow	St James church
Chudleigh	
Chudleigh	Beechwood Road & Moorview
Chudleigh	Chudleigh Car Park
Chudleigh	Romansmead
Chudleigh Knighton	
Chudleigh Knighton	Harvey's Close Amenity Area
Chudleigh Knighton	River Valley Road
Chudleigh Knighton	Teign View
Coffinswell	
Coffinswell	Princess Cottages
Cofton	
Cofton	St Mary's Church
Coombeinteignhead	
Coombeinteignhead	Sackery
Dawlish	
Dawlish	Ashley Way
Dawlish	Cliff Walk
Dawlish	Coronation Avenue
Dawlish	East Cliff Gardens
Dawlish	Gatehouse Rise
Dawlish	Carhaix Way
Dawlish	Iddesleigh Terrace

Dawlish	Kingsdown Crescent
Dawlish	Lanherne
Dawlish	Lea Mount Ground/Earlys Wall
Dawlish	Dawlish Leisure Centre
Dawlish	Lindens
Dawlish	Morningside
Dawlish	Nash Gardens
Dawlish	Newhay Field
Dawlish	Newlands
Dawlish	Oaklands Park
Dawlish	Oak Hill cemetery
Dawlish	Pinewood Close Amenity Area
Dawlish	Richards Close
Dawlish	Rockstone Hotel
Dawlish	Shutterton Industrial Estate
Dawlish	St. Mary's Cottages
Dawlish	Third Avenue
Dawlish	Barton Hill car park
Dawlish	York Gardens
Dawlish	Cliff Walk
Dawlish	St Gregory`s church
Dawlish	Manor Gardens
Dawlish	Lea Mount close
Dawlish	The Lawn
Dawlish	Williams / Taylor Close
Dawlish warren	
Dawlish Warren	Dawlish Warren Car Park
Dawlish Warren	Promenade
Exminster	
Exminster	Berrybrook Meadow
Exminster	Gissons
Exminster	Jubilee Close
Exminster	Miller Way
Exminster	Oak Close
Exminster	Sentry's Orchard
Exminster	Eager Way
Exminster	St Martin Church

Exminster	Eager way
Heathfield	
Heathfield	Battle Road
Heathfield	Browhill Play Area
Heathfield	Cannon Road
Heathfield	Heath Close
Heathfield	Lower Cannon Road
Heathfield	Teignbridge Business Park
Ide	
Ide	St Ida`s Church
Ide	The Green
Ide	The Hams
Ideford	
Ideford	St Mary & St Martin church
Ideford	Broadlands
Ipplepen	
Ipplepen	Crokers Way
Kenn	
Kenn	St. Andrews Close
Kenton	
Kenton	Pear tree close/ East Town lane
Kenton	Kenton church
Kingskerswell	
Kingskerswell	Richmond Hill / Bushmead Avenue
Kingskerswell	St Mary`s church
Kingskerswell	Fore Street car park
Kingskerswell	Water Lane
Kingsteignton	
Kingsteignton	Barns Close
Kingsteignton	Crossley Moor Road
Kingsteignton	Eagle Farm, Rydon
Kingsteignton	Greenhill Way (Homebase site)
Kingsteignton	Greenhill Way / Priscott Way
Kingsteignton	Hackney Lane
Kingsteignton	Honeywell Road "B"
Kingsteignton	Kingsley Park / Longfield Avenue & Gatetree Close

Kingsteignton	Newcross cemetery
Kingsteignton	Newton Road / Greenhill Way
Kingsteignton	Priscott Way / Honeywell Road Play Area
Kingsteignton	Rydon Acres
Kingsteignton	Sandygate Mill
Kingsteignton	St Columba Close
Kingsteignton	Willhayes Close
Kingsteignton	St Michaels church
Kingsteignton	Woodmere Way
Luesdon	
Luesdon	St John the baptist church
Liverton	
Liverton	Branscombe Park
Moretonhampstead	
Moretonhampstead	Bidder House
Moretonhampstead	Court Street Car Park
Moretonhampstead	Embleford Crescent
Newton Abbot	
Newton Abbot	Alexandra House
Newton Abbot	Allerbrook
Newton Abbot	Audley Rise
Newton Abbot	Bakers Park
Newton Abbot	Belgrave Road
Newton Abbot	Birch Road
Newton Abbot	Blenheim Close
Newton Abbot	Bracken Close
Newton Abbot	Bradley Barton
Newton Abbot	Bradley Valley
Newton Abbot	Bradley Valley Holbeam & Thorn Close
Newton Abbot	Brake House & Buckland Brake
Newton Abbot	Brunel Road
Newton Abbot	Buckland Playing Field
Newton Abbot	Buckland Road
Newton Abbot	Castlewood Avenue
Newton Abbot	Ogwell cross cemetery

Newton Abbot	Cedar Road
Newton Abbot	Church Road
Newton Abbot	Church Road / Forde park
Newton Abbot	Church Road / Torquay Road
Newton Abbot	College Playing Fields
Newton Abbot	Courtenay Gardens / Courtenay Road
Newton Abbot	Courtenay Park
Newton Abbot	Courtenay Road / College Road
Newton Abbot	Cricketfield Car Park
Newton Abbot	Cross Park Nursery
Newton Abbot	Decoy Recreation Area
Newton Abbot	Drake Road
Newton Abbot	Elizabeth Square
Newton Abbot	Forde House Offices / Car Park
Newton Abbot	Forde Park
Newton Abbot	Forde Road
Newton Abbot	Gilbert Road
Newton Abbot	Haldon Rise
Newton Abbot	Higher Budleigh Meadow
Newton Abbot	Hunterswell Road
Newton Abbot	Jetty Marsh Road Play Area
Newton Abbot	Keyberry Park / Close
Newton Abbot	Keyberry Road
Newton Abbot	Lea Vale Road
Newton Abbot	Long Lane Playing Field
Newton Abbot	Manor Road
Newton Abbot	Manor Road Playing Field
Newton Abbot	Marlborough Place
Newton Abbot	Multi-storey Car Park
Newton Abbot	Newfoundland Way Car Park
Newton Abbot	Newton Abbot Leisure Centre
Newton Abbot	Noelle Drive
Newton Abbot	Oakland Road
Newton Abbot	Old Forde House

Newton Abbot	Osborne Park
Newton Abbot	Osbourne Street Car Park
Newton Abbot	Powderham Park
Newton Abbot	Powderham Road Embankment
Newton Abbot	Queensway House
Newton Abbot	Raleigh Road
Newton Abbot	Rosewarne Avenue
Newton Abbot	Sandsford View Play Area
Newton Abbot	Sandsford View
Newton Abbot	Sherbourne Road - Bus Area
Newton Abbot	Sherbourne Road - Car Park
Newton Abbot	St. Leonards Close Police Station
Newton Abbot	St Mary`s church wolborough
Newton Abbot	The Avenue
Newton Abbot	The Churchills
Newton Abbot	The Churchills Estate
Newton Abbot	Torview Avenue
Newton Abbot	Venture Court Car park
Newton Abbot	War Memorial
Newton Abbot	Wolborough Way Car Park
Newton Abbot	Wolborough Street
Newton Abbot	Wolborough Street Car Park
Newton Abbot	West Ogwell church
Newton Abbot	Church Road / Forde Park
Newton Abbot	St Mary`S Church Wolborough
Newton Abbot	All saints Highweek church
Newton Abbot	Albany Street surgery building
Newton Abbot	Wood View
Shaldon	
Shaldon	Arch Brook Bridge
Shaldon	Bowling Green
Shaldon	Homeyards Gardens
Shaldon	King Georges' Playing Fields
Shaldon	Labrador Bay Car Park

Shaldon	Middle Street and Torquay Road
Shaldon	Ness Drive and Gardens
Shaldon	Palks Close
Shaldon	Ringmore Road/ keyworth place
Shaldon	Teign Haven
Shaldon	Shaldon Pitch & Putt
Shaldon	Torquay Road
Starcross	
Starcross	Bonhay Close
Starcross	Bonhay Road
Starcross	New Road Car Park (Warboro Terrace)
Starcross	Staplake
Starcross	The Strand
Starcross	Swan Road
Starcross	The Strand Car Park
Tedburn St Mary	
Tedburn St. Mary	Cleave Close
Tedburn St. Mary	Four Oaks Road
Tedburn St. Mary	St Mary`s Churchyard
Teignmouth	
Teignmouth	Brimley Drive
Teignmouth	Broadmeadow Allotments
Teignmouth	Broadmeadow Industrial Estate
Teignmouth	Broadmeadow Leisure Centre - sports field
Teignmouth	Estuary court - Broadmeadow industrial estate
Teignmouth	Coleman Avenue
Teignmouth	Coombe Valley Play Area
Teignmouth	Coombe View
Teignmouth	Den Bowling Green
Teignmouth	Den Crescent Roundabout
Teignmouth	Douglas House
Teignmouth	Eastcliffe Carpark
Teignmouth	Eaton Court
Teignmouth	Esplanade
Teignmouth	Frobisher Close
Teignmouth	Gilbert Avenue
Teignmouth	Gloucester Road

Teignmouth	Headway Rise
Teignmouth	Jordan Drive
Teignmouth	Kingsway
Teignmouth	Lido
Teignmouth	Meadow Centre
Teignmouth	Milford Park
Teignmouth	Milford Park Toll House
Teignmouth	Myrtle Hill car park
Teignmouth	Milford Park / Toll House
Teignmouth	Moorview Drive
Teignmouth	Quay Road / Parson Street
Teignmouth	Quay Road Car Park
Teignmouth	Raleigh Road
Teignmouth	Second Avenue
Teignmouth	St. James' Churchyard
Teignmouth	St. James' House
Teignmouth	St. Michael's Churchyard
Teignmouth	Teignmouth old Cemetery
Teignmouth	Teignmouth new Cemetery
Teignmouth	The Den
Teignmouth	The Lea
Teignmouth	The Rowdens
Teignmouth	The Triangle
Torbryan	
Torbryan	Torbryan churchyard
Whitestone	
Whitestone	Whitestone churchayrd
Widcombe	
Widcombe - in - The - Moor	Widcombe churchayrd

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STRATA - JOINT EXECUTIVE COMMITTEE**TUESDAY, 30 JANUARY 2024**Present:

Councillors Arnott (Chair), Wood (Substitute) and Wrigley

Members Attendance:

Councillors

Apologies:

Councillors Bialyk

Officers in Attendance:

Phil Shears, Managing Director

Trish Corns, Democratic Services Officer

Bindu Arjoon, Chief Executive - Exeter City Council

Steve Mawn, Director of IT and Digital Transformation

Jo Yelland, Director

Neil Blaney, Director

Simon Davey, Director

David Sercombe, Head of Business Systems & Business Intelligence

Christopher Morgan, Trainee Democratic Services Officer

13. MINUTES

The minutes of the previous meeting held on 5 October 2023 were agreed as a correct record and signed by the Chair.

14. DECLARATIONS OF INTEREST

None

15. QUESTIONS FROM THE PUBLIC UNDER PROCEDURAL RULES

None

16. QUESTION FROM MEMBERS OF THE COUNCILS UNDER PROCEDURE RULES

None

17. FINANCE AND PERFORMANCE UPDATE

The Director of IT and Digital Transformation presented the updated which advised on the financial position of Strata.

The discussion included:

- The increased staffing cost resulting from the pay award had been offset by cut in contract spending and increased profit.
- 6500 incidents had been logged in the previous month
- The average feedback rating for strata support was 4.5 of 5
- Differing levels of time required for differing scale of incidents
- The two lowest levels on the scale were combined
- Benchmarking and structure of accounts to determine cost
- Positive feedback from Agilisys consulting
- Provided sight of an additional slide that would be presented to JSC

RESOLVED that the update be noted.

18. 2024/25 STRATA BUSINESS PLAN

The Director of IT and Digital Transformation introduced the plan to the Committee.

[Strata Business Plan v1.8 2.pdf \(teignbridge.gov.uk\)](#)

The Committee were informed about the following:

- Thousands of projects had been completed by Strata last year
- Transformational changes were requested by the Executive
- Linking of council strategies
- Positive staff survey results
- The move towards digital infrastructure and away from copper
- Move away from global desktop
- Loss of Skype system soon, requiring further transformation
- Councils to work on data strategies
- Move to use of sharepoint/cloud storage

The Committee discussed the impact of generative AI which was highlighted in the presentation. It was agreed that double-hatted members should be included in the information gathering process.

RECOMMENDED that the Business Plan be approved by the partner Councils.

Chair
Cllr Paul Arnott

The meeting started at 4.00 pm and finished at 6.00 pm.

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