

E-mail: democraticservices@teignbridge.gov.uk

13 February 2025

FULL COUNCIL

To all Members of Teignbridge District Council

A meeting of the **Full Council** will be held on **Tuesday, 25th February, 2025** in the **Council Chamber, Forde House, Brunel Road, Newton Abbot, TQ12 4XX** at **10.00 am**



Phil Shears
Managing Director

Please Note: Filming is permitted during Committee meeting with the exception where there are confidential or exempt items, which may need to be considered in the absence of the press and public. By entering the Council Chamber you are consenting to being filmed.

A G E N D A

Part I

1. **Apologies for absence**

2. **Announcements (if any)**

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

3. **Minutes**

(Pages 7 - 16)

To approve as a correct record and sign the minutes of the Council meetings held on 9 and 14 January 2025

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. **Final Financial Plan proposals 2025/26 to 2027/28**

(Pages 17 - 146)

To consider the attached report

7. **Statutory recommendation - External Auditors Grant Thornton to present their report**

(Pages 147 - 154)

To consider the attached document, the recommendation below from the Audit Scrutiny Committee held on 13 February 2025, and any necessary action.

The link to the full Minute of the Audit Scrutiny Committee can be found at the link below.

[Agenda for Audit Scrutiny Committee on Thursday, 13th February, 2025, 10.00 am - Teignbridge District Council](#)

RECOMMENDED

That Full Council approve the statutory recommendation in the Auditors Annual Report. The statutory recommendation is as follows:

The Council should:

1. Commission a suitably qualified expert to investigate the underlying causes of member behaviours which contravene the standards set out in the Council's constitution under the members' code of conduct and the member/officer protocol; and which have impacted the Council's reputation and working culture. The Council should then develop an action plan to enable members and officers to address those issues.
2. Adopt a consistent zero-tolerance approach to any swearing; lack of respect for other people attending meetings; or other abusive behaviour towards other members or officers in meetings. This should be done by making full use of the procedural rules set out in the Council's constitution by: Immediately adjourning the meeting; moving a motion that the member concerned be not heard; or moving a motion that the member concerned should leave the meeting.
3. Consider amendments to its constitution to extend those procedural rules to all meetings of committees of the Council and amend the Member Code of Conduct to include an obligation for all members to reinforce standards of behaviour and to support the Chair of the Council and chairs of committees of the Council in their use of procedural rules to ensure proper conduct. Group Leaders should model good behaviour and discipline members of their groups whose behaviour breaches the Code of Conduct and the member/officer protocol.

4. Continue to provide information and support to ensure that members and officers who are subjected to aggressive and abusive behaviour from individual members can, if they wish, submit a written complaint to the Monitoring Officer immediately, so that it can be dealt with under the Council's Standards procedures.
5. Ensure that Group Leaders take responsibility for their members working collaboratively with officers and for their members improving behaviours and relationships.
6. Review membership of the Standards Committee, with only members who have an excellent behavioural track record being eligible to join it. Meetings should then resume. A Governance Committee should be introduced to reinforce the work of the Standards Committee. As with the Standards Committee, members on the Governance Committee must have an unblemished behavioural track record.

Securing good standards and behaviour amongst members will help to strengthen corporate governance and working culture. This in turn should help to create a positive environment from which the Council can build better relationships and address the other issues it faces, such as transacting business as usual and maintaining respect and co-operation around decisions once they have been taken.

8. **Local Government Reorganisation report** (Pages 155 - 196)

To consider the attached report

9. **Committee Seat Allocation** (Pages 197 - 202)

To consider the attached report

10. **Recommendation from the Procedures Committee - Members Allowances**

To consider the recommendation below from the Procedures Committee held on 28 January 2025.

The report of the Independent Remuneration Panel and full Minute of the Procedures Committee can be found at the link below:

[Agenda for Procedures Committee on Tuesday, 28th January, 2025, 10.00 am - Teignbridge District Council](#)

RECOMMENDED to Full Council that:

1. With effect from 1 April 2025, the Special Responsibility Allowance (SRA) for Chair of Overview & Scrutiny be increased from 1.1 x Basic Allowance (BA) to 1.5 x BA to recognise the statutory role that scrutiny performs and the only body that can effectively call the Executive to account.
2. With effect from the 1 April 2025, the allowance for Vice Chair of O & S should

be increased from 0.3 x BA to 0.5 x BA.

3. With effect from 1 April 2025 the SRA for the Chair of Audit Scrutiny should increase from 0.75 x BA to 1x BA, to recognise the nature and significance of the responsibility.

4. With effect from 1 April 2025 the SRA for the Vice Chair of Audit Scrutiny (currently not receiving a SRA) should be 0.4 x BA.

5. The Basic Allowance continues to be adjusted in line with the Local Government Employer (LGE) staff pay award for the previous year. For instances when a flat rate is awarded the increase be the average percentage increase for staff.

6. The part sentence regarding the requirement for a receipt to be countersigned in paragraph 7.4 of the Dependents Allowance scheme as below be deleted to allow Councillors to access care more easily.

7.4 The care of the dependant does not necessarily have to be provided by a registered or professionally qualified provider, but it cannot be claimed for care carried out by a member of the same household. In addition, it may not be claimed if the care is already paid for by another body or if claimed elsewhere. A receipt is required with the cost of the care. counter-signed by both the Councillor and the carer.

7. Recommendation 7 of the IRP report relating to travel and subsistence be referred back to the IRP for reconsideration of the wording.

11. Recommendation from Audit Scrutiny - Amendment to Contract Procedure Rules

To consider the recommendation below from the Audit Scrutiny Committee held on 13 February 2025. The Contract Procedure Rules were reviewed in line with the release of The Procurement Act 2023.

The link to the Audit Scrutiny agenda, the report and the full Minute of the Audit Scrutiny Committee is at the link below.

[Agenda for Audit Scrutiny Committee on Thursday, 13th February, 2025, 10.00 am - Teignbridge District Council](#)

RECOMMENDED

That Council approves the revised Contract Procedure Rules 2025 as set out in Appendix B to the report attached to the Audit Scrutiny agenda for the meeting held on 13 February 2025, to recognise changes to procurement legislation,

12. Recommendation from Strata Joint Executive Committee - Strata Business Plan2025-26

To consider the recommendation below from Minute 5 of the Strata Joint Scrutiny Committee (JEC) held on 28 January 2025.

The Strata Business Plan 2025-2026 and full Minute of the JEC can be found at the link below:

[Agenda for Strata - Joint Executive Committee on Tuesday, 28th January, 2025, 4.00 pm - Teignbridge District Council](#)

Resolved

That the Strata Business Plan 2025-2026 be approved by the Committee and that it be brought to the partners' Full Council meetings for further approval.

13. Changes to the Local Plan

Report to follow.

14. Changes to the Constitution

Report to follow

15. Devon Home Choice policy Review

(Pages 203 - 210)

To consider the attached report

16. Notices of Motion (if any)

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.

17. Councillor Questions (if any)

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

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

It is considered that the Committee 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

9 JANUARY 2025

Present:

Councillors Atkins, Buscombe, Clarence, Daws, Dawson (Chair), Foden, Hall, Hayes, Jackman, Keeling, Lake, MacGregor, Major, Morgan, Nutley, Nuttall, C Parker, P Parker, Parrott, Radford, Rogers, Rollason, Ryan, Sanders (Vice-Chair), Smith, G Taylor, J Taylor, Thorne and Williams

Apologies:

Councillors Bradford, Bullivant, Cox, Farrand-Rogers, Goodman-Bradbury, Hook, James, Mullone, Palethorpe, Purser, Steemson, Swain, Webster and Wrigley

Officers in Attendance:

Trish Corns, Democratic Services Officer
Martin Flitcroft, Director of Corporate Services
Christopher Morgan, Trainee Democratic Services Officer
Amanda Pujol, Head of Customer Experience and Transformation
Phil Shears, Managing Director
Paul Woodhead, Head of Legal & Democratic Services and Monitoring Officer

78. DECLARATIONS OF INTEREST

None.

79. ENGLISH DEVOLUTION WHITE PAPER AND LOCAL GOVERNMENT REORGANISATION

The Managing Director presented the agenda report on the proposed changes set out in the English Devolution White Paper published on 16 December 2024, particularly those relating to local government.

The report focused on the four main points:

- a) Principal Authorities and local government reorganisation
- b) Strategic Authorities and 'devolution by default'
- c) The expansion of powers and funding for mayoral areas
- d) Changes to strategic planning

The chart set out at page 3 of the agenda report, and the appended joint statement issued by the leaders of the eight district councils were particularly referred to.

It was proposed by the Leader and seconded by Cllr Williams that the recommendation as set out in the agenda report be approved with an

amendment to add the words *with residents and business* at the end of recommendation 2.

An observation was made by some Cllrs that the words *delegated powers* at recommendation 4 could limit the views of all Cllrs being fully taken into account in negotiations and discussions.

The meeting therefore adjourned for a short break for Group Leaders to agree wording for recommendation 4 of the agenda report.

The meeting reconvened.

The Leader proposed an amendment to recommendation 4 to delete the words *delegated powers* from line 1, and to add the words *with a framework and reporting mechanism to be agreed*. This was agreed by the seconder of the original proposal above.

It was proposed by Cllr Macgregor and seconded by Cllr J Taylor that the words *as an only option* be added to recommendation 3a. to demonstrate that the council wishes to consider all unitary options for Teignbridge.

This was put to the vote and CARRIED by 13 votes for, 11 against and 5 abstentions.

The substantial motion was then put to the vote, and it was unanimously,

RESOLVED

That Council:

1. Notes the proposals arising from the English Devolution White Paper, including the proposed introduction of a new devolution framework and the plans for local government reorganisation.
2. Endorses the Leader to write to the Government outlining the Council's support for genuine devolution, whilst raising concern for the proposed pace of change which allows little time for detailed option analysis and consultation with residents and businesses.
3. Supports the joint statement issued by the leaders of the eight district councils in Devon to oppose:
 - a. A single Unitary Council solution for Devon as an only option; and
 - b. The postponement of the County Council elections in May 2025.
4. Endorses the Leader and Managing Director to continue negotiations and discussions around the form and geography of future principal authorities and report back to Full Council as appropriate, with a framework and reporting mechanism to be agreed.

The meeting started at 10am and finished at 11.58

CLLR R DAWSON
Chair

This page is intentionally left blank

FULL COUNCIL

14 JANUARY 2025

Present:

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

Apologies:

Councillors Daws, Hook, Jeffries, Keeling, Purser and Rollason

Officers in Attendance:

Matthew Billings, Business Rates & Sundry Debts Lead Officer
Trish Corns, Democratic Services Officer
Tracey Hooper, Head of Customer & Digital
Michelle Luscombe, Planning Policy Manager
Christopher Morgan, Trainee Democratic Services Officer
Thomas Pearce, Project officer
Nikki Rawley, Council Tax Lead Officer - Revenue & Benefits
Phil Shears, Managing Director
Paul Woodhead, Head of Legal & Democratic Services and Monitoring Officer

80. MINUTES

RESOLVED

The Minutes of the meeting held on 29 October 2024 be approved as a correct record and signed by the Chair.

81. ANNOUNCEMENTS

The Meeting stood for a minute's silence for the first anniversary of former Cllr Huw Cox's passing away, and the recent passing away of former Cllr Sylvia Russell who had served Teignbridge District Council for many years.

The Chair announced her engagements since the last Council meeting which included: enthronement at Exeter Cathedral; Poppy train wreath for Teignbridge on 11 November 2024; Stars of Teignbridge Awards; a debate not hate campaign review interview; engagement at Westcliff primary school for a happiness exhibition; school visit at Forde House; TGGS women in local government; visit to Teignbridge voluntary services (CVS) regarding issues affecting communities and challenges for those providing and supporting the

services within them. The Chair suggested that all Cllrs arrange a similar meeting with the CVS to strengthen the understanding of the needs and services in their wards.

82. DECLARATIONS OF INTEREST

None.

83. PUBLIC QUESTIONS

The public questions and responses are attached to the agenda.

[Agenda for Full Council on Tuesday, 14th January, 2025, 10.00 am - Teignbridge District Council](#)

Supplementary questions and responses can be viewed on the webcast.

[Full Council - Tuesday 14 January 2025, 10:00am - Start video at 0:10:12 - Teignbridge District Council Webcasting](#)

84. COUNCILLOR QUESTIONS

Cllr questions and responses are attached to the agenda.

[Agenda for Full Council on Tuesday, 14th January, 2025, 10.00 am - Teignbridge District Council](#)

The meeting adjourned during the supplementary questions for a short break.

The meeting reconvened.

Supplementary questions and responses can be viewed on the webcast.

[Full Council - Tuesday 14 January 2025, 10:00am - Teignbridge District Council Webcasting](#)

85. ADOPTION OF ONE TEIGNBRIDGE COUNCIL STRATEGY

The Executive Member for Housing and Homelessness presented the agenda report and thanked staff and Cllrs for the production of the Strategy. The report explained the changes made to the One Teignbridge Council Strategy following a period of public consultation and sought approval to use this to guide the Council's strategic priorities for the next 5 years (2025-2030).

The Executive Member for Housing and Homelessness proposed the adoption of the Strategy as set out in the agenda report. This was seconded by the Executive Member for Environmental Services.

An amendment was proposed by the Group Leader of the opposition that the report be noted until such time as: the effect of devolution on the Strategy is understood; and it can be interpreted into action deliverables with a detail breakdown of time scale and implementation of an action plan.

The amendment was seconded, put to the vote and LOST.

The original proposal was voted on and CARRIED.

RESOLVED

To adopt the One Teignbridge Council Strategy 2025-2030 as the document to be used to guide the strategic priorities of the Council for the next 5 years.

86. COMMITTEE SEAT ALLOCATION

Consideration was given to the agenda report which sought approval of the seat allocations detailed at paragraph 3.1 of the report with effect from 14 January 2025.

It was proposed by the Deputy Leader, seconded by the Executive Member for Environmental Services and unanimously

RESOLVED

1. To approve the seat allocations as set out at paragraph 3.1 of the agenda report
2. To require Group Leaders to advise the Democratic Services Team Leader of their group membership to Committees by 4pm 16 January 2025, and of any changes during the current administration within 24 hours of the change occurring.
3. To give effect to the appointment of individual members as proposed by the Group Leaders

87. AMENDMENTS TO THE CONSTITUTION

This item was withdrawn and would be presented at a future meeting.

88. RECOMMENDATION FROM EXECUTIVE - WORKING AGE COUNCIL TAX REDUCTION SCHEME (WACTR)

The Executive Member for Finance and Corporate Resources proposed approval of the Executive recommendation as set out on the agenda. This was seconded by the Deputy Leader, and

RESOLVED

To include the proposed changes to the Council Tax Reduction Scheme and approve for the year 2025-26 scheme that the income bands are changed in line with the annual uprating to primary welfare benefits

89. RECOMMENDATION FROM EXECUTIVE - BUSINESS RATES AND COUNCIL TAX CHANGES

Consideration was given to the recommendation from the Executive as set out on the agenda.

The Executive Member for Finance and Corporate Resources advised that:

- Recommendations 2a and 2b were not proposed to be implemented at this time and would be reviewed at a later stage.
- Due to additional information available since the Executive recommendation a further matter was proposed for approval as follows:

That the Discretionary Rate Relief Policy is amended so that private schools are not eligible to receive discretionary rate relief.

The Executive Member for Finance and Corporate Resources proposed approval of the Executive recommendations as set out on the agenda, the changes to recommendation 2 as above, and the additional recommendation as above. This was seconded by the Deputy Leader, and

RESOLVED

1. The Council Tax Policy is amended to remove the 100% Council Tax exemption (1 month period) for empty, unfurnished properties. This revokes a decision made by Full Council on 15 January 2013 and concerns only the Class C discount.
2. The Discretionary Non-Domestic (Business) Rate Relief Policy is amended to reflect the following changes:
 - a) Maximum two years awards at any one time. After that organisations must re-apply and then depending on circumstances relief can be re-awarded on a one- or two-year basis if eligible.
 - b) The policy will be strengthened to make it clear that Teignbridge District Council view Discretionary Rate Relief as a short-term assistance to allow the organisation to establish itself and achieve financial stability and are not minded to use discretionary rate relief as a financial top-up for organisations that are not otherwise financially viable.
 - c) That the Discretionary Rate Relief Policy is amended so that private schools are not eligible to receive discretionary rate relief.

90. RECOMMENDATION FROM LICENSING AND REGULATORY COMMITTEE - GAMBLING ACT 2005 - REVIEW OF STATEMENT OF PRINCIPLES

The Chair of the Licensing and Regulatory Committee Cllr Hayes proposed the approval of the recommendation from the Committee subject to an amendment to remove the word “amended” from the recommendation. It was noted that at the meeting of the Licensing and Regulatory Committee, it was considered that a part of the draft statement of principles quoted did not make sense. Accordingly, the statement was abridged when quoted. This led to the statement amounting

to a misquote. Therefore, the original wording must be considered for approval and not the amended version.

Councillor Hayes proposed that the Gambling Statement of Principles be approved. This was seconded by the Deputy Leader Councillor Palethorpe.

An amendment was proposed by Councillor J Taylor and seconded by Councillor Rogers that the following be added to the Policy: "Licenced premises be required to share their Risk Assessment to the Local Licensing Authority."

The substantive motion was voted on a CARRIED.

RESOLVED

That the Gambling Statement of Principles be approved subject to the addition of "licenced premises be required to share their Risk Assessment to the Local Licensing Authority."

CLLR R DAWSON
Chair

The meeting started at 10.00 am and finished at 12.34 pm.

This page is intentionally left blank

Teignbridge District Council

Council

25 February 2025

Part i

BUDGET AND COUNCIL TAX 2025/26

Purpose of Report

To consider a recommendation from the Executive in relation to the Final Financial Plan Proposals 2024/25 to 2027/28. 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 £5.87 to £202.28 per annum**
- b Maintaining 100% council tax support**
- c That general reserves are increased to 12.7% of the net revenue budget for 2025/26 or £2.5 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 2025/26 is £19.8 million as shown at appendix 4. In particular the revenue budget includes:**
 - Assumptions of a 3.0% pay rise for 2025/26**
 - Revenue contributions to fund capital are increased to £1,500,000 to support the capital budget**
 - Core voluntary grants are increased by 5%**
 - The councillors community fund grant is maintained at £1,000 each**
 - Continued 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 2025 to 2030 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 2025/26
- 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 2024/25 to 2027/28 and the prudential limits.

Martin Flitcroft – Chief Finance Officer
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
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
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.

David Eaton – Head of Neighbourhoods
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 John Parrott – Executive Member for Finance & Corporate

Appendices/Background Papers

App 1 – Budget timetable 2025/26
App 2 – Council tax base 2025/26
App 3 – Council tax calculator 2025/26
App 4 – Summary revenue plan 2024/25 onwards
App 5 – Revenue budget detail
App 6 – Fees and charges summary
App 7 – Capital programme
App 8 – Financial plan 2025 - 2030
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 11 February 2025 relating to the final financial plan proposals 2025/26 to 2027/28
Appendix 15 – council tax resolutions 2025/26

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 2025/26 to 2027/28. 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 2025/26 to 2027/28 as per agenda item 9 Overview and Scrutiny, 4 February 2025 and agenda item 7 Executive 11 February 2025 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 2025/26 and planned in outline for 2026/27 and 2027/28.

- 1.3 Appendices 1 to 8 were attached to the Overview & Scrutiny 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. 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 2025/26 of:

- Teignbridge has received a one year government settlement for 2025/26. 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 2025/26 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 £1.4 million of earmarked reserves to balance the budget in 2025/26, a further use of £3.8 million of earmarked reserves in 2026/27 and £3.6 million in 2027/28. 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 Council Strategy. 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 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, very low growth and this has created significant financial uncertainties for the future.
 - The assumption of a 3.0% pay rise from 1 April 2025.
 - No council tax freeze grants are available for 2025/26. 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 £1,500,000 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 2025/26 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 and at a meeting 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 (31 January), county (20th February) and fire (17th February) 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 2025/26

	October	November	December	January	February
Government (Chancellor) Autumn Spending Round Statement	30th				
Provisional council tax base numbers to towns/parishes	31st				
Local Government Financial Policy Statement		28th			
Audit Scrutiny approve council tax base			18th		
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				6th	
Overview & Scrutiny - consider Executive's financial plan				7th	
Final settlement expected				31st	
Deadline for business rates retention estimate to government, county and fire				31st	
Police and Crime Panel consider precept and approve				31st	
Overview & Scrutiny - consider Executive's final financial proposals					4th
Executive - agree final financial plan proposals, including budget monitoring					11th
County Cabinet 10.30am budget meeting					14th
Devon County Council 2.15pm - set county precept and council tax					20th
Fire Authority - set fire precept and council tax					17th
Council meeting - consider financial proposals and council tax resolution					25th
Reserve county budget meeting 10.30 am if required					26th
Close council tax accounts and start bills print unless delayed if council tax not set					26th
Reserve Council budget meeting if required					27th

This page is intentionally left blank

Section 1

Council Tax Base adjustment for Council Tax Support (CTS) and estimated growth						
	Estimated 25/26 Band D Number	24/25 Council Tax £	Estimated Income £	Estimated Collection Rate %	Estimated Net Income £	Estimated 25/26 Base
Full band D at November 2024	56,514.7	2,394.70	135,335,750			
less CTS at November 2024	<u>-4,316.3</u>	2,394.70	<u>-10,336,240</u>			
Starting point based on Nov 2024	52,198.4		124,999,510			
Anticipated growth at 0.9%	469.8	2,394.70	1,125,030			
Total (rounded)	52,668.2	2,394.70	126,124,540	97.9%	123,475,520	51,562

Section 2

2025/26 Expected Council Tax (CT) Income at Current Council Tax Levels compared with 2024/25			
Preceptor	Estimated CT Base Number	24/25 Council Tax £	Expected income £
2025/26 expected income (rounded)			
Towns and parishes	51,562	108.44	5,591,380
District	51,562	196.41	10,127,290
County	51,562	1,715.67	88,463,380
Fire	51,562	99.68	5,139,700
Police	51,562	274.50	14,153,770
Total (rounded) shows a 1.2% increase in expected income		2,394.70	123,475,520
2024/25 expected income (rounded)			
Towns and parishes	50,939	108.44	5,523,830
District	50,939	196.41	10,004,930
County	50,939	1,715.67	87,394,510
Fire	50,939	99.68	5,077,600
Police	50,939	274.50	13,982,760
Total (rounded)		2,394.70	121,983,630

To show the extra Council Tax in 2025/26 that would be collected for varying increases by percentage and value.

Teignbridge Band D Council Tax 2024/25 (excluding parish precepts) **£196.41**
 Approved Council Tax Base 2025/26 (at 97.9% collection rate) **[a] 51,562**

Varying increases in Council Tax for 2025/26			Total Band D Council Tax 2025/26	Increase in Council Tax income for 2025/26	[b] Total Council Tax income 2025/26
%	Per Year £	Per Week £	Per Year £	Per Year £	Per Year £
0.00	0.00	0.00	196.41	0	10,127,290
No council tax freeze grant					0
Total income					10,127,290
0.26	0.52	0.01	196.93	26,810	10,154,100
0.51	1.00	0.02	197.41	51,560	10,178,850
1.00	1.96	0.04	198.37	101,060	10,228,350
1.02	2.00	0.04	198.41	103,130	10,230,420
1.32	2.60	0.05	199.01	134,060	10,261,350
1.53	3.00	0.06	199.41	154,690	10,281,980
2.00	3.93	0.08	200.34	202,640	10,329,930
2.04	4.00	0.08	200.41	206,250	10,333,540
2.55	5.00	0.10	201.41	257,810	10,385,100
2.99	5.87	0.11	202.28	302,670	10,429,960

Note:

- [a]** Council Tax Base of 51,562 for 2025/26 approved by Audit Scrutiny on 18 December 2024
- [b]** Total Council Tax income is calculated by multiplying the Band D Council Tax by the recommended Council Tax Base of 51,562
- [c]** No council tax freeze grant. Referendum limit proposed by government as higher of 3% or above £5 for Band D.

This page is intentionally left blank

Revenue Budget Summary

Appendix 4

Revenue Budget	2024-25 Forecast	2024-25 Latest	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast
<i>EXPENDITURE</i>	£	£	£	£	£
1 Employees	26,932,610	26,199,410	27,490,880	27,747,190	28,533,260
2 Property	5,873,850	6,294,430	5,722,840	5,831,170	5,944,690
3 Services & supplies	6,919,850	9,375,550	7,411,540	7,739,640	7,921,390
4 Grant payments	19,334,800	22,132,080	19,431,570	17,431,570	15,431,570
5 Transport	1,082,810	990,170	966,430	1,001,960	1,041,040
6 Leasing & capital charges	2,365,490	2,267,090	2,706,420	2,877,830	2,866,270
7 Contributions to capital	500,000	719,710	1,500,000	1,500,000	500,000
8 Total expenditure	63,009,410	67,978,440	65,229,680	64,129,360	62,238,220
<i>INCOME</i>					
9 Sales	-807,690	-1,238,030	-1,032,830	-1,074,140	-1,117,110
10 Fees & charges	-11,928,260	-12,419,250	-12,924,520	-13,441,500	-13,979,160
11 Grants - income	-19,542,500	-23,132,950	-21,319,570	-19,319,570	-17,319,570
12 Property income	-3,699,950	-3,906,400	-4,016,200	-4,346,690	-4,477,090
13 Other income & recharges	-4,533,480	-6,309,260	-4,700,740	-4,828,140	-4,844,230
14 Transfer from (-) / to earmarked reserves	-3,551,730	-1,687,500	-1,484,070	-3,779,490	-3,630,450
15 Total income	-44,063,610	-48,693,390	-45,477,930	-46,789,530	-45,367,610
16 Total net service cost	18,945,800	19,285,050	19,751,750	17,339,830	16,870,610
<i>Funding</i>					
17 Council tax	-10,004,930	-10,004,930	-10,429,960	-10,999,230	-11,441,390
18 Council tax/community charge surplus(-) / deficit	-251,670	-251,670	-381,900	0	0
19 Revenue support grant	-261,270	-261,270	-288,010	0	0
20 Rates baseline funding	-3,634,240	-3,634,240	-3,664,280	-3,699,600	-3,734,580
21 Estimated rates retention and pooling gain	-2,800,410	-3,184,760	-3,413,720	-141,000	-194,640
22 New homes bonus	-650,240	-650,240	-351,710	0	0
23 Alt housing funding/damping/returned surplus/ca	0	0	0	-2,500,000	-1,500,000
24 Other grants	-1,343,040	-1,363,940	-1,222,170	0	0
25 Budget gap (-) to be found	0	0	0	0	0
26 Total funding	-18,945,800	-19,351,050	-19,751,750	-17,339,830	-16,870,610
27 -Surplus/shortfall	0	-66,000	0	0	0
28 General reserves at end of year	2,400,004	2,500,140	2,500,140	2,500,140	2,500,140
29 General reserves as % of net revenue budget	12.7%	13.0%	12.7%	14.4%	14.8%

This page is intentionally left blank

Revenue Budget Detail

Appendix 5

All Services

Managing Director/Director		2023-24 Actual	2024-25 Outturn	2025-26 Budget
		£	£	£
Corporate Services				
A Pujol	Business Transformation Team	455,453	690,010	631,410
N Blaney	Communications	442,506	400,190	487,540
M Flitcroft	Democratic Services	813,423	898,340	882,370
P Shears	Electoral Services	72,071	183,440	226,110
M Flitcroft	Finance	918,849	1,105,780	1,400,000
M Flitcroft	Human Resources	647,514	627,680	723,490
M Flitcroft	Internal Audit & Information Governance	203,197	241,220	251,260
M Flitcroft	Legal	501,032	459,750	655,620
M Flitcroft	Procurement	41,385	30,270	44,760
P Shears	Strategic Leadership Team	460,426	505,190	489,330
		4,555,858	5,141,870	5,791,890
Strategic Place				
N Blaney	Building Control	102,751	- 292,770	- 226,290
A Pujol	Customer Services	697,957	762,500	875,800
N Blaney	Development Management	596,398	749,430	801,050
N Blaney/M Flitcroft	Economy & Assets	- 148,487	258,730	560,390
A Pujol	Housing	781,633	1,569,020	2,044,670
N Blaney	Parking	- 3,111,546	- 3,350,410	- 3,767,170
A Pujol	Revenues & Benefits	1,182,153	1,211,520	1,623,470
N Blaney	Spatial Planning	681,627	659,850	700,450
		782,486	1,567,870	2,612,370
Environment, Health & Wellbeing				
N Blaney	Community Safety	130,742	129,560	136,060
N Blaney	Environmental Health	1,219,054	1,287,960	1,512,680
A Pujol	Green Spaces & Active Leisure	839,317	1,181,450	1,120,040
A Pujol	Leisure	990,073	888,410	1,022,880
N Blaney	Licensing	- 19,171	- 34,290	- 40,060
A Pujol	Resorts	58,181	17,840	118,580
A Pujol	Waste, Recycling & Cleansing	6,762,480	7,550,990	7,094,510
		9,980,677	11,021,920	10,964,690
Total all services		15,319,021	17,731,660	19,368,950
Financing Items		449,217	833,680	- 1,117,200
Totals per actual/budget papers		15,768,238	18,565,340	18,251,750
Contributions to Capital		610,677	719,710	1,500,000
Totals per actual/budget papers		16,378,915	19,285,050	19,751,750

Notes:

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

Executive Member:	Gary Taylor					
Manager:	Nigel Hunt					
Activity Area:	Building Control					
		2023-24		2024-25		2025-26
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
Employees	21.0	1,090,437	21.0	1,012,050	21.5	1,161,360
Property		33,670		35,340		37,260
Services & Supplies		121,451		139,660		143,700
Grant Payments		-		-		-
Transport		58,601		59,910		59,910
Leasing & capital charges		-		-		-
		1,304,159		1,246,960		1,402,230
	<u>INCOME</u>					
Sales		-		-		-
Fees & Charges	-	985,043	-	1,295,120	-	1,385,780
Property Income		-		-		-
Grants - income		-		-		-
Other income & recharges	-	216,365	-	244,610	-	242,740
Transfers from earmarked reserves		-		-		-
		- 1,201,408		- 1,539,730		- 1,628,520
Service Cost		102,751		- 292,770		- 226,290
Service cost - £'s per head of population		0.76	-	2.17	-	1.68

Executive Member:	Peter Williams					
Manager:	Sarah Knight					
Activity Area:	Business Transformation Team					
		2023-24		2024-25		2025-26
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
Employees	5.5	297,602	5.5	345,640	9.0	566,650
Property		17,348		15,810		16,820
Services & Supplies		193,144		413,900		47,770
Grant Payments		71,032		-		-
Transport		-		620		740
Leasing & capital charges		-		-		-
		579,125		775,970		631,980
	<u>INCOME</u>					
Sales		-		-		-
Fees & Charges		-		-		-
Property Income	-	567	-	570	-	570
Grants - income	-	121,086	-	7,390	-	-
Other income & recharges	-	2,019	-	-	-	-
Transfers from earmarked reserves		-	-	78,000		-
		- 123,672		- 85,960		- 570
Service Cost		455,453		690,010		631,410
Service cost - £'s per head of population		3.38		5.12		4.68

Executive Member:	Richard Keeling						
Manager:	Julia Hulland						
Activity Area:	Communications						
		2023-24		2024-25		2025-26	
		Actual		Outturn		Budget	
	FTE	£	FTE	£	FTE	£	
	<u>EXPENDITURE</u>						
	Employees	5.0	253,291	5.0	195,090	5.0	261,430
	Property		4,477		4,110		4,340
	Services & Supplies		141,306		90,070		87,010
	Grant Payments		136,450		166,350		159,060
	Transport		-		100		700
	Leasing & capital charges		-		-		-
			535,523		455,720		512,540
	<u>INCOME</u>						
	Sales		-		-		-
	Fees & Charges		-		-		-
	Property Income		-		-		-
	Grants - income		-		-		-
	Other income & recharges	-	93,017	-	55,530	-	25,000
	Transfers from earmarked reserves		-		-		-
			- 93,017		- 55,530		- 25,000
Service Cost			442,506		400,190		487,540
Service cost - £'s per head of population			3.28		2.97		3.62

Executive Member:	Linda Goodman-Bradbury						
Manager:	Rebecca Hewitt		2023-24		2024-25		2025-26
Activity Area:	Community Safety		Actual		Outturn		Budget
	FTE	£	FTE	£	FTE	£	£
	<u>EXPENDITURE</u>						
Employees	2.0	107,022	2.0	111,400	2.0	115,990	
Property		2,365		2,170		2,290	
Services & Supplies		8,559		9,380		9,990	
Grant Payments		116,455		57,300		5,820	
Transport		1,442		1,940		1,970	
Leasing & capital charges		-		-		-	
		<u>235,842</u>		<u>182,190</u>		<u>136,060</u>	
	<u>INCOME</u>						
Sales		-		-		-	
Fees & Charges		-		-		-	
Property Income		-		-		-	
Grants - income	-	100,480	-	28,590		-	
Other income & recharges	-	4,620	-	24,040		-	
Transfers from earmarked reserves		-		-		-	
		<u>- 105,100</u>		<u>- 52,630</u>		<u>-</u>	
Service Cost		<u>130,742</u>		<u>129,560</u>		<u>136,060</u>	
Service cost - £'s per head of population		0.97		0.96		1.01	

Executive Member: Richard Keeling
Manager: Emma Ingle
Activity Area: Customer Services

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	18.5	548,539	18.5	609,360	19.0	716,620
Property		15,035		15,450		12,080
Services & Supplies		134,383		140,450		147,100
Grant Payments		-		-		-
Transport		-		-		-
Leasing & capital charges		-		-		-
		697,957		765,260		875,800
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges		-		-		-
Property Income		-		-		-
Grants - income		-		-		-
Other income & recharges		-		-		-
Transfers from earmarked reserves		-	-	2,760		-
		-		2,760		-
Service Cost		697,957		762,500		875,800
Service cost - £'s per head of population		5.18		5.66		6.50

Executive Member: John Parrott
Manager: Sarah Selway
Activity Area: Democratic Services

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	3.0	637,817	3.0	691,080	3.5	692,490
Property		3,835		6,820		6,760
Services & Supplies		129,014		172,040		136,110
Grant Payments		42,720		47,000		47,000
Transport		38		10		10
Leasing & capital charges		-		-		-
		813,423		916,950		882,370
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges		-		-		-
Property Income		-		-		-
Grants - income		-		-		-
Other income & recharges		0	-	18,610		-
Transfers from earmarked reserves		-		-		-
		0		18,610		-
Service Cost		813,423		898,340		882,370
Service cost - £'s per head of population		6.03		6.66		6.55

Executive Member: Gary Taylor
Manager: Ian Perry
Activity Area: Development Management

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	30.0	1,446,512	30.0	1,778,120	27.5	1,489,000
Property		71,831		68,350		72,450
Services & Supplies		529,578		505,190		334,890
Grant Payments		-		-		-
Transport		15,138		19,510		27,530
Leasing & capital charges		-		-		-
		2,063,058		2,371,170		1,923,870
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges	-	1,013,985	-	1,033,780	-	1,087,400
Property Income		-		-		-
Grants - income	-	156,807		-		-
Other income & recharges	-	295,868	-	319,690	-	35,420
Transfers from earmarked reserves		-	-	268,270		-
		- 1,466,660		- 1,621,740		- 1,122,820
Service Cost		596,398		749,430		801,050
Service cost - £'s per head of population		4.42		5.56		5.94

Executive Member: David Palethorpe
Manager: Tom Phillips
Activity Area: Economy & Assets

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	30.0	1,076,970	30.0	1,248,190	30.5	1,587,060
Property		1,057,159		1,061,030		869,530
Services & Supplies		700,771		948,060		334,430
Grant Payments		84,682		90,390		5,030
Transport		4,410		5,100		9,120
Leasing & capital charges		-		-		-
		2,923,992		3,352,770		2,805,170
<u>INCOME</u>						
Sales	-	2,038	-	300	-	300
Fees & Charges	-	120,565	-	98,770	-	21,440
Property Income	-	2,218,573	-	1,904,810	-	1,960,560
Grants - income	-	195,897	-	492,410	-	-
Other income & recharges	-	535,405	-	533,470	-	262,480
Transfers from earmarked reserves		-	-	64,280		-
		- 3,072,478		- 3,094,040		- 2,244,780
Service Cost		- 148,487		258,730		560,390
Service cost - £'s per head of population	-	1.10		1.92		4.16

Executive Member: Richard Keeling
Manager: Cathy Ruelens
Activity Area: Electoral Services

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	2.0	107,422	2.0	111,880	2.0	111,960
Property		32,127		58,240		9,250
Services & Supplies		366,896		368,570		106,850
Grant Payments		-		-		-
Transport		3,460		210		210
Leasing & capital charges		-		-		-
		509,904		538,900		228,270
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges	-	2,201	-	2,160	-	2,160
Property Income		-		-		-
Grants - income	-	32,377	-	34,080		-
Other income & recharges	-	403,255	-	31,200		-
Transfers from earmarked reserves		-	-	288,020		-
		- 437,833		- 355,460		- 2,160
Service Cost		72,071		183,440		226,110
Service cost - £'s per head of population		0.53		1.36		1.68

Executive Member: Peter Williams
Manager: David Eaton
Activity Area: Environmental Health

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	21.0	889,364	21.0	968,900	21.0	1,171,390
Property		67,320		64,050		66,660
Services & Supplies		286,043		279,230		275,120
Grant Payments		-		-		-
Transport		26,506		32,510		32,880
Leasing & capital charges		3,000		11,230		27,500
		1,272,233		1,355,920		1,573,550
<u>INCOME</u>						
Sales		-	-	6,000	-	6,000
Fees & Charges	-	34,009	-	42,620	-	40,470
Property Income		-		-		-
Grants - income		-	-	1,980		-
Other income & recharges	-	19,170	-	15,130	-	14,400
Transfers from earmarked reserves		-	-	2,230		-
		- 53,179		- 67,960		- 60,870
Service Cost		1,219,054		1,287,960		1,512,680
Service cost - £'s per head of population		9.04		9.55		11.22

Executive Member:	John Parrott						
Manager:	Martin Flitcroft						
Activity Area:	Finance						
		2023-24		2024-25		2025-26	
		Actual		Outturn		Budget	
	FTE	£	FTE	£	FTE	£	
	<u>EXPENDITURE</u>						
	Employees	17.5	795,984	19.0	984,230	20.0	1,289,310
	Property		26,599		24,430		25,770
	Services & Supplies		121,477		149,740		105,330
	Grant Payments		-		-		-
	Transport		117		320		320
	Leasing & capital charges		-		-		-
			944,177		1,158,720		1,420,730
	<u>INCOME</u>						
	Sales		-		-		-
	Fees & Charges		-		-		-
	Property Income		-		-		-
	Grants - income		-		-		-
	Other income & recharges	-	25,328	-	6,410	-	20,730
	Transfers from earmarked reserves		-	-	46,530		-
			- 25,328		- 52,940		- 20,730
			918,849		1,105,780		1,400,000
Service Cost							
Service cost - £'s per head of population			6.82		8.20		10.39

Executive Member:	John Nutley						
Manager:	Mark Payne						
Activity Area:	Green Spaces & Active Leisure						
		2023-24		2024-25		2025-26	
		Actual		Outturn		Budget	
		£	FTE	£	FTE	£	
	<u>EXPENDITURE</u>						
	Employees	10.5	422,499	10.5	424,190	11.0	464,780
	Property		904,283		1,022,280		987,220
	Services & Supplies		367,289		414,370		241,920
	Grant Payments		4,890		4,640		4,850
	Transport		11,443		11,040		11,710
	Leasing & capital charges		-		-		-
			<u>1,710,403</u>		<u>1,876,520</u>		<u>1,710,480</u>
	<u>INCOME</u>						
	Sales	-	2,756	-	2,840	-	2,800
	Fees & Charges	-	289,103	-	292,530	-	307,130
	Property Income	-	205,804	-	197,440	-	196,800
	Grants - income	-	51,433	-	-	-	-
	Other income & recharges	-	321,990	-	93,540	-	83,710
	Transfers from earmarked reserves		-	-	108,720		-
			<u>- 871,086</u>		<u>- 695,070</u>		<u>- 590,440</u>
Service Cost			<u>839,317</u>		<u>1,181,450</u>		<u>1,120,040</u>
Service cost - £'s per head of population			6.23		8.76		8.31

Executive Member: **Richard Buscombe**
Manager: **Jon Lloyd-Owen**
Activity Area: **Housing**

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	32.0	1,805,133	32.0	2,023,220	31.5	1,932,940
Property		498,773		566,670		503,560
Services & Supplies		1,348,338		1,486,340		1,411,450
Grant Payments		1,821,884		1,671,460		1,155,500
Transport		24,278		19,980		21,060
Leasing & capital charges		-		-		-
		5,498,406		5,767,670		5,024,510
<u>INCOME</u>						
Sales	-	1,200	-	1,200	-	1,200
Fees & Charges	-	8,488	-	4,850	-	8,430
Property Income	-	1,561,194	-	1,385,240	-	1,493,590
Grants - income	-	3,021,182	-	2,534,830	-	1,372,540
Other income & recharges	-	124,709	-	130,450	-	104,080
Transfers from earmarked reserves		-		142,080		-
		- 4,716,773		- 4,198,650		- 2,979,840
Service Cost		781,633		1,569,020		2,044,670
Service cost - £'s per head of population		5.80		11.64		15.17

Executive Member: **John Parrott**
Manager: **Tim Slater**
Activity Area: **Human Resources**

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	7.0	416,562	7.0	453,820	7.0	543,040
Property		22,541		18,840		19,820
Services & Supplies		208,036		154,820		160,430
Grant Payments		-		-		-
Transport		375		200		200
Leasing & capital charges		-		-		-
		647,514		627,680		723,490
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges		-		-		-
Property Income		-		-		-
Grants - income		-		-		-
Other income & recharges		-		-		-
Transfers from earmarked reserves		-		-		-
		-		-		-
Service Cost		647,514		627,680		723,490
Service cost - £'s per head of population		4.80		4.66		5.37

Executive Member: John Parrott
Manager: Sue Heath
Activity Area: Internal Audit & Governance

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	2.5	176,282	2.5	212,610	2.5	222,860
Property		10,405		9,560		10,080
Services & Supplies		16,903		19,610		18,880
Grant Payments		-		-		-
Transport		-		-		-
Leasing & capital charges		-		-		-
		203,590		241,780		251,820
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges		-		-		-
Property Income		-		-		-
Grants - income		-		-		-
Other income & recharges	-	393	-	560	-	560
Transfers from earmarked reserves		-		-		-
		- 393		- 560		- 560
Service Cost		203,197		241,220		251,260
Service cost - £'s per head of population		1.51		1.79		1.86

Executive Member: John Parrott
Manager: Paul Woodhead
Activity Area: Legal

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	9.0	396,078	9.0	436,980	9.0	650,120
Property		13,831		12,710		13,400
Services & Supplies		144,981		65,080		42,650
Grant Payments		-		-		-
Transport		-		10		150
Leasing & capital charges		-		-		-
		554,890		514,780		706,320
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges	-	42,260	-	46,400	-	48,510
Property Income		-		-		-
Grants - income		-		-		-
Other income & recharges	-	11,598	-	8,630	-	2,190
Transfers from earmarked reserves		-		-		-
		- 53,858		- 55,030		- 50,700
Service Cost		501,032		459,750		655,620
Service cost - £'s per head of population		3.72		3.41		4.86

Executive Member:	John Nutley					
Manager:	James Teed					
Activity Area:	Leisure					
		2023-24		2024-25		2025-26
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
Employees	58.0	1,703,502	55.0	1,794,220	55.0	2,121,620
Property		1,322,299		1,359,120		1,235,750
Services & Supplies		367,340		417,920		411,380
Grant Payments		23,783		15,000		15,000
Transport		3,400		3,820		3,820
Leasing & capital charges		3,024		3,290		3,040
		3,423,347		3,593,370		3,790,610
	<u>INCOME</u>					
Sales	-	4,728	-	10,140	-	10,140
Fees & Charges	-	2,273,195	-	2,460,480	-	2,542,300
Property Income		-		-		-
Grants - income	-	8,783	-	-	-	-
Other income & recharges	-	146,569	-	231,260	-	215,290
Transfers from earmarked reserves		-		3,080		-
		- 2,433,275		- 2,704,960		- 2,767,730
Service Cost		990,073		888,410		1,022,880
Service cost - £'s per head of population		7.34		6.59		7.59

Executive Member:	Peter Williams					
Manager:	Andrea Furness					
Activity Area:	Licensing					
		2023-24		2024-25		2025-26
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
Employees	3.0	152,990	3.0	150,510	3.0	143,670
Property		8,258		7,590		8,000
Services & Supplies		60,910		64,910		66,570
Grant Payments		-		-		-
Transport		260		210		270
Leasing & capital charges		-		-		-
		222,419		223,220		218,510
	<u>INCOME</u>					
Sales		-		-		-
Fees & Charges	-	236,483	-	249,190	-	258,570
Property Income		-		-		-
Grants - income	-	4,510	-	8,320	-	-
Other income & recharges	-	597	-	-	-	-
Transfers from earmarked reserves		-		-		-
		- 241,590		- 257,510		- 258,570
Service Cost		- 19,171		- 34,290		- 40,060
Service cost - £'s per head of population		- 0.14		- 0.25		- 0.30

Executive Member: David Palethorpe
Manager: David Eaton
Activity Area: Parking

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	9.0	289,433	10.0	306,810	10.5	345,280
Property		830,094		887,180		881,040
Services & Supplies		470,356		490,150		449,850
Grant Payments		-		980		980
Transport		3,616		6,160		4,290
Leasing & capital charges		4,600		12,550		23,800
		1,598,099		1,703,830		1,705,240
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges	-	4,527,426	-	4,880,080	-	5,380,020
Property Income	-	61,572	-	41,260	-	14,560
Grants - income		-		-		-
Other income & recharges	-	120,647	-	117,220	-	77,830
Transfers from earmarked reserves		-		15,680		-
		- 4,709,645		- 5,054,240		- 5,472,410
Service Cost		- 3,111,546		- 3,350,410		- 3,767,170
Service cost - £'s per head of population	-	23.08	-	24.85	-	27.95

Executive Member: John Parrott
Manager: Rosanna Wilson
Activity Area: Procurement & Commissioning

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	1.0	64,080	1.0	55,060	1.0	68,750
Property		4,774		4,390		4,630
Services & Supplies		19,594		14,450		7,310
Grant Payments		-		-		-
Transport		-		60		60
Leasing & capital charges		-		-		-
		88,449		73,960		80,750
<u>INCOME</u>						
Sales		-		-		-
Fees & Charges		-		-		-
Property Income		-		-		-
Grants - income		-		-		-
Other income & recharges	-	47,063	-	43,690	-	35,990
Transfers from earmarked reserves		-		-		-
		- 47,063		- 43,690		- 35,990
Service Cost		41,385		30,270		44,760
Service cost - £'s per head of population		0.31		0.22		0.33

Executive Member:	John Nutley					
Manager:	Sarah Holgate and Anna Snow					
Activity Area:	Resorts					
		2023-24		2024-25		2025-26
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	239,402	5.5	269,350	5.5	307,880
	Property	92,008		75,150		64,360
	Services & Supplies	112,722		103,580		96,170
	Grant Payments	-		-		-
	Transport	2,373		3,620		3,440
	Leasing & capital charges	-		-		-
		446,505		451,700		471,850
	<u>INCOME</u>					
	Sales	-		-		-
	Fees & Charges	25,543	-	24,620	-	22,410
	Property Income	360,020	-	379,230	-	329,210
	Grants - income	-		-		-
	Other income & recharges	2,762	-	26,550	-	1,650
	Transfers from earmarked reserves	-	-	3,460	-	-
		- 388,324		- 433,860		- 353,270
Service Cost		58,181		17,840		118,580
Service cost - £'s per head of population		0.43		0.13		0.88

Executive Member:	Richard Buscombe					
Manager:	Tracey Hooper					
Activity Area:	Revenues & Benefits					
		2023-24		2024-25		2025-26
		Actual		Outturn		Budget
		£	FTE	£	FTE	£
	<u>EXPENDITURE</u>					
	Employees	1,004,534	27.0	1,044,340	26.5	1,188,220
	Property	98,635		91,970		93,850
	Services & Supplies	703,209		842,710		832,800
	Grant Payments	20,597,703		20,060,670		18,038,330
	Transport	677		1,170		1,130
	Leasing & capital charges	-		-		-
		22,404,758		22,040,860		20,154,330
	<u>INCOME</u>					
	Sales	-		-		-
	Fees & Charges	232,757	-	423,430	-	232,000
	Property Income	-		-		-
	Grants - income	20,806,418	-	19,985,660	-	17,929,930
	Other income & recharges	183,430	-	385,160	-	368,930
	Transfers from earmarked reserves	-	-	35,090	-	-
		- 21,222,605		- 20,829,340		- 18,530,860
Service Cost		1,182,153		1,211,520		1,623,470
Service cost - £'s per head of population		8.77		8.99		12.04

Executive Member:	Gary Taylor					
Manager:	Michelle Luscombe					
Activity Area:	Spatial Planning					
	FTE	2023-24 Actual £	FTE	2024-25 Outturn £	FTE	2025-26 Budget £
	<u>EXPENDITURE</u>					
Employees	8.5	559,772	8.5	531,220	8.5	581,080
Property		11,696		10,740		11,330
Services & Supplies		274,440		370,040		125,740
Grant Payments		7,778		-		-
Transport		647		1,610		2,300
Leasing & capital charges		-		-		-
		<u>854,333</u>		<u>913,610</u>		<u>720,450</u>
	<u>INCOME</u>					
Sales		-		-		-
Fees & Charges		-	-	50		-
Property Income		-		-		-
Grants - income	-	162,225	-	13,300	-	20,000
Other income & recharges	-	10,482		4,210		-
Transfers from earmarked reserves		-	-	244,620		-
		<u>- 172,707</u>		<u>- 253,760</u>		<u>- 20,000</u>
Service Cost		<u>681,627</u>		<u>659,850</u>		<u>700,450</u>
Service cost - £'s per head of population		5.06		4.90		5.20

Executive Member:	Richard Keeling					
Manager:	Phil Shears		2023-24		2024-25	2025-26
Activity Area:	Senior Leadership Team		Actual		Outturn	Budget
		FTE	£	FTE	£	FTE
						£
	<u>EXPENDITURE</u>					
	Employees	5.0	421,958	5.0	460,990	4.5
	Property		19,701		18,590	
	Services & Supplies		17,099		22,940	
	Grant Payments		-		-	
	Transport		1,626		2,770	
	Leasing & capital charges		-		-	
			460,384		505,290	
	<u>INCOME</u>					
	Sales		-		-	
	Fees & Charges		-		-	
	Property Income		-		-	
	Grants - income		-		-	
	Other income & recharges		42	-	100	-
	Transfers from earmarked reserves		-		-	
			42		- 100	
			460,426		505,190	
Service Cost			460,426		505,190	489,330
Service cost - £'s per head of population			3.42		3.75	3.63

Executive Member: Peter Williams
 Manager: Chris Braines
 Activity Area: Waste, Recycling & Cleansing

		2023-24 Actual		2024-25 Outturn		2025-26 Budget
	FTE	£	FTE	£	FTE	£
<u>EXPENDITURE</u>						
Employees	185.0	7,085,144	183.0	7,383,160	184.0	8,097,940
Property		623,530		678,080		701,310
Services & Supplies		1,235,759		1,256,310		1,483,950
Grant Payments		13,315		18,290		-
Transport		685,329		865,110		774,050
Leasing & capital charges		1,202,704		1,889,120		2,180,360
		10,845,781		12,090,070		13,237,610
<u>INCOME</u>						
Sales	-	767,693	-	1,217,550	-	1,012,390
Fees & Charges	-	1,490,742	-	1,565,170	-	1,587,900
Property Income	-	20,143	-	20,820	-	20,910
Grants - income	-	-	-	18,290	-	1,802,000
Other income & recharges	-	1,804,724	-	1,717,250	-	1,719,900
Transfers from earmarked reserves	-	-	-	-	-	-
		- 4,083,301		- 4,539,080		- 6,143,100
Service Cost		6,762,480		7,550,990		7,094,510
Service cost - £'s per head of population		50.17		56.02		52.63

Glossary

Column Headings

2023-24 Actual – the actual cost of the service for last year

2024-25 Outturn – the likely cost of the service for this year

2025-26 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

This page is intentionally left blank

Final Proposed Fees and Charges Income 2025/26

Service		Actual 2023/24 £		Probable 2024/25 £		Proposed 2025/26 £		Dept total 2025/26 £	Department
Building Control	-	985,043	-	1,295,120	-	1,385,780	-	1,385,780	Building Control
Land Charges	-	200,267	-	218,830	-	218,600			
Planning	-	805,667	-	802,620	-	856,470			
Planning Admin	-	3,103	-	4,500	-	4,500			
Street Naming	-	4,949	-	7,830	-	7,830	-	1,087,400	Development Management
Livestock Market	-	4,338	-	3,020	-	3,060			
Old Forde House	-	15,025	-	12,130	-	7,090			
Retail Market	-	101,201	-	83,620	-	11,290	-	21,440	Economy & Assets
Electoral Registration	-	2,201	-	2,160	-	2,160	-	2,160	Electoral Services
Dog Control	-	512	-	200	-	200			
Pest Control	-	-	-	2,870	-	-			
Health & Food Safety	-	6,786	-	6,990	-	7,490			
Health Licence Fees	-	22,360	-	27,820	-	26,580			
Litter Clearance	-	1,500	-	4,740	-	4,200			
Nuisance Parking	-	-	-	-	-	-			
Private Water Supply Sampling	-	2,851	-	-	-	2,000	-	40,470	Environmental Health
Amenity & Conservation Sites	-	2,202	-	2,900	-	4,020			
Cemetery Fees	-	185,940	-	194,190	-	202,560			
Shaldon Golf	-	80,721	-	71,550	-	75,800			
Tennis Courts	-	1,339.81	-	3,110.00	-	-			
Sports Pitches	-	18,900	-	20,780	-	24,750	-	307,130	Green Spaces & Active Leisure
Housing	-	8,488	-	4,850	-	8,430	-	8,430	Housing
Legal Fees	-	42,260	-	46,400	-	48,510	-	48,510	Legal
Broadmeadow Sports Centre	-	61,267	-	43,110	-	47,130			
Dawlish Leisure Centre	-	222,240	-	214,100	-	224,650			
Leisure Memberships	-	1,434,857	-	1,624,540	-	1,675,280			
Newton Abbot Leisure Centre	-	502,807	-	528,160	-	540,980			
Outdoor Pools	-	52,024	-	50,570	-	54,260	-	2,542,300	Leisure
Gambling Act 2005	-	18,299	-	22,650	-	20,550			
Hackney Carriage	-	86,402	-	82,050	-	107,540			
Licensing Act 2003	-	131,783	-	144,490	-	130,480	-	258,570	Licensing
Car Parks	-	4,527,426	-	4,880,080	-	5,380,020	-	5,380,020	Parking
Beach Huts	-	20,609	-	20,020	-	17,460			
Boat Storage	-	4,724	-	4,400	-	4,750			
Leisure Events	-	210	-	200	-	200	-	22,410	Resorts
Council Tax	-	232,757	-	423,430	-	232,000	-	232,000	Revenue & Benefits
Local Development Framework	-	-	-	50	-	-	-	-	Spatial Planning
Abandoned Vehicles	-	1,445	-	1,690	-	1,500			
Commercial Waste / Household Refuse	-	1,476,919	-	1,550,560	-	1,573,180			
Composting	-	-	-	50	-	50			
Toilets for Disabled	-	176	-	110	-	110			
Vehicle Workshop	-	12,202	-	12,760	-	13,060	-	1,587,900	Waste, Recycling & Cleansing
Grand Totals	-	11,281,799	-	12,419,250	-	12,924,520	-	12,924,520	

This page is intentionally left blank

**TEIGNBRIDGE DISTRICT COUNCIL
CAPITAL PROGRAMME 2024-25 to 2027-28**

						53,314	36,764	29,444	20,001	8,976	
Code /bid no.	Asset/Service Area		Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
						BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
						2024-25	2024-25	2025-26	2026-27	2027-28	
						£'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	250				Economy
Provision	Climate Change		Provision for Carbon Action Plan (PB)	Yes		439	-	260	260		Environment
KY2	Climate Change		Broadmeadow Sports Centre Decarbonisation Phase 2 and Refurbishment (GG, PB, S106, RS)	No	√	3,501	1,767	1,767			Infrastructure
Provision	Climate Change		Energy infrastructure and low carbon (CIL)	Yes	√	-	-	2,000	2,000	2,000	Environment
KY7	Climate Change		Leisure Site Measures (S106)	No	√	50	62	100			Environment
KY4	Climate Change		Dawlish Leisure Centre Energy Efficiency Measures (GG,PB)	No			197	197			Environment
KY8	Climate Change		Newton Abbot Leisure Centre Energy Efficiency Measures (PB)	No			258	258			Environment
KY9	Climate Change		Teignmouth Lido Energy Efficiency Measures (PB)	No				57			Environment
KY1	Climate Change		UK Shared Prosperity Fund/Heart of the SW LEP including Green Business Grants (GG)	No	√	562	573				Economy
KR1	Coastal Monitoring		SW Regional Coastal Monitoring Programme. (GG,EC)	No	√	2,210	1,865	1,840	2,312		Community
KR6	Coastal Monitoring		Coastal asset review (GG)	No		219	-	219			Community
KG2	Cycle paths		Teign Estuary Trail (CIL)	No		525	-	-	100	450	Infrastructure
Provision	Cycle paths		Provision for Cycling (CIL)	Yes		450	-	50	150	150	Infrastructure
KG7	Cycle paths		Garden Communities: Ogwell Strategic Link (S106; Revenue GG)	No			22	30			Infrastructure
KX7	Dawlish		Dawlish link road and bridge (GG, CIL)	No	√	1,300	2,814				Infrastructure
Provision	Dawlish Leisure Centre		Provision for Dawlish Leisure Centre Improvement Plan (S106; PB).	Yes				660	661		Infrastructure
Provision	Habitat Regulations		Provision for Habitat Regulations infrastructure measures (CIL)	Yes	√	88	-	601	88	88	Environment
Provision	Heart of Teignbridge: Employment		Provision for employment sites (PB)	Yes		2,000	-		2,000		Economy

Code /bid no.	Asset/Service Area		Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
						BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
						2024-25	2024-25	2025-26	2026-27	2027-28	
						£'000	£'000	£'000	£'000	£'000	
KX8	Heart of Teignbridge		A382 Improvements (CIL)	No	✓		-	1,000			Infrastructure
KW1	Heart of Teignbridge		Highweek Scout Hut improvements (S106)	No	✓			175			Community
KW8	Heart of Teignbridge		Houghton Barton land (EC)	No	✓		37				Homes
KW8	Heart of Teignbridge		Houghton Barton land (GG)	No		585	385	200			Homes
KW4	Heart of Teignbridge		Mineral Rights (S106)	No		85	-	85			Economy
JW/JV	Housing		Discretionary - Disrepair Loans & Grants (CR)	No		24	24	24	24	24	Homes
JW/JV/JD	Housing		Better Care-funded grants re: Housing loans and grants policy, including Disabled Facilities (GG)	No	✓	1,400	2,016	1,400	1,400	1,400	Homes
JV3	Housing		Warm Homes Fund (Category 1 Gas and Category 2 Air Source Heat Pumps) (GG)	No		13	-				Homes
JA/B	Housing		Local Authority Housing Fund: Refugee Accommodation (GG; PB)	No	✓		886				Homes
JC	Housing		Local Authority Housing Fund: 2024/25 (GG; PB)	No			1,160				Homes
Provision	Housing		Teignbridge 100: Provision for Sherborne House (GG; PB; S106)	Yes		6,795	-	2,471	3,706	618	Homes
JX5	Housing		Teignbridge 100: Social/Affordable housing - Sherborne House (PB)	No	✓	-	330				Homes
Provision	Housing		Social Housing Capital Replacements (Roofs/Fabric improvements/Heating/Furniture, fixtures & fittings etc) (RS)	Yes		30	30	30	30	30	Homes
KV8	IT - Capital contribution		Ongoing contributions towards Strata (RS)	No		41	41	41	41	41	Responsible management
KA3	IT - Capital contribution		End User Computing: Replacement laptops and staff (CR; RS)	No		36	36	68	68		Responsible management
KA4	IT - Capital contribution		Bookings (CR)	No		14	-				Responsible management
KA5	IT - Capital contribution		Contact Centre telephony (CR)	No		14	14	73			Responsible management
KA6	IT - Capital contribution		Core telephony (CR)	No		14	-				Responsible management
Provision	IT - Capital contribution		Telephony (RS)	No				23			Responsible management
KA1	IT - Capital contribution		Sharepoint resource (CR)	No		16	28				Responsible management

Code /bid no.	Asset/Service Area		Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
						BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
						2024-25 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	
Provision	IT - Capital contribution		Sharepoint wider rollout (RS)					68			Responsible management
KA2	IT - Capital contribution		iTrent Paid Time and Rostering (RS)	No			20				Responsible management
KA7	IT - Capital contribution		Chatbot (CR)	No		14	-				Responsible management
KA8	IT - Capital contribution		Car parks system (CR)	No		132	-	125			Economy
KU2	IT - Capital contribution		Data Centre Relocation (CR)	No			-	27			Responsible management
KU3	IT - Capital contribution		NCSC Zero Trust (CR)	No	√		25				Responsible management
KU5	IT - Capital contribution		Office 365 (CR)	No	√		27				Responsible management
KV9	IT - Finance		Provision for Finance Convergence (CR; PB)	No	√	62	50	135			Responsible management
Provision	IT - Property and Assets		SaM improvements (CR)	Yes		25	25				Economy
KU8	IT - communications		PSTN migrations (CR)	No		15	-				Responsible management
KU9	IT - Corporate		Anticipated Software Upgrade Costs 2023-2025 (CR)	No		11					Responsible management
KV5	IT - Corporate		Microsoft Power Apps (CR)	No	√		27				Responsible management
Provision	IT - Revenue & Benefits		New Housing Benefit System (RS)	Yes					500		Responsible management
KU6	IT - Housing		Homelessness System Replacement (CR; Revenue GG)	No	√		110				Homes
Provision	IT - Corporate		Health & Safety (CR)	Yes				21			Environment
Provision	IT - Corporate		iTrent Hosted (RS)	Yes				27			Environment
Provision	IT - Corporate		Azure Migration (RS)	Yes				41			Responsible management
Provision	IT - Corporate		System upgrade costs (RS)	Yes				27			Responsible management
Provision	IT - Corporate		Transformation costs (staff resource)(RS)	Yes				47			Responsible management
KG1	Michaels Field		Replacement boiler (S106)	No			25				Environment

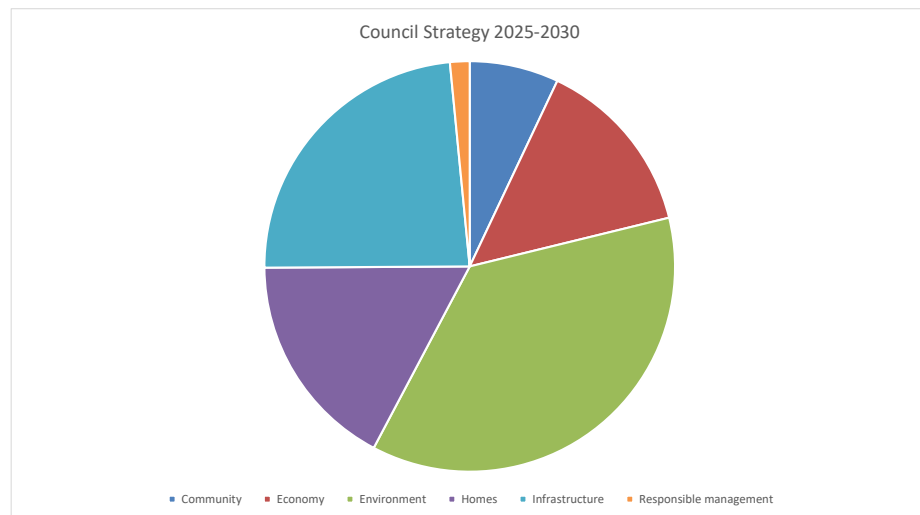
Code /bid no.	Asset/Service Area		Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
						BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
						2024-25 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	
KF5	Newton Abbot Leisure Centre		Leisure Centre Gym Equipment (S106)	No		40	40	40	40	40	Infrastructure
KF7	Newton Abbot Leisure Centre		NALC Wetside boiler (S106)	No			38				Infrastructure
KM2	Newton Abbot Multi Storey Car Park		Lift Modernisation Work (RS)	No		80	110				Economy
KL8	Newton Abbot Town Centre Regeneration		Newton Abbot Town Centre Improvements (GG)	No	√		400				Economy
KX1	Newton Abbot Town Centre Regeneration		Halcyon Rd (PB)	No		6,375	-				Economy
Provision	Newton Abbot Town Centre Regeneration		Cattle Market Enabling Works (PB)	Yes		200	-				Economy
KL7	Newton Abbot Town Centre Regeneration		Bradley Lane Enabling Works (PB)	No	√		-	32			Economy
KO3	Newton Abbot Town Centre		Future High Street Fund project: Market Improvements (GG, PB)	No	√	4,413	2,000	4,958			Economy
KO2	Newton Abbot Town Centre		Future High Street Fund project: Gateway to the Town Centre and Queen Street (GG)	No	√		100				Economy
KO5	Newton Abbot Town Centre		Future High Street Fund project: Bradley Lane site clearance (GG)	No			2,353				Economy
KW5	Open Spaces		Cirl bunting land (S106)	No		277	180	97			Environment
KB3	Open Spaces		Stover Park improvements (S106)	No		20	20				Environment
Provision	Play area equipment/refurb		Provision for Powderham Newton Abbot play space equipment and wider park improvements (S106)	Yes		100	-	100			Environment
Provision	Play area equipment/refurb		Prince Rupert Way, Heathfield (S106)	Yes		40	-	40			Environment
Provision	Play area equipment/refurb		Provision for Teignbridge-funded play area refurb/equipment (CR)	Yes		80	-	80			Environment
KS9	Public Conveniences		Changing Places (GG)	No			184				Environment
KL3	Rural areas		Rural England Prosperity Fund (GG)	No	√		163				Community
KB1	SANGS/Open Spaces		Ridgetop Countryside Park (South West Exeter SANGS) (GG)	No		1,367	30	1,337			Environment
Provision	SANGS/Open Spaces		New Countryside Parks (CIL)	Yes				-	1,500	1,500	Environment
Provision	Teignbridge		Provision for Education (CIL)	Yes		4,000	4,000	4,050	2,000	1,050	Infrastructure

Code /bid no.	Asset/Service Area		Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
						BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
						2024-25 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	
KX5	Teignmouth Town Centre		George Street Car Park (S106; PB)	No	✓	435	10	460			Economy
KR2	Teignmouth		Beach Management Plan (GG)	No	✓		107				Community
Provision	Teignmouth		Storage containers (RS)	Yes		14					Economy
Provision	Transport		Transport Hubs and Public Transport (CIL)	Yes		750		750	750		Infrastructure
Provision	Waste Management		Provision for Bulking Station - replace telehandlers (PB)	Yes					110		Environment
Provision	Waste Management		Provision for Waste Transfer Station Redevelopment (RS; PB)	Yes				1,000	1,500		Environment
KS4	Waste Management		Waste Transfer Station redevelopment feasibility (RS)	No			88				Environment
KS3	Waste Management		Sortline Baler (PB)	No	✓		119				Environment
Provision	Waste Management		Provision for Bulking Station - replace Sortline (PB)	Yes				1,500			Environment
Provision	Waste Management		Provision for replacement card baler (2029) (CR)	Yes							Environment
Provision	Waste Management		Provision for Simpler Recycling Statutory Requirements (RS; PB)	Yes				350	35	35	Environment
KS5	Waste Management		Replacement recycling banks (RS)	No			45	45	45		Environment
KS1	Waste Management		Provision for Waste vehicles (Technically PB under new IFRS 16 accounting rules - in practice, funded from revenue).	No		13,274	12,757				Environment
Provision	Waste Management		Replacement vehicles (PB)	Yes				290	505	1,365	Environment
KS2	Waste Management		Fleet Decarbonisation Infrastructure (PB, RS)	No		769	756				Environment
Provision	Waste Management		Provision for improvements to waste management infrastructure (workshop, offices, storage, welfare) 2028-29 funding as yet unidentified	Yes							Environment
Provision	Waste Management		Provision for waste fleet IC100 units (CR) 2028-29	Yes							Environment
KS0	Waste Management		Purchase of Wheeled Bins (CR;RS)	No		160	160	168	176	185	Environment
						53,314	36,764	29,444	20,001	8,976	

Code /bid no.	Asset/Service Area		Description	Provision?	C/ f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
						BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
						2024-25	2024-25	2025-26	2026-27	2027-28	
						£'000	£'000	£'000	£'000	£'000	

Code /bid no.	Asset/Service Area		Description	Provision?	C/f ?	ORIGINAL	LATEST	LATEST	LATEST	LATEST	Council Strategy
						BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
						2024-25	2024-25	2025-26	2026-27	2027-28	
						£'000	£'000	£'000	£'000	£'000	

Summary by Council Strategy priorities						
Community			2,429	2,135	2,234	2,312
Economy			14,571	5,821	5,660	2,000
Environment			16,664	14,881	8,528	6,219
Homes			8,847	4,978	4,125	5,160
Infrastructure			10,566	8,681	8,347	3,701
Responsible management			237	268	550	609
Totals			53,314	36,764	29,444	20,001



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**

This page is intentionally left blank



Teignbridge District Council

Financial Plan

2025 to 2030

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 £20,000.

➤ **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 2025/26 with a plan from Government that central funding will be reviewed in 2025 with a view to reset the funding from 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 recent higher inflation rates, interest rates, energy and food costs and potential recession threats with growth continuing to be very low. As a consequence the indications have been 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 and continues to pursue 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 2024/25 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 2024/25 for comparison and forms the basis from which future assessments have been made. The 2024/25 position is the set budget from February 2024 and then the latest position for 2024/25, 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 the initial £1.0 million as a one off to pay an element of the pension fund deficit in 2024/25 and reduce future deficit funding contributions as approved in February 2024.
- Additional temporary resources to deliver significant projects, service reviews, business/systems improvements etc and for the Modern 25 work.
- The 2024/25 budget for staff salaries was based on an assumed 4% increase. The final offer of a flat sum payment of £1,290 per employee (based on a full time individual) up to

SCP43 and 2.5% above that has been approved and implemented. This equates to a net cost over the budgeted sum in the General Fund in excess of £30,000 for 2024/25 and thereafter 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, 27th February, 2024, 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 2024/25 Local Government Finance Settlement was a one-year spending round only. 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 2025/26. The proposal moving forward is for funding reset to take place for 2026/27 following a consultation and review in 2025.

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 & retention funding for the Council from 2026/27; taking away any growth in business rates (2025/26 budget £7.1 million (including pooling gain) and £3.8 million assumed for 2026/27 and the change in NHB from £0.6 million per annum in 2024/25 to £0.4 million in 2025/26 with an assumption of 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 2025/26 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 28 November 2024 only outlined some of the key principles for 2025/26.

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 2025/26 the Council will be £3.414 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 assumed that the Council will increase its Council tax by these limits when setting its allocation of other funding streams. The allowance percentage for 2023/24 and thereafter was increased to 2.99% before a referendum is triggered and this continued for 2025/26 and is built into the model for future years (£5.87 for 2025/26).

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 £0.6 million. The scheme is supposedly ending in its current form with the annual amount

reducing; this gives £0.6 million available in 2024/25 which is then decreasing to £0.4 million for 2025/26 and then potentially not replaced so zero for 2026/27 onwards. There are still no guarantees about future years after 2025/26 or whether a replacement will be available.

A replacement for NHB was consulted on over four 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 after 2025/26. 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).

10. MTFP numbers

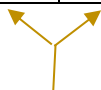
The MTFP financial data is provided annually in the budget papers as appendix 4. This provides the latest numbers for the current year and the following 3 years. Future years are extremely uncertain however an attempt to calculate our budget gaps extended to year 5 is shown below the 3 year projection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

Revenue Budget Summary					Appendix 4
Revenue Budget	2024-25 Forecast	2024-25 Latest	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast
<i>EXPENDITURE</i>	£	£	£	£	£
Employees	26,932,610	26,199,410	27,490,880	27,747,190	28,533,260
Property	5,873,850	6,294,430	5,722,840	5,831,170	5,944,690
Services & supplies	6,919,850	9,375,550	7,411,540	7,739,640	7,921,390
Grant payments	19,334,800	22,132,080	19,431,570	17,431,570	15,431,570
Transport	1,082,810	990,170	966,430	1,001,960	1,041,040
Leasing & capital charges	2,365,490	2,267,090	2,706,420	2,877,830	2,866,270
Contributions to capital	500,000	719,710	1,500,000	1,500,000	500,000
Total expenditure	63,009,410	67,978,440	65,229,680	64,129,360	62,238,220
<i>INCOME</i>					
Sales	-807,690	-1,238,030	-1,032,830	-1,074,140	-1,117,110
Fees & charges	-11,928,260	-12,419,250	-12,924,520	-13,441,500	-13,979,160
Grants - income	-19,542,500	-23,132,950	-21,319,570	-19,319,570	-17,319,570
Property income	-3,699,950	-3,906,400	-4,016,200	-4,346,690	-4,477,090
Other income & recharges	-4,533,480	-6,309,260	-4,700,740	-4,828,140	-4,844,230
Transfer from (-) / to earmarked reserves	-3,551,730	-1,687,500	-1,484,070	-3,779,490	-3,630,450
Total income	-44,063,610	-48,693,390	-45,477,930	-46,789,530	-45,367,610
Total net service cost	18,945,800	19,285,050	19,751,750	17,339,830	16,870,610
Funding					
Council tax	-10,004,930	-10,004,930	-10,429,960	-10,999,230	-11,441,390
Council tax/community charge surplus(-) / deficit	-251,670	-251,670	-381,900	0	0
Revenue support grant	-261,270	-261,270	-288,010	0	0
Rates baseline funding	-3,634,240	-3,634,240	-3,664,280	-3,699,600	-3,734,580
Estimated rates retention and pooling gain	-2,800,410	-3,184,760	-3,413,720	-141,000	-194,640
New homes bonus	-650,240	-650,240	-351,710	0	0
Alt housing funding/damping/returned surplus/cap	0	0	0	-2,500,000	-1,500,000
Other grants	-1,343,040	-1,363,940	-1,222,170	0	0
Budget gap (-) to be found	0	0	0	0	0
Total funding	-18,945,800	-19,351,050	-19,751,750	-17,339,830	-16,870,610
-Surplus/shortfall	0	-66,000	0	0	0
General reserves at end of year	2,400,004	2,500,140	2,500,140	2,500,140	2,500,140
General reserves as % of net revenue budget	12.7%	13.0%	12.7%	14.4%	14.8%

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)	1,688	1,484	3,779	3,630	4,246	4,100	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 2025/26, 2026/27 and 2027/28 needs to be addressed working with SLT, SMT, 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 £3.8 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 continue to provide a revenue contribution to capital at £1,500,000 per annum in 2025/26 and 2026/27 and £500,000 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. **Impacts from the outcomes of devolution**
- r. **Minimum level of general reserves – currently suggested to increase to £2.5 million and increase the 'invest to save' reserve to £500,000.**
- 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	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Community	2,135	2,234	2,312	-	-
Economy	5,821	5,660	2,000	-	-
Environment	14,881	8,528	6,219	5,173	7,228
Homes	4,978	4,125	5,160	2,072	1,454
Infrastructure	8,681	8,347	3,701	1,690	1,592
Responsible management	268	550	609	41	41
Total Capital Expenditure	36,764	29,444	20,001	8,976	10,315
Borrowing	(15,931)	(7,824)	(7,454)	(1,983)	(5,071)
Capital Receipts	(388)	(486)	(24)	(24)	(364)
Revenue contributions (includes specific sums)	(1,807)	(1,449)	(1,795)	(291)	(300)
Grants / external contributions	(12,941)	(10,321)	(3,712)	(1,400)	(1,400)
CIL	(5,300)	(8,451)	(6,588)	(5,238)	(3,140)
S.106	(397)	(913)	(428)	(40)	(40)
Total Funding	(36,764)	(29,444)	(20,001)	(8,976)	(10,315)

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 £38.3 million of borrowing between 2024/25 and 2028/29 in addition to the current underlying need to borrow of £22.6 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 2024 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 continuation of revenue contributions to capital and increasing to £1,500,000 per annum for two years will assist in supporting the capital programme and for any spends without a sufficient supporting business case. Revenue contributions are all committed until 2028/29.

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 rates
Interest rates
Cost of living crisis and impact on services/income
Existing budget gaps and limited earmarked reserves
Staff resources
Additional demands from Government

14. Modern 25 Programme

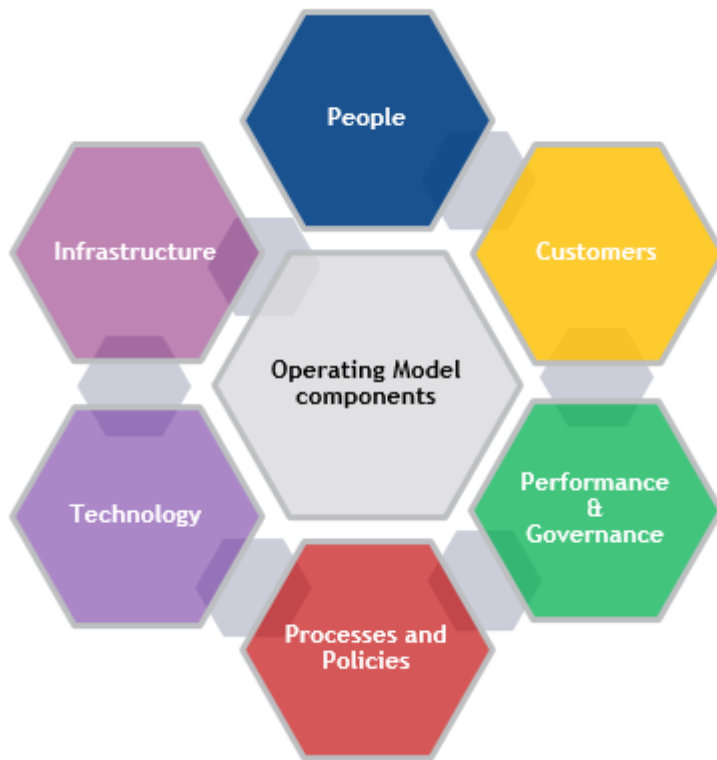
TDC accepted that to achieve the level of savings required, it needs to change the way things are done and alter its operating model, whilst ensuring that the customer is still at the heart of council services. Independent consultants were commissioned through a procurement process to work in partnership 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 and implementing the changes across the whole council in line with agreed design principles. The organisation restructure has been approved and has now been significantly implemented and posts advertised and appointed. 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 have designed and developed 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 includes 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 new roles that have been 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 has resulted 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, SMT 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 – Gordon Bryant/Simon Arthurs

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 where possible for 2025/26 with higher increases where appropriate. 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 have been higher and are now on a downward trajectory. Contract costs, pay rises and a pay review of salaries have caused / are likely to cause some of the biggest pressures for future years. With further above inflationary rises in the minimum wage, there will be an impact on the pay spine rates within local government.

Financial impact of changes in inflation assumptions 2025/26.

Factor	MTFP Predicted Inflation Costs £000	Worse by 1% £'000	Worse by 2% £'000
Pay, N.I & Pension	687	229	458

- **Investment Returns**

The approach adopted, of budgeting for investment income remains prudent. Investment return predictions have been factored in with higher income in 2024/25 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, 2.99% for 2024/25 (£5.70), 2.99% for 2025/26 (5.87) and future years.

Financial impact of changes in council tax levels (2025/26).

Level of council Tax increase	Predicted council tax income £000	Loss of income in MTFP 2025/26 £'000
Council tax yield at £5 (2.55%) increase	(10,385)	45
Yield at 2.0%	(10,330)	100
Yield at 1.0%	(10,228)	202
Yield at 0.0%	(10,127)	303

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 £3.414 million additional benefit has been budgeted in 2025/26 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	2024-25 Forecast	2024-25 Latest	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
EXPENDITURE	£	£	£	£	£	£	£
Employees	26,932,610	26,199,410	27,490,880	27,747,190	28,533,260	29,389,260	30,270,940
Property	5,873,850	6,294,430	5,722,840	5,831,170	5,944,690	6,061,620	6,182,060
Services & supplies	6,919,850	9,375,550	7,411,540	7,739,640	7,921,390	8,108,590	8,301,400
Grant payments	19,334,800	22,132,080	19,431,570	17,431,570	15,431,570	13,431,570	11,431,570
Transport	1,082,810	990,170	966,430	1,001,960	1,041,040	1,081,290	1,122,740
Leasing & capital charges	2,365,490	2,267,090	2,706,420	2,877,830	2,866,270	2,866,270	2,866,270
Contributions to capital	500,000	719,710	1,500,000	1,500,000	500,000	500,000	500,000
Total expenditure	63,009,410	67,978,440	65,229,680	64,129,360	62,238,220	61,438,600	60,674,980
INCOME							
Sales	-807,690	-1,238,030	-1,032,830	-1,074,140	-1,117,110	-1,161,790	-1,208,260
Fees & charges	-11,928,260	-12,419,250	-12,924,520	-13,441,500	-13,979,160	-14,538,330	-15,119,860
Grants - income	-19,542,500	-23,132,950	-21,319,570	-19,319,570	-17,319,570	-15,319,570	-13,319,570
Property income	-3,699,950	-3,906,400	-4,016,200	-4,346,690	-4,477,090	-4,611,400	-4,749,740
Other income & recharges	-4,533,480	-6,309,260	-4,700,740	-4,828,140	-4,844,230	-4,989,560	-5,139,250
Transfer from (-) / to earmarked reserves	-3,551,730	-1,687,500	-1,484,070	-3,779,490	-3,630,450	-2,733,070	0
Total income	-44,063,610	-48,693,390	-45,477,930	-46,789,530	-45,367,610	-43,353,720	-39,536,680
Total net service cost	18,945,800	19,285,050	19,751,750	17,339,830	16,870,610	18,084,880	21,138,300
Funding							
Council tax	-10,004,930	-10,004,930	-10,429,960	-10,999,230	-11,441,390	-11,901,320	-12,379,740
Council tax/community charge surplus(-) / deficit	-251,670	-251,670	-381,900	0	0	0	0
Revenue support grant	-261,270	-261,270	-288,010	0	0	0	0
Rates baseline funding	-3,634,240	-3,634,240	-3,664,280	-3,699,600	-3,734,580	-3,771,000	-3,809,000
Estimated rates retention and pooling gain	-2,800,410	-3,184,760	-3,413,720	-141,000	-194,640	-300,000	-450,000
New homes bonus	-650,240	-650,240	-351,710	0	0	0	0
Alternative housing funding/damping	0	0	0	-2,500,000	-1,500,000	-600,000	-400,000
Other grants	-1,343,040	-1,363,940	-1,222,170	0	0	0	0
Budget gap (-) to be found	0	0	0	0	0	-1,512,560	-4,099,560
Total funding	-18,945,800	-19,351,050	-19,751,750	-17,339,830	-16,870,610	-18,084,880	-21,138,300
-Surplus/shortfall	0	-66,000	0	0	0	0	0
General reserves at end of year	2,400,004	2,500,140	2,500,140	2,500,140	2,500,140	2,500,140	2,500,140
General reserves as % of net revenue budget	12.7%	13.0%	12.7%	14.4%	14.8%	15.1%	14.7%

This page is intentionally left blank

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 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 3% increase in salaries in 2025/26 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 appropriate. As part of the process to identify savings Service Managers have had some budget headings frozen at existing levels for 2025/26.

On the whole we anticipate income activity will be maintained at levels similar to 2024/25 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 not continue past its one year extension from Government of 2025/26 on the basis that it will not be paid when the suggested reset of core funding from Government in 2026/27. This seems reasonable based upon past events and the assumption is also for the 4% (now 0% for 2025/26) guarantee grant to cease at the end of 2025/26 as well.

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 2024/25 financial year and even with no further action can be utilised to manage the deficits anticipated up to the end of 2027/28. 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 which included the recent 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 continue to be explored through the 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 £2.4 million to £2.5 million.

Earmarked reserves – as indicated above £12 million is held in a funding reserve at the start of the 2024/25 financial year. The use of this reserve will be to fund predicted budget gaps for future years with £9 million likely to be used for the current and next three full financial years (2024/25 to 2027/28). This usage will be reduced by savings from Modern 25 and other processes.

Other earmarked reserves – we have £11 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 2024/25 we had £4.5 million of capital receipts and £24.9 million capital grants unapplied. These are utilised throughout the capital programme with General Fund capital receipts reducing to £0.07 million and Housing capital receipts to £3.6 million by the end of 2027/28 and capital grants unapplied being £0.33 million at the end of that year.

Unusable reserves – we have a further £88.2 million of unusable reserves at the start of the 2024/25 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 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 £2.4 million to £2.5 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 £18.0 million of income from sales, fees and charges, recycling and property for 2025/26. 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 £1,797,000.**
2. The small provision of 2.1% which has traditionally been made for potential losses in council tax collection has been maintained in 2025/26 to reflect continuing economic circumstances which is likely to be more difficult next year with the estimated overall increase of 4.9% 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 a positive allowance of £359,000 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 2025/26.

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 £554,000 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 £708,000.**
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 £0.35 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 in Newton Abbot will be funded from prudential borrowing and government Future High Streets grant of £4.6 million during 2024/25 and 2025/26. Other co-funding includes developer and external contributions. The rate of inflation on construction projects has moderated after the peak in 2022. The BCIS All-in Tender Price Index saw annual growth of 2.3% to quarter 4 of 2024. However increased labour costs due to increased employers' National Insurance and the National Living Wage increase are anticipated to be the main driver of construction inflation over the period of the medium term financial plan. The current economic uncertainty around trade tariffs and government borrowing 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 (as yet unconfirmed) government grant, capital receipts, developer contributions and borrowing. 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, to be funded partly from borrowing and partly from EPR (extended producer responsibility) funds. This is a new funding stream and subject to a degree of uncertainty while the scheme beds in. 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 2025/26 of £2.5 million. However, revenue reserves are planned to be 12.7% of the net revenue budget or £2.5 million at the end of 2025/26. 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 not be required until at least 2027/28. 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

25 February 2025

This page is intentionally left blank

Equality Impact Assessment



Assessment Of: 2025/26 budget proposals	
☐ Policy ☐ Strategy ☒ Function ☐ Service ☐ Other [please state]	☒ New ☐ Already exists / review ☐ Changing
Directorate: Corporate Services	Assessment carried out by: Martin Flitcroft
Service Area: Finance for all services	Job Role: Director of Corporate Services
Version/Date of sign off by Director: V1 11 February 2025	

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 Council Strategy. 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 £5.87 equivalent to 2.99% in 2025/26, a review of fees and charges, an assumed pay deal of a wage increase of 3.0% whilst continuing to maintain services.

The proposal is aimed at the Council.

1.2 Who will the proposal have the potential to affect?

☒ Service users	☒ The wider community	☒ Teignbridge workforce
---	---	---

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.

☒ Yes	☐ No [please select]
--	--

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: • 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 breaks down how each variable looks across Teignbridge.
Additional comments:	

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

☒ Age	☒ Disability	☒ Gender Reassignment
☒ Marriage and Civil Partnership	☒ Pregnancy/Maternity	☒ Race
☒ Religion or Belief	☒ Sex	☒ 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 ☐ No ☒
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 ☐ No ☒
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 ☐ No ☒
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 ☐ No ☒
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 ☐ No ☒
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 ☐ No ☒
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 ☐ No ☒
Potential impacts:	Access to existing and improved services with no increased or detrimental effect.
Mitigations:	
Race	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
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 ☐ No ☒
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 ☐ No ☒
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 ☐ No ☒

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 ☐ No ☒
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 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.

Reviewed by Service Manager: Yes ☒ No ☐ Martin Flitcroft	Strategic Leadership Team Sign-Off: Martin Flitcroft
Date: 11 February 2025	Date: 11 February 2025

PRUDENTIAL INDICATORS

Indicator Number	Code Page	Para No.	Guidance Para	Indicator	Actual 2023-24	Estimate 2024-25	Budget 2025-26	Forecast 2026-27	Forecast 2027-28
1	28	79	153 - 161	AFFORDABILITY Estimates of the proportion of financing costs to net revenue stream		-6.06%	-0.80%	1.18%	1.66%
2	28	80	153 - 161	Actual proportion of financing costs to net revenue stream	-4.90%	-	-	-	-
				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.		16%	18%	23%	24%
4	29	85	162 - 166	Actual net income from commercial and service investments to net revenue stream.	14%				
5	29	84		Net income from commercial and service investments as proportion of useable (unearmarked) revenue reserves.	192%				
				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		£36.8M	£29.4M	£20.0M	£9.0M
9	24	56	184 - 192	Actual capital expenditure	£15.3 M				
10	24	57		Estimates of CFR (fully approved items)		£36.3M	£37.9M	£35.7M	£33.4M
11	25	60		Actual capital financing requirement	£22.6M				
				Total proportional debt limit as set in capital strategy and commercial strategy. This figure includes forecast "internal borrowing".		£60 M	£60 M	£60 M	£60 M
				EXTERNAL DEBT					
12	25	61		Authorised limit		£50 M	£55 M	£60 M	£60 M
13	25	62		Operational boundary		£45 M	£50 M	£55 M	£55 M
14	20	60		Actual external debt at 31/3/24 (Borrowing plus long-term liabilities, excluding pensions).	£8.7M				
				The debt liability benchmark prudential indicator is shown in paragraph 2.2.5 of the Treasury Strategy.					
				TREASURY INDICATORS					
				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 return.	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 0%/0% 0%/0% 0%/0% 0%/0% 0%/0%	Upper/lower 0%/0% 0%/0% 0%/0% 0%/0% 0%/0%	Upper/lower 100%/0% 40%/0% 40%/0% 40%/0% 100%/0%	Upper/lower 100%/0% 40%/0% 40%/0% 40%/0% 100%/0%	Upper/lower 100%/0% 40%/0% 40%/0% 40%/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	0%/0% 0%/0% 0%/0% 0%/0% 0%/0%	0%/0% 0%/0% 0%/0% 0%/0% 0%/0%	100%/0% 60%/0% 40%/0% 0%/0% 0%/0%	100%/0% 60%/0% 40%/0% 0%/0% 0%/0%	100%/0% 60%/0% 40%/0% 0%/0% 0%/0%
18	12			Total principal sums invested for periods longer than 365 days (relates to treasury management investments).	£0	£0	£9M	£9M	£9M

This page is intentionally left blank

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

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 Ministry of Housing, Communities and Local Government (MHCLG) 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 MHCLG 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

TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT

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

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

management activities will be measured. Accordingly, the analysis and reporting of 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.

TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT

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, MHCLG 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). MHCLG 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 Ministry of Housing, Communities and Local Government (MHCLG) 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

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

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 SLT/SMT 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 MHCLG and CIPFA have extended the meaning of 'investments' to include both financial (treasury management) and non-financial (service and commercial) investments. Guidance from MHCLG 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.

TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT

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 MHCLG 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. This is distinct from socially responsible investing (where negative screens are applied) and sustainable investing (investing in products /

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

companies based on expected sustainable and beneficial societal impact, alongside a financial return).

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.

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

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 December, the Bank of England's monetary policy committee (MPC) held interest rates at 4.75%. Inflation remains slightly above the bank's 2% target, with the Consumer Price Index for December (released January 2025) at 2.5%. The Bank of England have voiced concerns over the economic outlook, which could bring inflation below target in the medium term. This contrasts with the view shortly after October's budget and the US election.

While further cuts to bank rate are widely expected, forecasts of when that might occur have fluctuated. The Bank of England's governor stated "we think a gradual approach to future interest rate cuts remains right, but with heightened uncertainty in the economy, we cannot commit to when or by how much we will cut rates in the coming year". Current market expectations are that the first cut of the year may happen earlier in 2025 than previously thought, perhaps in February, with further cuts leaving base rate at around 3.75% by the end of the 2025-26 financial year. In the upcoming months, forecasts will be guided not only by economic data releases but also international factors such as policy development in the US around tariffs and broader geo-political risks in Europe, the Middle East and Asia.

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.

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

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.

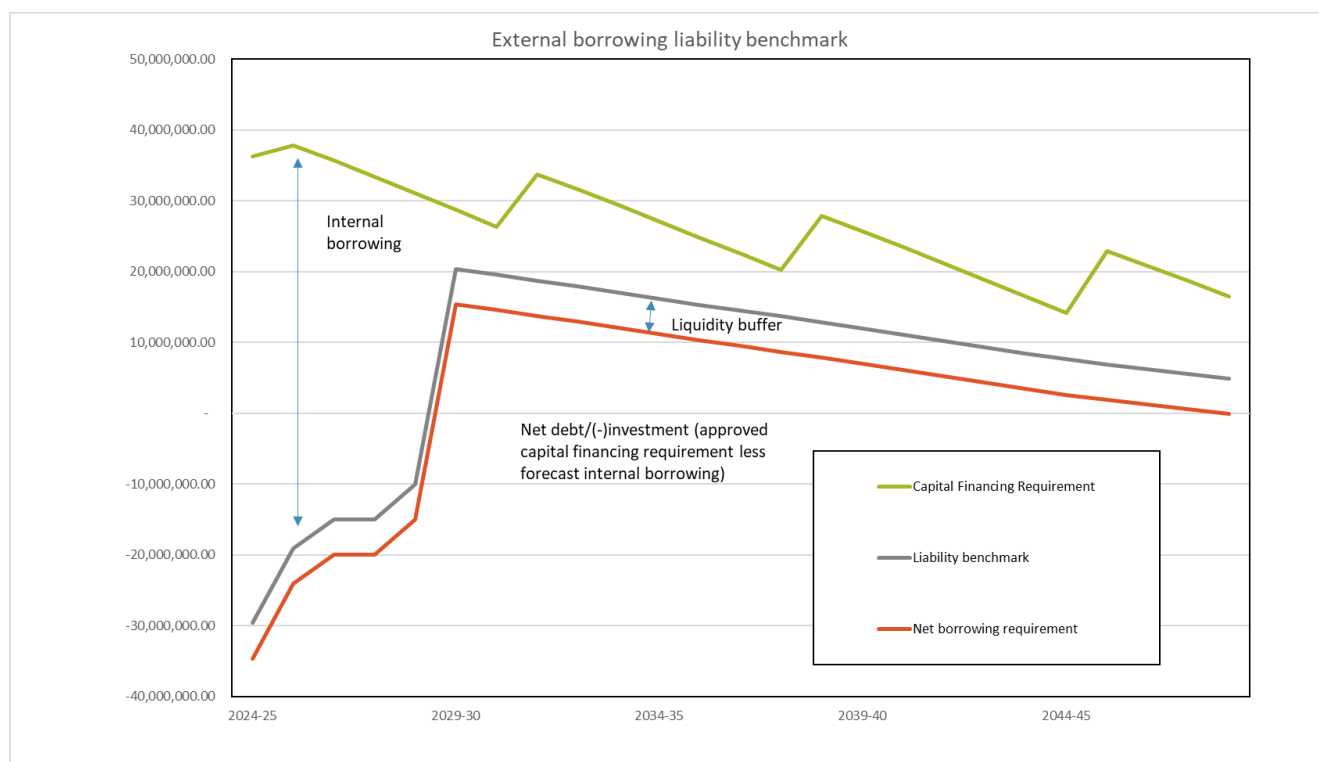
External borrowing liability

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.

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.

TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT



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

2.2.6 Security

As stated in the MHCLG 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 MHCLG 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.

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 **104** decision-making process laid out in the Commercial Strategy.

TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT

2.2.7 Staff training and treasury management advisors

The MHCLG 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 MHCLG 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 MUFG Corporate Markets (previously known as 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.

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.

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

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
Leeds 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
Yorkshire Building Society	2	2,000,000	1,000,000		2,000,000
Coventry Building Society	3	1,000,000			1,000,000
Goldman Sachs International Bank	3	1,000,000			1,000,000
Principality Building Society	3	1,000,000			1,000,000

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

6. Money market funds, subject to maintenance of AAAmf rating.		
CCLA Public Sector Deposit Fund	AAAmf	£3,000,000 limit
Abrdn Liquidity Fund	AAAmf	£3,000,000 limit
Blackrock Liquidity Fund	AAAmf	£3,000,000 limit
LGIM Liquidity Fund	AAAmf	£3,000,000 limit
Morgan Stanley Liquidity Fund	AAAmf	£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)

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

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 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 from April to November 2024 (4.88%), interest foregone due to internal borrowing to cover the Council's Capital Financing Requirement would be in the region of £1,102,575 per annum. This approach represents good value for money. Had the Council externally borrowed the equivalent amount at (for example) 50/50 of PWLB's 10-year and 25-year rates on 1st April 2024 (4.83% and 5.22%), the annual cost would have been £1,135,336.

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 at least 2027/28.

Medium and longer dated borrowing rates are expected to fall from their current levels over the next two years. 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 31.3.24 (year end) and as at 31.12.24 are shown below for both borrowing and investments.

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

Treasury Portfolio				
	Actual	Actual	Current	Current
	31.3.24	31.3.24	31.12.24	31.12.24
	£'000	%	£'000	%
Treasury Investments				
Banks	3,278	10%	2,760	6%
Building Societies - rated	1,000	3%	-	0%
Local authorities	4,000	13%	18,000	38%
DMADF (H.M. Treasury)	17,000	54%	20,350	43%
Money market funds	6,000	19%	6,000	13%
Total treasury investments	31,278		47,110	
Treasury external borrowing				
Local authorities	-		-	
PWLB	-		-	
Other	-		-	
Total external borrowing	-		-	
Net treasury investments (borrowing)	31,278		47,110	

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.

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

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. 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 2025-26 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 MHCLG 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.

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

5.0 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.

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).

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

6.0 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

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

MHCLG. 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 MHCLG guidance

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. This has now been revised to allow in the case of loans where capital receipts from payments under the arrangement are available. Clarification has also been issued to make clear that capital receipts can be used to reduce the underlying capital financing requirement, but not to replace MRP in any one year, as MRP is a revenue charge. The fully revised guidance takes effect in April 2025.

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 2025-26 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.

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: POLICY
STATEMENT, CLAUSES TO BE ADOPTED, STRATEGY STATEMENT AND
AUTHORISED LENDING LIST FROM 25 FEBRUARY 2025
MINIMUM REVENUE PROVISION ANNUAL STATEMENT**

MRP Summary	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Actual	Actual	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	- 51,555	- 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	- 71,551	- 73,397	- 75,290	- 77,233
Forde House decarbonisation	-	-	-	-	-	-
Future High Streets - Market	-	-	-	-	-	- 65,089
Newton Abbot Hotel	-	-	-	-	-	-
PSDS Phase 3 (Broadmeadow)	-	-	-	-	- 42,222	- 97,703
Chudleigh purchases	-	-	-	- 2,189	- 2,255	- 2,323
TDC100 - Sherborne House	-	-	-	- 1,971	- 11,098	- 11,431
Refugee Accommodation	-	-	-	- 17,505	- 25,641	- 26,410
Refugee Accommodation	-	-	-	-	- 6,830	- 7,035
DLC energy efficiency				-	- 2,428	- 19,652
Newton Abbot Leisure Centre Energy Efficiency Measures				-	- 22,489	- 45,653
Teignmouth Lido Energy Efficiency Measures				-	-	- 4,972
Provision for Finance Convergence				-	- 4,362	- 16,298
Fleet Decarbonisation Infrastructure				-	- 13,521	- 13,926
Sortline Baler				-	- 10,415	- 10,728
George Street Car Park				-	- 274	- 7,283
Bradley Lane enabling				-	-	- 880
				-	-	-
Total approved MRP only	- 230,680	- 277,418	- 313,274	- 343,038	- 471,218	- 667,591

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

Teignbridge District Council Capital Strategy

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 and economic uncertainty with low growth. 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.

Teignbridge District Council Capital Strategy

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 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 five year Council strategy. Covering the period 2025-2030 as approved at Full Council on 14 January 2025, this sets out the Council's key objectives:

- Community
- Economy
- Environment
- Homes
- Infrastructure

The capital programme is continually reviewed with a particular focus on these primary goals.

In the latest programme, a provision of £6.8 million has been made over the 3 years 2025/26 to 2027/28 for the construction of a social housing scheme in Sherborne House car park. The proposal is for a *Passivhaus* extremely energy-efficient design, enabling residents to benefit from lower energy bills. Planning consent was granted in August 2024, with a further £142,455 approved at Executive on 4 November 2024 to progress the project to tender stage. This scheme will be brought back to Full Council for approval in due course. Estimated construction costs are based on a desktop study carried out by an experienced local housing company, with assumptions being updated as more detailed work is carried out. Due to Homes England funding constraints, it is currently assumed to be funded from a combination of Homes England and One Public Estate grant, S106 contributions 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

Teignbridge District Council Capital Strategy

- 18 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. Funding has been secured to enable purchase of a further 4 units. Longer term, the homes will provide a supply of affordable housing for local communities.

The pipeline 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 pipeline 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.

Work also continues to deliver the previously approved custom-build housing scheme at Houghton Barton, for which £0.6 million of ring-fenced central government grant funding has been received.

A provisional budget line of £0.03 million per annum is in relation to periodic capital expense in relation to Teignbridge's social housing portfolio, for example replacement roofs, fabric improvements and replacement fixtures and fittings. Projects will be brought forward for approval as they occur. Funding is from revenue contributions to capital. Any surplus income from the properties will be earmarked for this purpose.

Following successful bids for grant funding under the Public Sector Decarbonisation Fund (PSDF) for Forde House offices, Newton Abbot Leisure Centre, Broadmeadow Sports Centre and Teignmouth Lido, a third phase application was made in relation to further measures at Broadmeadow Sports Centre. This second phase comprises fabric improvements, insulation and installation of an air source heat pump. A £3.7 million scheme to include refurbishment was approved at Full Council on 23 July 2023. Funding is a combination of PSDF grant, S106 contributions, revenue contributions and borrowing. In addition, a further £0.97 million of energy efficiency measures are being implemented at Dawlish Leisure Centre (funded partly from Sport England Swimming Pool Support Fund), Newton Abbot Leisure Centre and Teignmouth Lido, as approved by Full Council on 30 July 2024. The measures include replacement air handling units to increase heat recovery and control, improved pool water circulation pump controls to reduce energy wastage, hot water efficiency measures, heat and electricity sub-metering to aid monitoring and at Dawlish, solar photovoltaics to generate low-cost electricity on-site. At Teignmouth Lido, measures include the installation of a pool cover to reduce overnight heat loss.

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 was included in 2024/25 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.

Teignbridge District Council Capital Strategy

For projects not covered by grant funding, a further £0.5 million provision over 2025/26 and 2026/27 has been made for investment in carbon reduction measures covering the Authority's Scope 1 & 2 carbon footprint as part of the ongoing Carbon Action Plan, which is being developed by the Climate Change Officer. 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.

A provision of £6 million between 2025/26 and 2027/28 is also made towards strategic energy infrastructure and low carbon, funded from CIL.

£9.4 million is budgeted over 2024/25 and 2025/26 towards the Market Hall refurbishment and associated Future High Streets Funded works to help stimulate growth in the local economy and ensure it is an attractive and well-connected environment for local businesses. This is funded from a combination government grant and prudential borrowing.

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 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 in its later stages. 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. Conversely, the needs of the capital programme and medium-term financial plan should inform the council's asset management plan to focus on the generation of capital receipts or service income dependent on strategic priorities.

Teignbridge District Council Capital Strategy

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 and Finance focuses on delivering a new operating model. The workstreams include review of service design and delivery, a strategic portfolio focused on business cases to deliver efficiencies and increase income 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 better integrated public transport, walking and cycling routes and achieving net zero by 2050. 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 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 Officer and temporary 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

Teignbridge District Council Capital Strategy

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.

Investment Management Practices (IMPs) were 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 now 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

Teignbridge District Council Capital Strategy

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 Ministry for Housing, Communities and Local Government (MHCLG) issued updated statutory guidance on investments in February 2018. The MHCLG 2018 guidance on minimum revenue provision (MRP) (applicable from 1 April 2019) included 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 covered 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 revised to allow in the case of loans where capital receipts from payments under the arrangement are available. Clarification has also been issued to make clear that capital receipts can be used to reduce the underlying capital financing requirement, but not to replace MRP in any one year, as MRP is a revenue charge. The fully revised guidance takes effect in April 2025.

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 SMT and Executive throughout the year, with any budgetary changes approved by reference to the virement rules in the financial instructions. Separate reports are brought back to Full Council for approval for any larger projects (over £500,000).

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 Capital Strategy

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)

A review into project and change management is underway. In the meantime, proposals must follow the Capital project reporting flow chart as per the Financial Instructions, adhering to the existing 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 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

Teignbridge District Council Capital Strategy

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 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	12,318
Minerva Building, Brunel Road	1,450
Sherborne House, Newton Abbot	2,651
Forde House decarbonisation	1,701
Houghton Barton Link Road*	1,250
Chudleigh Social Housing	165
Sherborne Affordable Housing	72
Local Authority Housing Fund refugee accommodation	1,320
* temporary, pending developer contribution	

Teignbridge District Council Capital Strategy

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.

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)

Teignbridge District Council Capital Strategy

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 £20,000, subject to review.

The Council has not used the capitalisation flexibilities issued by the Secretary of State for the Ministry of Housing, Communities and Local Government. These give authorities the continued freedom to use capital receipts to help fund the revenue costs of transformation projects and release savings. There are currently no plans to use these flexibilities in future years.

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.

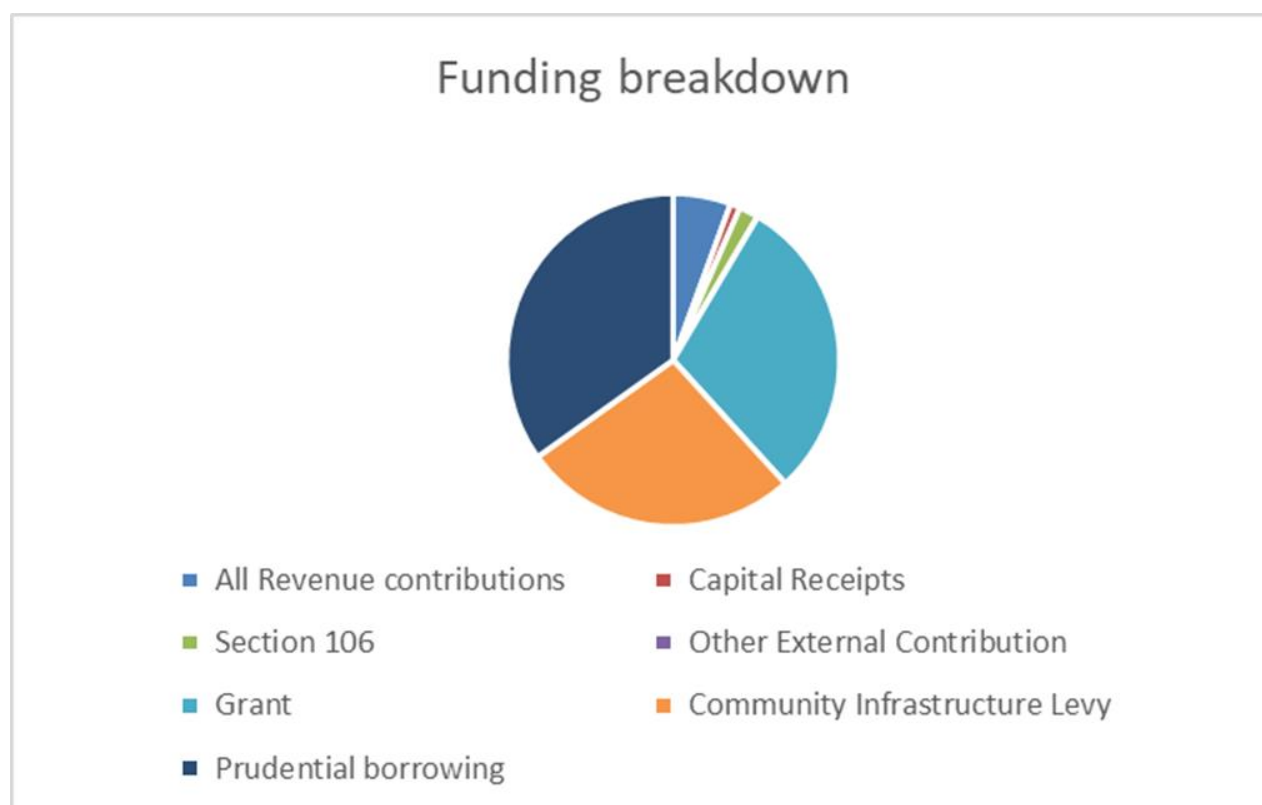
The Council's capital expenditure plans for the current 5 years of the Medium Term Financial Plan amount to £106.0 million, summarised in the table below:

Teignbridge District Council Capital Strategy

Strategic Priority	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Community	2,135	2,234	2,312	-	-
Economy	5,821	5,660	2,000	-	-
Environment	14,881	8,528	6,219	5,173	7,228
Homes	4,978	4,125	5,160	2,072	1,454
Infrastructure	8,681	8,347	3,701	1,690	1,592
Responsible management	268	550	609	41	41
Total Capital Expenditure	36,764	29,444	20,001	8,976	10,315
Borrowing	(15,931)	(7,824)	(7,454)	(1,983)	(5,071)
Capital Receipts	(388)	(486)	(24)	(24)	(364)
Revenue contributions (includes specific sums)	(1,807)	(1,449)	(1,795)	(291)	(300)
Grants / external contributions	(12,941)	(10,321)	(3,712)	(1,400)	(1,400)
CIL	(5,300)	(8,451)	(6,588)	(5,238)	(3,140)
S.106	(397)	(913)	(428)	(40)	(40)
Total Funding	(36,764)	(29,444)	(20,001)	(8,976)	(10,315)

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.



Teignbridge District Council Capital Strategy

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 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 had £4.2 million capital receipts at the start of 2024-25. 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. £0.7m is budgeted in 2024-25 and £1.5m per annum in the following two years. This increase is funded from anticipated EPR (extended producer responsibility for packaging) receipts and is provisionally allocated to waste service improvements such as replacing the bulking station sortline, replacement vehicles and recycling banks. 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.

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

Teignbridge District Council Capital Strategy

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
- 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 Director Corporate 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 Asset Management Policy available in full on the Council's website. Its vision is to manage assets to support the strategic delivery of district services and priorities improving the sustainable economic, social and environmental wellbeing 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;

Teignbridge District Council Capital Strategy

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

The Council's corporate property function sits as part of the Assets Service and is overseen and supported by the Corporate Projects Board.

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.

Teignbridge District Council Capital Strategy

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.

	2024-25	2025-26	2026-27	2027-28	2028-29
	£'000	£'000	£'000	£'000	£'000
Estimated Approved Capital Financing Requirement (underlying need to borrow).	36,309	37,878	35,693	33,443	31,128
Including provisional schemes (total cumulative underlying need to borrow).	36,309	40,938	45,900	45,101	47,130
Estimated internal borrowing based on forecast usable reserves/leases funded from revenue budgets.	-36,309	-40,938	-40,097	-34,800	-19,876
Estimated operating cash-flow	-12,000	-12,000	-12,000	-12,000	-12,000
Liquidity buffer to maintain cash-flow	0	0	0	5,000	5,000
Estimated external borrowing (excluding provisional schemes).	n/a	n/a	0	3,301	20,254

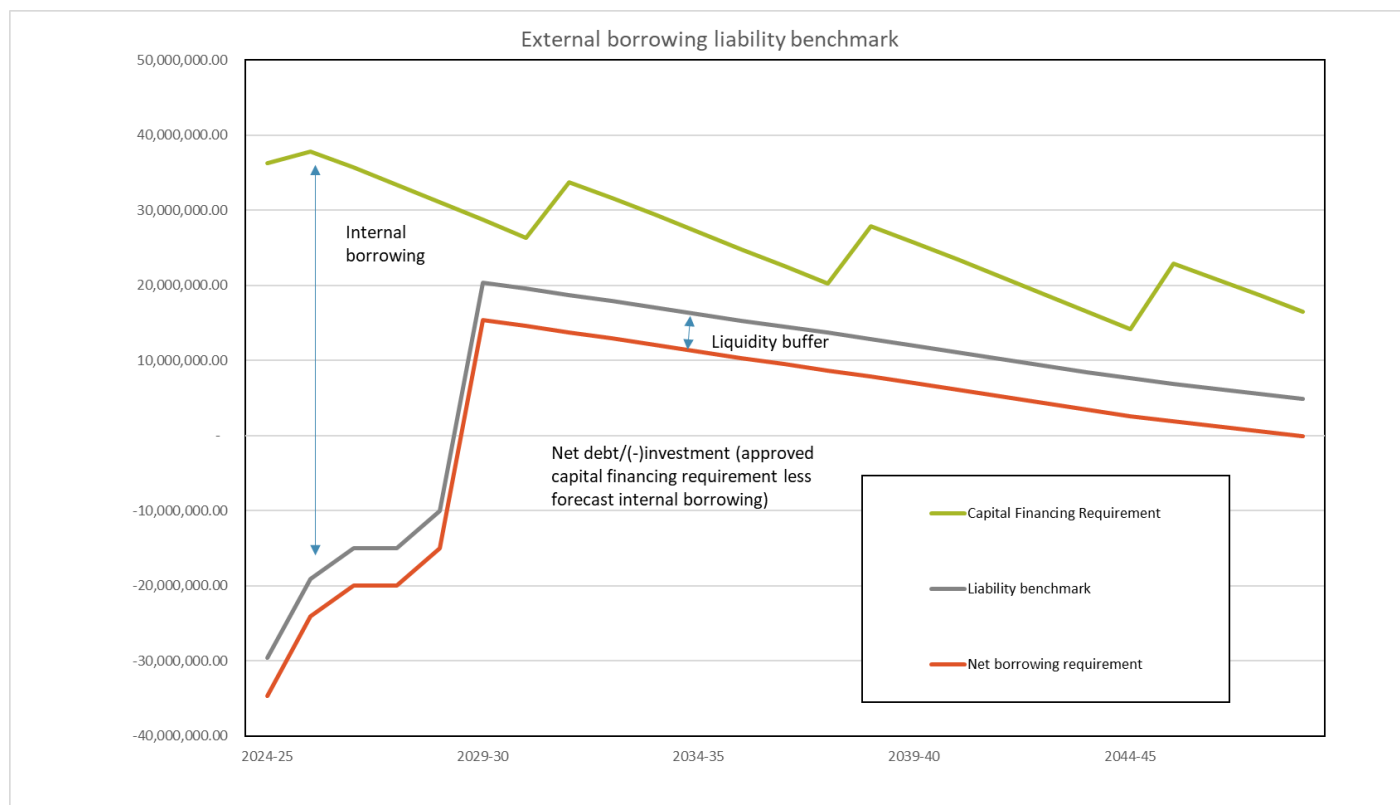
The table above cannot take accurate account of as yet unknown future receipts which may bolster the scope for internal borrowing. However, analysis of actual and forecast sums available for lending between 2022-23 and 2024-25, in comparison to what would be expected given reserves levels and the capital financing requirement, has highlighted the existence of operating cash flow. This has been shown above at around 80% of actual averages. Slippage in the capital programme can also mean usable reserves stay higher for longer. At this stage, external borrowing appears likely by 2028-29 and possible towards the end of 2027-28.

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

Teignbridge District Council Capital Strategy

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 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.

	2024-25	2025-26	2026-27	2027-28
	£'000	£'000	£'000	£,000
Operational boundary	45,000	50,000	55,000	55,000
Authorised limit	50,000	55,000	60,000	60,000

Teignbridge District Council Capital Strategy

The Council's Commercial Strategy also sets a proportional debt limit, which for 2025-26 has been assessed as £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. The reduction of £10 million compared to earlier 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 Ministry of Housing, Communities and Local Government (MHCLG) 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 (please refer to appendix 12 of the budget papers).

The updated MHCLG 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.

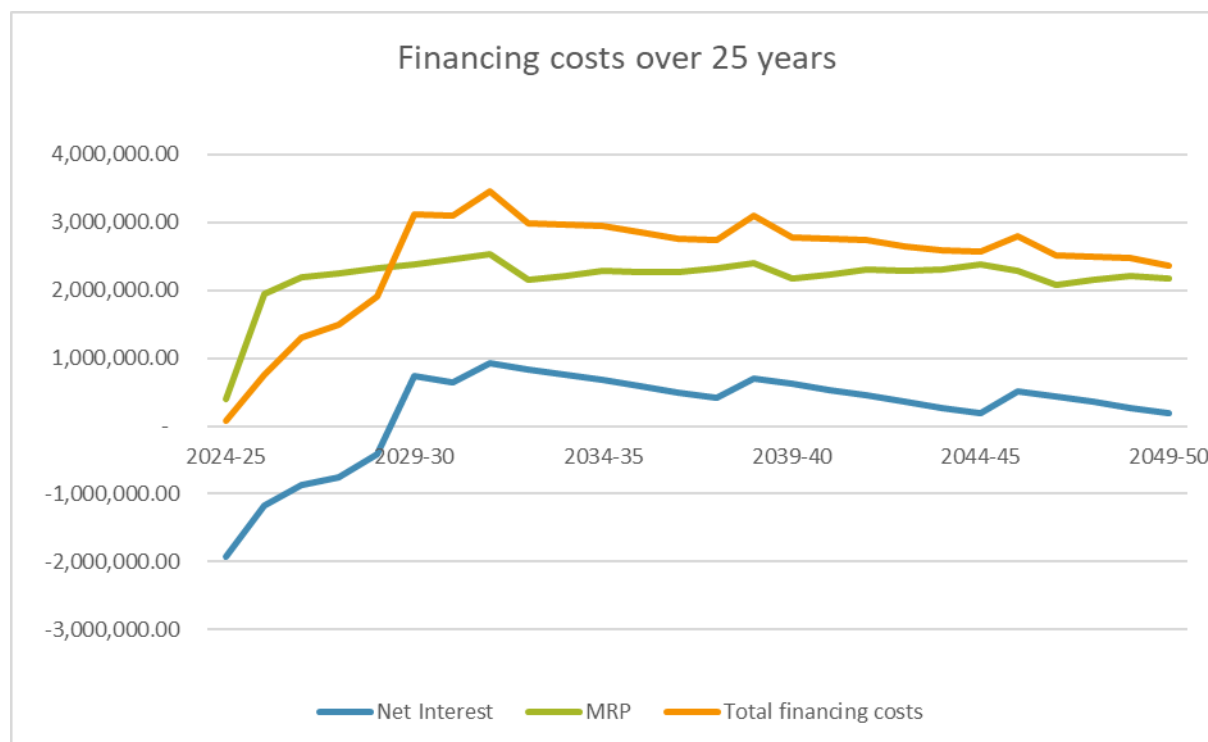
For 2025-26 the Council's MRP statement continues to adopt option 3, the asset life (annuity) method. This is a method often used to calculate loan repayments, where it is required that the total amount of principal and interest repaid each year is a common amount. Principal amounts start low and increase 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 £1.2 million in 2025-26, falling to around £875,000 in 2026-27, and £750,000 in 2027-28 then net interest payable builds over the next few years as reserves are assumed to reduce, limiting

Teignbridge District Council Capital Strategy

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.



MHCLG 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 not forecast to change over the next 3 years as follows, based on approved borrowing:

2025-26	External borrowing not forecast, so no interest expense.
2026-27	External borrowing not forecast, so no interest expense.
2027-28	External borrowing technically possible, however net interest still forecast to be receivable.

2.2.3 Proportionality

In its new investment guidance, MHCLG 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.

Teignbridge District Council Capital Strategy

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 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 and the delivery of affordable housing. 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 April to November 2024-25, interest foregone due to internal borrowing to cover the Council's Capital Financing Requirement would be in the region of £1,102,575 per annum. This approach represents good value for money. Had the Council externally borrowed the equivalent amount at (for example) 50/50 of PWLB's 10-year and 25-year rates on 1st April 2024 (4.83% and 5.22%), the annual cost would have been £1,135,336.

Current debt to net service expenditure ratio:

	2024-25
	£'000
External debt	0
Net service expenditure	19,285
Ratio	0

Based on approved borrowing over the next 3 years:

	2025-26	2026-27	2027-28
	£'000	£'000	£'000
Forecast external debt	0	0	3,301
Net service expenditure	19,752	17,340	16,871
Ratio	0	0	0.20

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 MHCLG 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):

	2023-24	2024-25	2025-26	2026-27	2027-28
	£'000	£'000	£'000	£'000	£'000
Gross rental income*	-7,662	-7,360	-7,709	-8,343	-8,594
Net income after costs, not including financing costs	-4,678	-4,088	-4,684	-5,261	-5,452
Operating costs	2,984	3,272	3,025	3,082	3,142

Teignbridge District Council Capital Strategy

*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 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 2023-24 has been calculated as 14%. Estimates for future years are as follows, increasing due to additional anticipated rental income in relation to projects within the capital programme:

Estimate 2024-25	Budget 2025-26	Forecast 2026-27	Forecast 2027-28
16%	18%	23%	24%

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 2023-24 as a percentage of these general reserves was 192%.

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.

Teignbridge District Council Capital Strategy

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 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.

Teignbridge District Council Capital Strategy

Yield becomes a consideration after the priorities have been satisfied. The majority of treasury management investments are “specified” as defined in the MHCLG 2018 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, 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 MHCLG 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

Teignbridge District Council Capital Strategy

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.

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.

Teignbridge District Council Capital Strategy

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 MHCLG are maintained for consultation within the section. These are updated for any changes, which are also communicated to the relevant staff. Bank signatories are 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 MUFG Corporate Markets (previously known as Link Group, Treasury Solutions). 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).

This page is intentionally left blank

Teignbridge District Council - Budget Consultation Report

Date: 25 February 2025

From: Communications Team

Subject: Consultation feedback to Executive Committee

Methodology

The Communications Team was tasked to consult with the public, businesses, on the website, about the budget proposals. The consultation ran from 20th December 2024 to 3rd February 2025 and below you will find a short summary of the results so that full Council on 25th February has the opportunity to take into account residents' feedback when considering the final budget recommendations from Executive.

The survey

841 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 £5.87 per year for a Band D property, (taking the council tax to £202.28) 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, good local jobs and the 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
	78 % agree	22 %
Q2	Ranking in priority order.	
	Toilets	Ranked 1 st Top Priority
	Open Space	Ranked 2 nd
	Beaches and Resorts	Ranked 3 rd
	Leisure Centres and Swimming pools	Ranked 4 th
	Community Transport	Ranked 5 th
	Play parks	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
	85% agree	15%

Q4	See comments below this table	
Q5	Other measures to consider.	
	Increasing Council Tax	39%
Residents could tick more than one measure.	Making more budget savings	51%
	Generate more income through charging for services	26%
	Reducing the discretionary services, we provide	35%

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

Here's a summary of the comments:

Public Amenities and

1. Infrastructure:

- Nominal charge for public toilets.
- Safe cycle routes to encourage exercise and improve mental health.
- Free public toilets as a mark of a civilized society.
- Maintenance of grass verges and road surfaces, including pothole repairs.
- Street cleaning – dog poo and maintaining communal flower beds.
- Annual maintenance of streams and council properties.

2. Local Transport and Traffic:

- Improving local transport.
- Stop parking on verges and pavements.
- Avoid wasting money on ineffective traffic schemes.

3. Community and Social Issues:

- Provision of homes for the homeless.
- Support for pensioners.
- Encouraging walking, cycling, and carbon reduction.

4. Law and Order:

- Policing and staffing levels.

5. Housing and Development:

- Local jobs over housing.

- More affordable housing with necessary amenities like doctor's surgeries.
- Training for councillors to avoid wasting money on planning applications.

6. Miscellaneous:

- Support for businesses.
- Measures to reduce roadside weeds and litter.
- Introduce a visitor or booking tax on all holidays, after all it's the tourists that contribute to water shortages, litter, dog fouling etc.

This page is intentionally left blank

Extract of the Executive Minutes 11 February 2025

119. FINAL FINANCIAL PLAN PROPOSALS 2025/26 TO 2027/28

The Executive Member for Corporate Services Cllr Parrot presented the agenda report. In proposing the recommendation set out in the agenda report the following was also referred to:

- There had been 841 responses to the survey.
- 78% agreed with an increase of the Council Tax by 2.99%.
- 85% agreed with the Council's priorities, an increase over 64% the previous year.
- The top 3 non statutory services supported in order of priority were public toilets, open spaces, and beaches and resorts.
- The Overview and Scrutiny Committee had considered the financial plan proposals at meetings on 7 January and 4 February 2025 and had agreed with the proposals.

The Leader thanked the Chief Finance officer and staff for putting together the financial plan.

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

RECOMMENDED

The Executive proposes to Full Council a budget as set out as in appendix 4 for revenue and appendix 7 for capital and

RESOLVED

That these proposals be considered together with any subsequent consultation comments for approval by Council as the final budget for 2025/26 and the outline plan for the subsequent years 2026/27 and 2027/28.

The proposed budget includes:

- An increase in council tax of £5.87 or 2.99% to £202.28
- 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 in revenue and provision in the capital programme, including ongoing provisions for corporate decarbonisation schemes as per 5.5.
- A £2 million provision for employment sites funded by borrowing.

- Continuing funding for a Scrutiny Officer to assist Members with the Scrutiny function and working groups and other temporary resources for facilitating the Modern 25 work.
- Authority for Executive to exceed the approved overall revenue budget by up to £200,000 per 4.25.
- 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 £2.5 million.
- Infrastructure delivery plan investment funded by community infrastructure levy and external sources where available as per 5.4.
- Continuation of grant funded South West Regional Monitoring Programme as per 5.6.
- Town centre investment in infrastructure and employment as per 5.7.
- Revenue contributions to capital being increased from £500,000 to £1,500,000 per annum.
- Increasing the ‘invest to save’ reserve to £500,000.
- Councillors community fund set at £1,000 each.
- Providing additional 5% funding to core voluntary group grant contributions.
- The Financial Plan 2025 – 2030 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.

Section 24 Statutory Recommendation

1471

Teignbridge District Council
year ended 31 March 2024

February 2025

13 February 2025

Dear Members

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Our responsibilities

As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Local Audit and Accountability Act 2014. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, as despite issuing key recommendations in our two previous Annual Audit Reports (which cover three financial periods), concerning member behaviour, we have seen insufficient progress on the implementation of our recommendations. This statutory recommendation was formally made to the council on 4 February 2025. Further details are included in the attached report.

What does the Council need to do next?

Schedule 7 of the Local Audit and Accountability Act 2014 requires the following actions:

The Council must consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Council.

At that public meeting the Council must decide:

- whether the recommendations are to be accepted; and
- what, if any, action to take in response to these recommendations.

Schedule 7 of the Act specifies the meeting publication requirements that the Council must comply with.

Grant Thornton UK LLP

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grantthornton.co.uk for further details.

Background to the statutory recommendation

We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, due to inappropriate behaviour by some members.



Governance

The Nolan Principles include a principle of Leadership, which states that "Holders of public office..... should treat others with respect". The two previous Auditor's Annual Reports published in August 2023 and February 2024 identified significant weaknesses in the Council's arrangements for upholding good standards in member behaviour and in member-officer relationships. Both reports included a key recommendation stating that "Both members and senior officers must commit to building up respect and good working relationships and demonstrate that significant progress has been made within a reasonable timeframe ... This should also include commitment from group leaders that party members will be held to account for unruly behaviours. Senior leadership, both officers and members, must demonstrate that there is zero tolerance to inappropriate behaviours".

The Centre for Governance and Scrutiny highlighted weaknesses in relationships in 2022 and an LGA Peer Review visit from 9th to 11th January 2024 highlighted weaknesses again in January 2024. We note that the Council officers did finalise a new member/ officer protocol in July 2024; and did formally adopt an LGA Peer Review action plan in October 2024. However, officers inform us that the timescale for formally adopting the LGA action plan was in some measure slowed down by key members of the Council focusing on the 2024 national election. By the time that the action plan was formally adopted, some nine to ten months had passed since the LGA Peer Review report had been shared with the Council.

Recent examples of poor behaviour since the start of 2023/24 include one member swearing at their fellow-member Chair of a Full Council meeting; members talking over one another, using condescending and aggressive language; members arguing about whether hands had been raised at the Overview and Scrutiny Committees in place until May 2024; and members muting one another's microphone and exiting the room early rather than stay in the new Overview and Scrutiny Committee meetings since May 2024. All groups have been involved to some extent or other and some incidents we observed have occurred even as late as July 2024 when the new member/ officer protocol was being agreed.

Overall, behaviour and relationships continued to be challenging in 2023/24 – regardless of the numerous recommendations that the Council has already received from us and other bodies as described above. We note that the Standards Committee has not met since July 2023, in part because there were behavioural issues on that Committee itself. A Procedures Committee has continued to meet, and officers have argued for the creation of a Governance Committee.

The above impacts on the Council's reputation, working culture, and ability to transact business as usual.

Statutory Recommendation



Statutory Recommendation

The Council should:

1. Commission a suitably qualified expert to investigate the underlying causes of member behaviours which contravene the standards set out in the Council's constitution under the members' code of conduct and the member/officer protocol; and which have impacted the Council's reputation and working culture. The Council should then develop an action plan to enable members and officers to address those issues.
2. Adopt a consistent zero-tolerance approach to any swearing; lack of respect for other people attending meetings; or other abusive behaviour towards other members or officers in meetings. This should be done by making full use of the procedural rules set out in the Council's constitution by: Immediately adjourning the meeting; moving a motion that the member concerned be not heard; or moving a motion that the member concerned should leave the meeting.
3. Consider amendments to its constitution to extend those procedural rules to all meetings of committees of the Council and amend the Member Code of Conduct to include an obligation for all members to reinforce standards of behaviour and to support the Chair of the Council and chairs of committees of the Council in their use of procedural rules to ensure proper conduct. Group Leaders should model good behaviour and discipline members of their groups whose behaviour breaches the Code of Conduct and the member/officer protocol.
4. Continue to provide information and support to ensure that members and officers who are subjected to aggressive and abusive behaviour from individual members can, if they wish, submit a written complaint to the Monitoring Officer immediately, so that it can be dealt with under the Council's Standards procedures.
5. Ensure that Group Leaders take responsibility for their members working collaboratively with officers and for their members improving behaviours and relationships.
6. Review membership of the Standards Committee, with only members who have an excellent behavioural track record being eligible to join it. Meetings should then resume. A Governance Committee should be introduced to reinforce the work of the Standards Committee. As with the Standards Committee, members on the Governance Committee must have an unblemished behavioural track record.

Securing good standards and behaviour amongst members will help to strengthen corporate governance and working culture. This in turn should help to create a positive environment from which the Council can build better relationships and address the other issues it faces, such as transacting business as usual and maintaining respect and co-operation around decisions once they have been taken.

Statutory Recommendation (continued)



Management responses

151

Recommendation Part 1 - The council has commissioned the CFGS to conduct reviews and are currently working with them to review the constitution. Members of the administration have had workshops with officers to improve the working relationship and clarify roles. To date a small number of independent councillors who refuse to moderate their behaviour and their group leaders either refuse to or are unwilling to address the behaviour to which you refer.

Recommendation Part 2 - Agreed. Support and training is given to chairs and members but there is a lack of support from councillors across the chamber to address this behaviour in meetings.

Recommendation Part 3 - The Council has adopted the LGA model code and as stated above Chairs receive specific training.

Recommendation Part 4 - Members and officers are aware of the process to raise a standards complaint and are supported to do so.

Recommendation Part 5 - Agreed.

Recommendation Part 6 - Agreed.

Recommendations raised in 2023/24

152

Recommendation	Status*	Criteria	Comments and Actions agreed by Management
SR1 The Council should: 1. Commission a suitably qualified expert to investigate the underlying causes of member behaviours which contravene the standards set out in the Council’s constitution under the Members’ Code of Conduct and the member/officer protocol; and which have impacted the Council’s reputation and working culture. The Council should then develop an action plan to enable members and officers to address those issues. 2. Adopt a consistent zero-tolerance approach to any swearing; lack of respect for other people attending meetings; or other abusive behaviour towards other members or officers in meetings. This should be done by making full use of the procedural rules set out in the Council’s constitution by: Immediately adjourning the meeting; moving a motion that the member concerned be not heard; or moving a motion that the member concerned should leave the meeting. 3. Consider amendments to its constitution to extend those procedural rules to all meetings of committees of the Council and amend the Member Code of Conduct to include an obligation for all members to reinforce standards of behaviour and to support the Chair of the Council and chairs of committees of the Council in their use of procedural rules to ensure proper conduct. Group Leaders should model good behaviour and discipline members of their groups whose behaviour breaches the Code of Conduct and the member/officer protocol. 4. Continue to provide information and support to ensure that members and officers who are subjected to aggressive and abusive behaviour from individual members can, if they wish, submit a written complaint to the Monitoring Officer immediately, so that it can be dealt with under the Council’s Standards procedures. 5. Ensure that Group Leaders take responsibility for their members working collaboratively with officers and for their members improving behaviours and relationships. 6. Review membership of the Standards Committee, with only members who have an excellent behavioural track record being eligible to join it. Meetings should then resume. A Governance Committee should be introduced to reinforce the work of the Standards Committee. As with the Standards Committee, members on the Governance Committee must have an unblemished behavioural track record. Securing good standards and behaviour amongst members will help to strengthen corporate governance and working culture. This in turn should help to create a positive environment from which the Council can build better relationships and address the other issues it faces, such as transacting business as usual and maintaining respect and co-operation around decisions once they have been taken.	Statutory	Governance	Management comments Shown on page 5 of this report. Management actions Actions: as per page 5 Responsible Officer: Paul Woodhead (MO) Executive Lead: Martin Flitcroft (s151) Due Date: 12 months



This page is intentionally left blank

Teignbridge District Council
Full Council Meeting
25 February 2025
Part i

Local Government Reorganisation – Minister letter

Purpose of Report

To present and discuss the letter received from Jim McMahon OBE MP, Minister of State for Local Government and English Devolution inviting Councils across Devon to work together to develop a proposal for local government reorganisation.

To agree how the Council wishes the Leader and Managing Director represents the interests of Teignbridge residents in Local Government Reorganisation discussions.

Recommendation(s)

The Council RESOLVES to:

- (1) Authorise the Leader and Managing Director to represent the Council in Local Government Reorganisation discussions, based on the 'key requirements' as set out in section 6 to this report, including reporting mechanisms to Members; and
- (2) Utilise the same groups and engagement mechanisms as used for the Council Strategy process, to ensure the voice of Teignbridge residents are heard in the consultation process

Financial Implications

There are no financial implications arising from this report – see 4.1 for more detail on potential implications.

Martin Flitcroft, Director of Corporate, Section 151 Officer
Email: martin.flitcroft@teignbridge.gov.uk

Legal Implications

There are no legal implications arising directly from this report – see 4.2 for more detail on potential implications.

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

Risk Assessment

There are no risks arising directly from this report. Broader risks related to Local Government Reorganisation are set out in section 4.3.

Neil Blaney, Director of Place
Email: neil.blaney@teignbridge.gov.uk

Environmental/ Climate Change Implications

There are no environmental or climate change implications arising directly from this report. Broader risks related to Local Government Reorganisation are set out in section 4.4.

Neil Blaney, Director of Place
Email: neil.blaney@teignbridge.gov.uk

Report Author

Neil Blaney, Director of Place
Email: neil.blaney@teignbridge.gov.uk

Executive Member

Cllr Richard Keeling, Leader of the Council

Appendices/Background Papers

Appendix 1 – Devon wide thematic maps
Appendix 2 – Population data and profile based on current local authority areas

Background paper 1 – [Letter from Jim McMahon OBE MP, Minister of State for Local Government and English Devolution](#), February 2025

Background paper 2 – Devolution report to Council 9 January 2025

Background paper 3 – [Evaluating the importance of scale in proposals for local government reorganisation](#) – PWC, 2020

Background paper 4 – [Case for change: local government reorganisation in Dorset](#)

Price Waterhouse Cooper, 2016

Background Paper 5 – [Cumbria Local Government Reorganisation Case for Change](#), 2020

Background paper 6 – [Devolution Solution: How fixing English local government will improve economic growth](#) – Centre for Cities, 2024

1. Introduction/Background

The Government has a vision for simpler, more sustainable, local government structures, alongside a transfer of power out of Westminster through devolution. To achieve this the Government wants to replace areas with two tiers of local government with new unitary authorities.

The Minister of State for Local Government and English Devolution has written to all District, County and Unitary local authorities in Devon inviting them to work with each other to develop a proposal for local government reorganisation, and to set out further detail on the criteria, guidance for the development of proposals, and the timeline for this process.

The invitation, included as Background Paper 1 to this report, sets out the criteria against which proposals will be assessed.

Section 3 of this report considers the criteria for unitary local government in the Ministers letter and considerations for Teignbridge against those criteria.

2. Timescales

The letter from the Minister sets out the timescales for the submission of proposals:

21 March 2025 – Interim plan setting out progress on developing proposals in line with the criteria and guidance. The expectation is that one interim plan is jointly submitted by all Councils, although there is acknowledgement that there may be more.

The final page of the Annex to the Minister's letter sets out the criteria.

Councils will not be bound by this submission, which is an important consideration given the County Council elections.

28 November 2025 – proposal for a single tier of local government in line with the guidance as set out in the letter.

2028 – Earliest 'go live' date for new unitary organisation(s)

3. Review of the guidance from the Secretary of State for proposals for unitary local government

Achieving for the whole area:

Sensible economic areas. Teignbridge forms part of a functional economic area with Exeter, East Devon and Mid Devon, as shown in Appendix 1. There is also significant economic activity and movement between Torbay, Newton Abbot and Heathfield.

Sensible geography. Other relevant geographies and administrative areas are also set out in Appendix 1. The physical geography of the area matches the economic area and has natural links to the neighbouring authorities on all borders. Teignbridge also shares responsibility for a third of the residents on Dartmoor along with South Hams and West Devon Councils.

Appropriate tax base. The Council Tax bases for all Devon authorities and the average Band D rate are set out in Table 1, Appendix 2.

The right size to achieve efficiencies:

Population of 500,000 or more. Table 2, Appendix 2 shows the population per authority.

Improve Council finances. The Government is clear that there is no proposal for Council debt to be addressed centrally or written off as part of reorganisation.

Chart 1 in Appendix 2 sets out planned revenue expenditure (adjusted) per head of population 2024/25 for Teignbridge and Districts of Devon.

Future service transformation opportunities. The Government wants authorities to plan for future service transformation. Teignbridge District Council has been forward looking in this respect and the Modern 25 programme should be held up as an example of how service transformation can be delivered effectively and efficiently.

Prioritise the delivery of high quality and sustainable public services:

How to avoid fragmentation of services. The Council has a long history of working well with other local authorities. We host the Devon Building Control Partnership, Community Safety Partnership and Procurement on behalf of South Hams and West Devon. We share IT provision with Exeter and East Devon via Strata.

The key to avoiding fragmentation will include a clear focus on what is important to residents and businesses and working closely with other authorities to developing how services can be consolidated across a wider geography.

It is essential to remember that reorganisation will need to focus on being able to sustainably fund and deliver services that provide essential support to residents, and particularly some of the most vulnerable in our communities across a wide and diverse geography. This includes adult and children's social care, highways, education (including Special Educational Needs and Disabilities), housing and homelessness, and public health. Alongside this there are regulatory functions such as Planning, Building Control, Trading Standards and Environmental Health, and statutory services such as waste collection and disposal.

Working together and obtaining local views:

The Government has left it for councils to decide how best to engage locally in a meaningful and constructive way, and to evidence this engagement activity in the final proposal. They also recommend consideration of issues of local identity and cultural and historical importance.

There are positive examples of recent engagement with our communities through the Council Strategy work. It is recommended that we use the same channels to communicate on Local Government Reorganisation once the consultation process starts.

Members are encouraged to consider what additional routes could be used and how they will use their roles as links between their communities and the Town and Parish Councils.

4. Implications, Risk Management and Climate Change Impact

4.1 Financial: There are no specific financial implications arising from the report, as there are no proposals yet. However, one of the core reasons

for looking at Local Government Reorganisation is the perilous state of local government finances.

Members need to be mindful of the importance of the Council Tax and Business Rates base in future funding sustainability. As can be seen from Table 1 in Appendix 2 there is a range of Band D averages across the County. Based on the recent creation of unitary authorities it is likely that the new authority will start with the highest figure.

Planned revenue expenditure (adjusted) per head of population 2024/25 for Teignbridge and Districts of Devon is set out in Chart 1 of Appendix 2 to give a comparison and context of the authorities across the county, excluding the upper tier authorities.

The Minister's letter is clear that there will be no write-off of local government debt.

The cost for delivering reorganisation does not come from Central Government. In recent examples the cost has ranged between £20-£40 million, covering redundancies and other costs such as contract cancellation. This will need to be budgeted for by the existing authorities.

The landscape of funding for all our potential partners will change because of the proposed funding reforms to be consulted on in 2025/26 and implemented in 2026/27. The projected impacts will need to be considered as part of the ultimate financial situation of the partner authorities. At this stage we have no detailed understanding of how this may look with significant estimates in our existing and recently updated Medium Term Financial Plans.

The requirements to ensure we strive to deliver balanced budgets must remain a clear priority and all aspects of the Modern 25 programme, asset review recommendations and organisational review efficiencies be delivered at speed. The current estimated budget deficits are £3.8 million in 2026/27 and £3.6 million in 2027/28 which significantly depletes our useable reserves which could be re-directed to other sustainable investments within the District.

It is not clear from the Ministers letter what funding will be provided or what transition costs will need to be met from existing budgets. We have built up funds to provide an 'invest to save' reserve but there may be various demands on the use of this budget – in particular for existing provisions within the capital programme.

4.2 Legal: There are no specific financial implications arising from the report, as there are no proposals yet. The request for proposals to be brought forward are done under the Secretary of State's powers under Part 1 of the Local Government and Public Involvement in Health Act 2007.

The final decision on a proposed restructure is made by the Secretary of State. A restructure does not require the affected councils to give formal consent. There is no mechanism for the public to support or oppose restructuring through a petition or a referendum.

4.3 Risks: There are no immediate risks arising from this report.

However, there will need to be detailed risk assessments as part of the work to consider options once developing proposals.

At the time of writing, it is not clear which organisation will lead the work to develop proposals. It is not recommended that Teignbridge District Council submits its own proposal as this would run counter to the stated approach that the Minister is looking to support.

The timescale for the development of options is short, given the wide range of localised issues that need to be considered.

There is a risk if the focus is on power and politics, or factors outside of the direct control of local government.

4.4 Environmental/Climate Change Impact

There are no specific financial implications arising from the report, as there are no proposals yet.

As devolution proposals progress, there is an opportunity to explore how strategic delivery and planning for homes, employment, energy supply, transport and other services over larger geographies could produce good outcomes for the environment and people living in Teignbridge.

5. Potential Options

The scale of work required to develop options is significant. Background paper 3 is the report used as the basis for evaluating unitary authorities and in

particular the requirement for populations of 500,000. Examples of cases for Local Government Reorganisation in Dorset (2016) and Cumbria (2020) are included as background papers 4 and 5 respectively, to give a scale of the consideration required in creating the new organisation(s).

A report in 2024 by the Centre for Cities with suggestions for an approach to national devolution is included as Background Paper 6 to this report. It suggests two unitary authorities for the whole of Devon. One unitary authority would include the current Plymouth, South Hams and West Devon boundaries, which is also the boundary of the South Devon Freeport, the other would include the rest of Devon.

The option suggested fits well with the Government's stated intentions but would have immediate impacts for current arrangements in place between Teignbridge, South Hams and West Devon including the Devon Building Control Partnership, Community Safety Partnership and Procurement.

Plymouth and Exeter City Councils prefer an approach that creates unitary authorities including the current city boundaries plus areas from neighbouring authorities. At the time of writing the report no plans have been published showing the potential boundaries.

A further option could be Plymouth remaining as a Unitary authority and the rest of Devon either as one or two unitary authorities made up of the eight district/borough Councils and Torbay.

6. Key requirements for Teignbridge

Using the appraisal in Section 3 of this report against the Minister's letter, it is recommended that the Leader and Managing Director engage with the discussions around Local Government Reorganisation with the following key requirements to represent the best interests of Teignbridge residents:

- To bring a report to Council prior to 21 March 2025 for endorsement of the Interim Plan for Devon, on receipt of the Minister's response to the Interim Plans, before 28 November 2025 for the final proposal prior to the formal submissions to Government, and on receipt of the Minister's response to the formal submission.
- Report back on progress through the Executive, Full Council and informal briefings as appropriate.
- The range of functional and physical geographies are complex, and any proposal must take full account of the impact to residents, businesses

and stakeholders in Teignbridge. Evidence must be able to show that due consideration of the impacts has been made and provide justification for decisions.

- A consistent Devon wide engagement plan for consulting with stakeholders, residents and businesses on potential options needs to be produced and shared with Members by the end of March. The approach taken by Teignbridge in the creation of the Council Strategy is a basic expectation.
- Each local authority needs to set out their plans to reduce existing budget gaps to avoid burdening residents and businesses in the future organisation.
- Proportionate officer resource and budget should be made available to support this work.

This page is intentionally left blank

Strategic Housing Market Areas

Source:

- [National Housing and Planning Advisory Unit | Centre for Urban and Regional Development Studies | Newcastle University 2010](#)

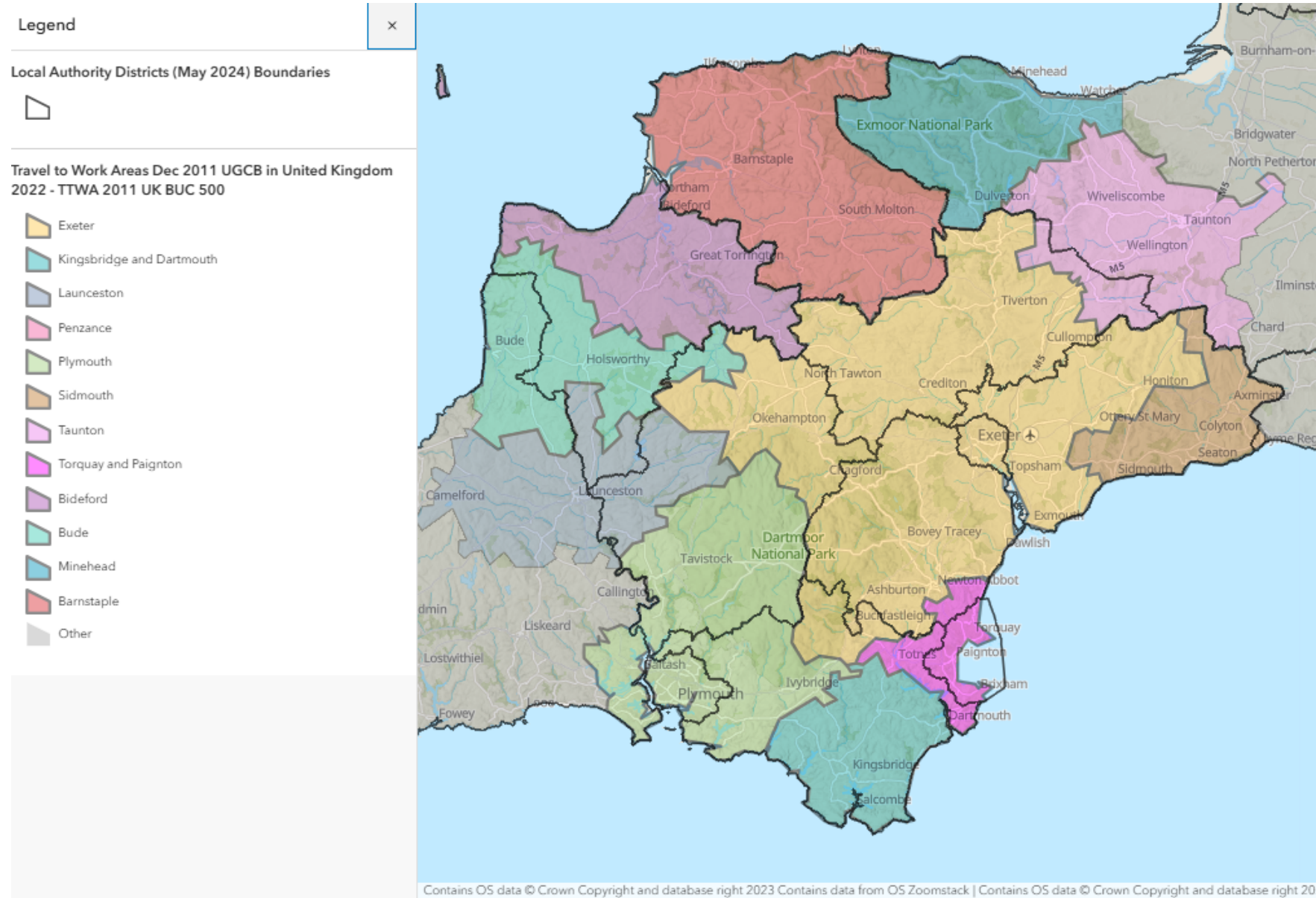


Travel to Work Areas

These are the ONS published Travel to Work areas covering Devon, based on the 2011 census. An update was not made after the 2021 census due to the pandemic related disruption causing data quality issues.

The current criteria for defining TTWAs are that at least 75% of the area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area.

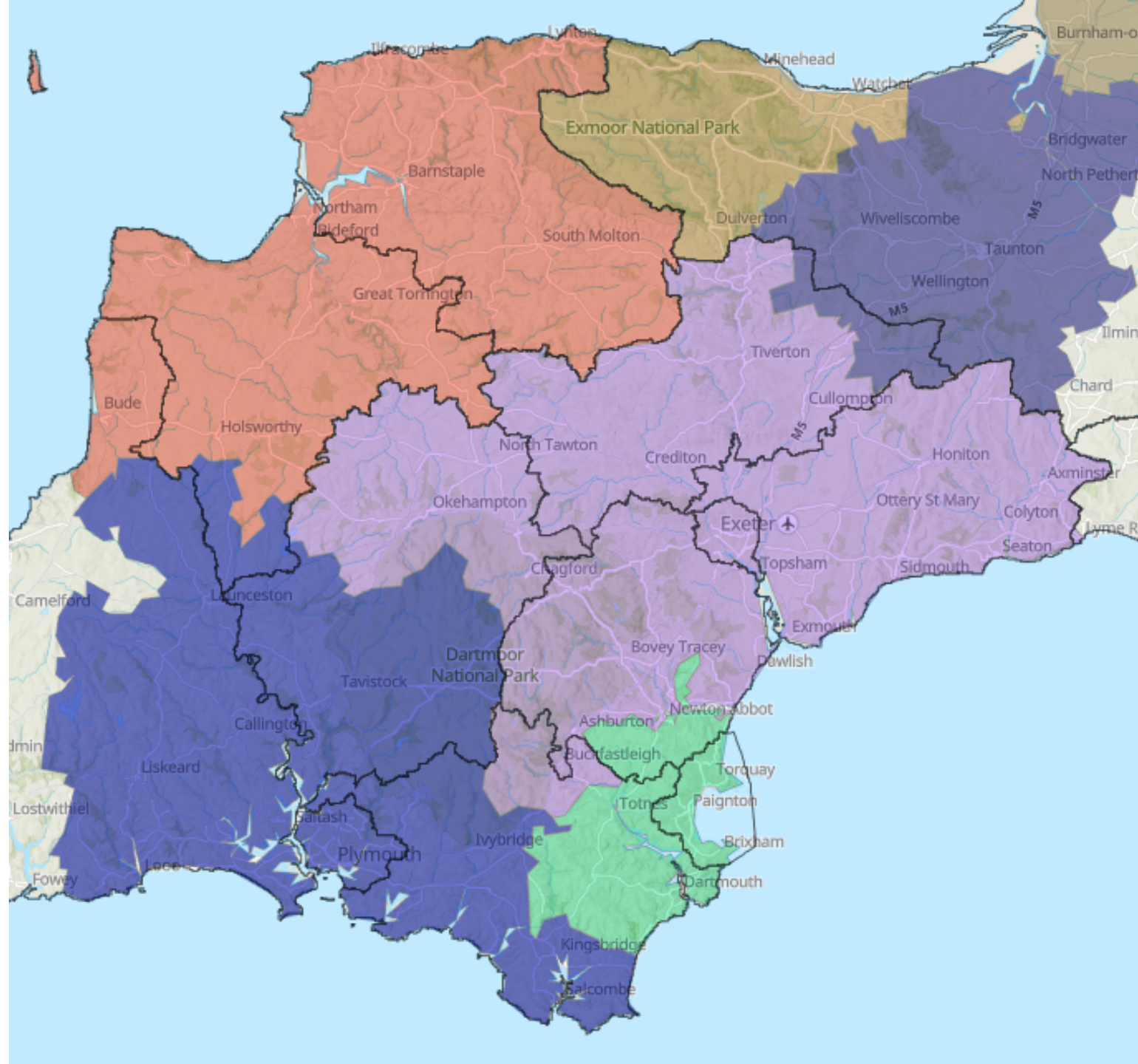
Source: [Travel to Work Areas \(December 2011\) Boundaries UK BFE \(V3\) - Overview](#)



High Qualification Travel to Work Areas

These are the High Qualification, also referred to as 'high-skill' travel to work areas covering Devon. These are used to illustrate the broader commuting distances related to certain employment types.

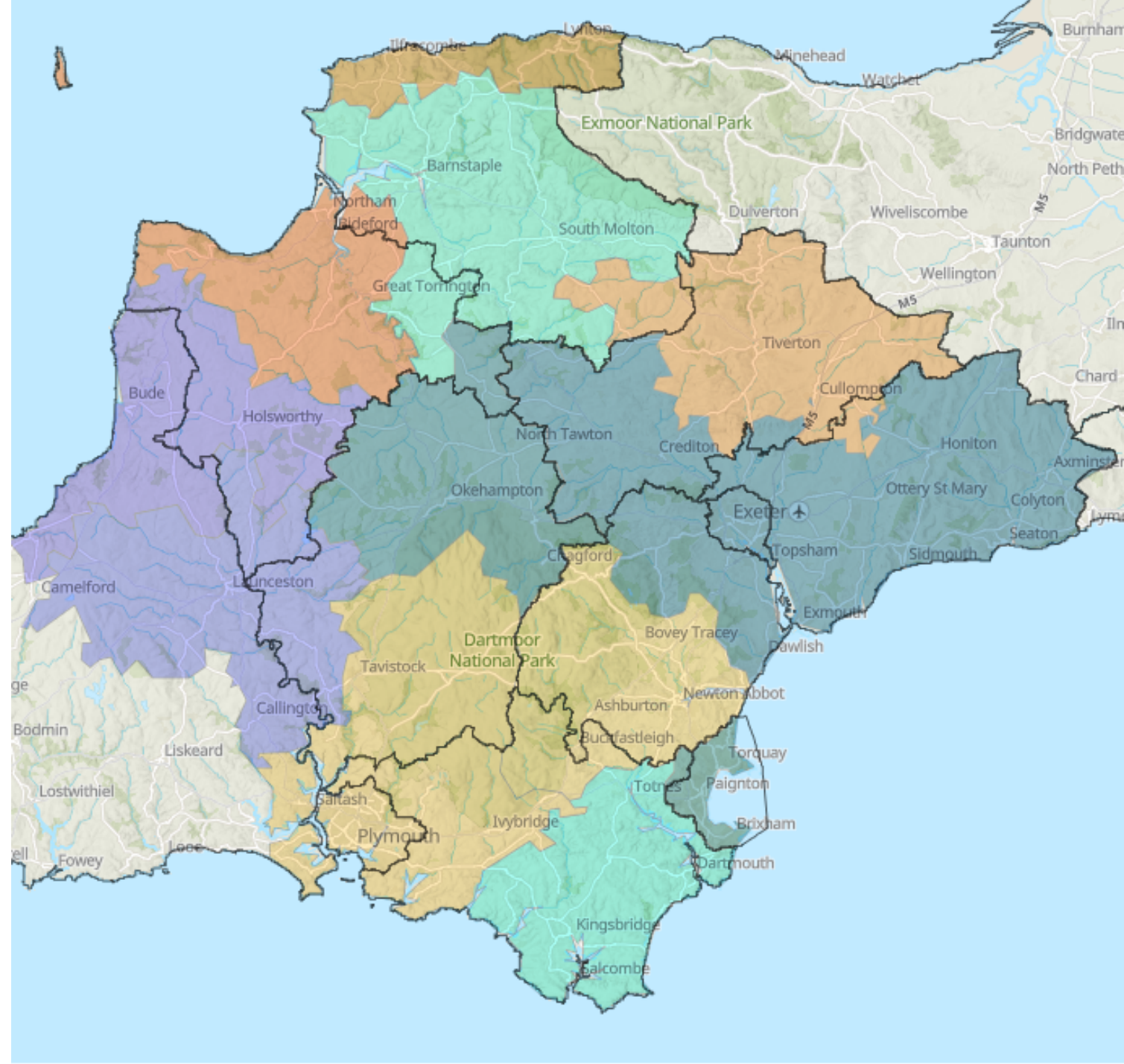
Source: [Travel to work area analysis in Great Britain - Office for National Statistics](#)



Medium Qualification Travel to Work Areas

These are the Medium Qualification, also referred to as 'medium-skill' travel to work areas covering Devon. These are used to illustrate the broader commuting distances related to certain employment types.

Source: [Travel to work area analysis in Great Britain - Office for National Statistics](#)



NHS Catchments

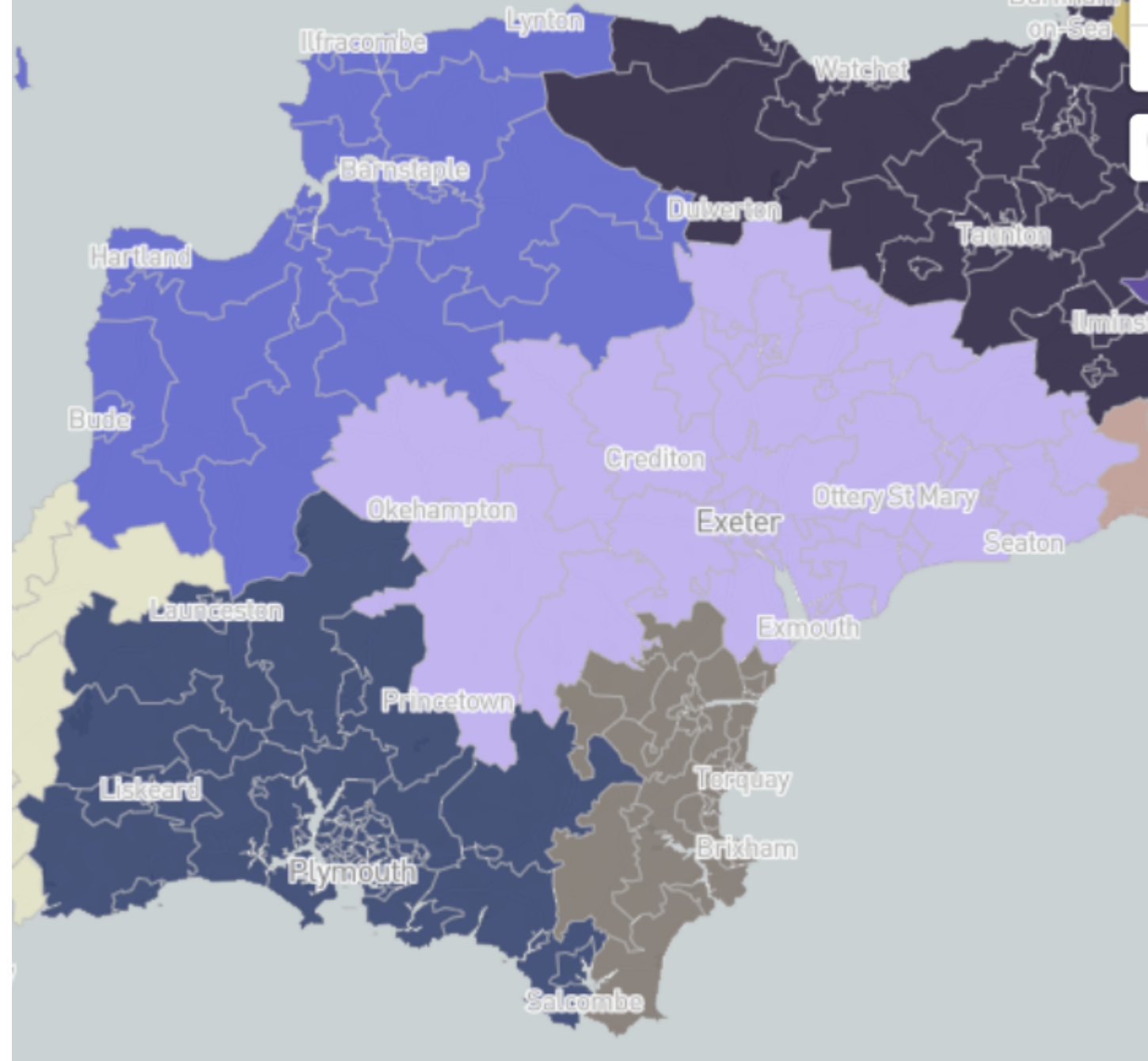
■ Torbay Hospital

■ RD&E

■ University Hospitals Plymouth
NHS Trust

■ Northern Devon Healthcare
NHS Trust

Reference: [NHS Acute \(Hospital\) Trust
Catchment Populations](#)



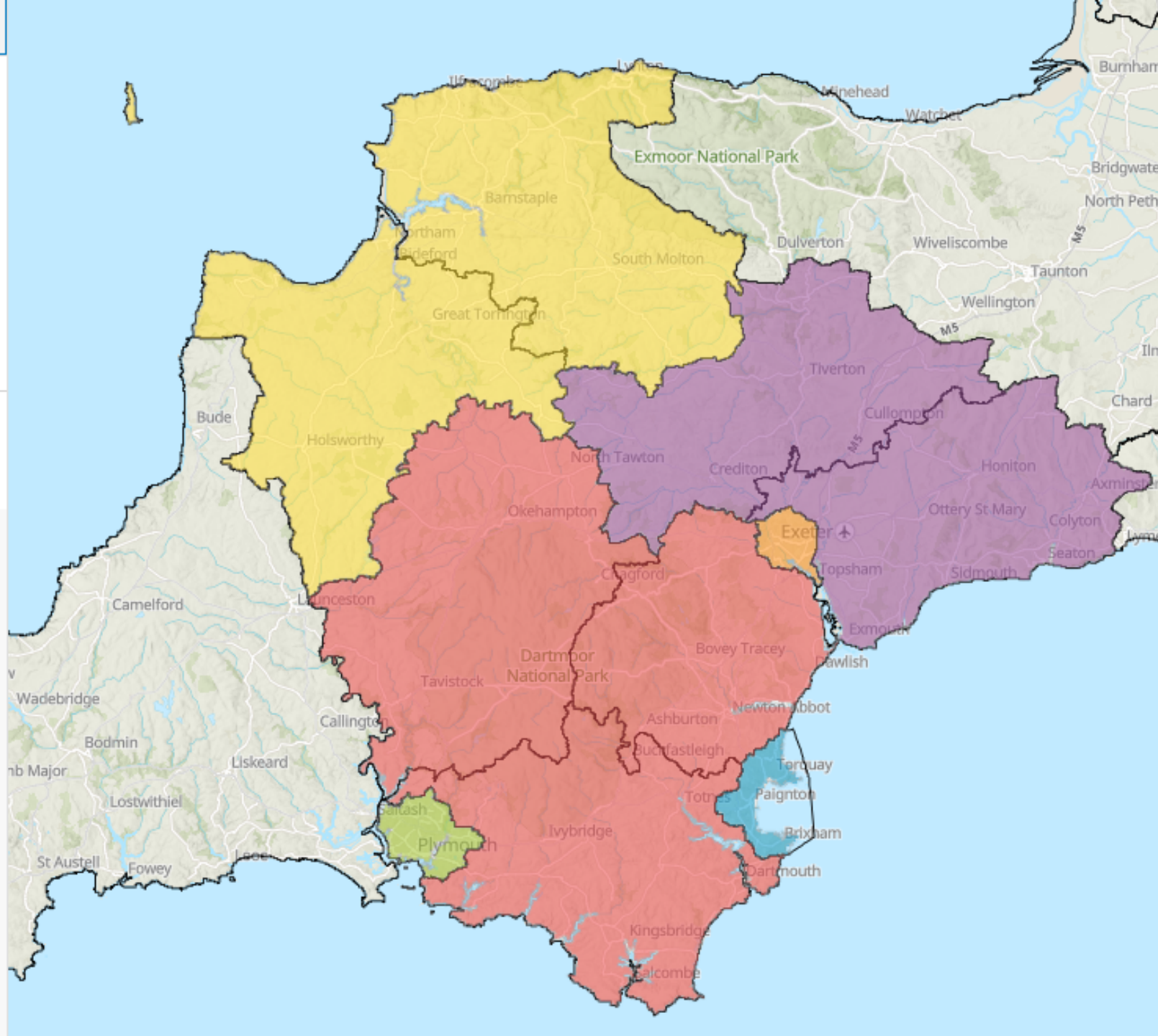
Legend

×

Community Safety Partnerships December 2023 Boundaries EW BFC - CSP DEC 2023 EW BFC

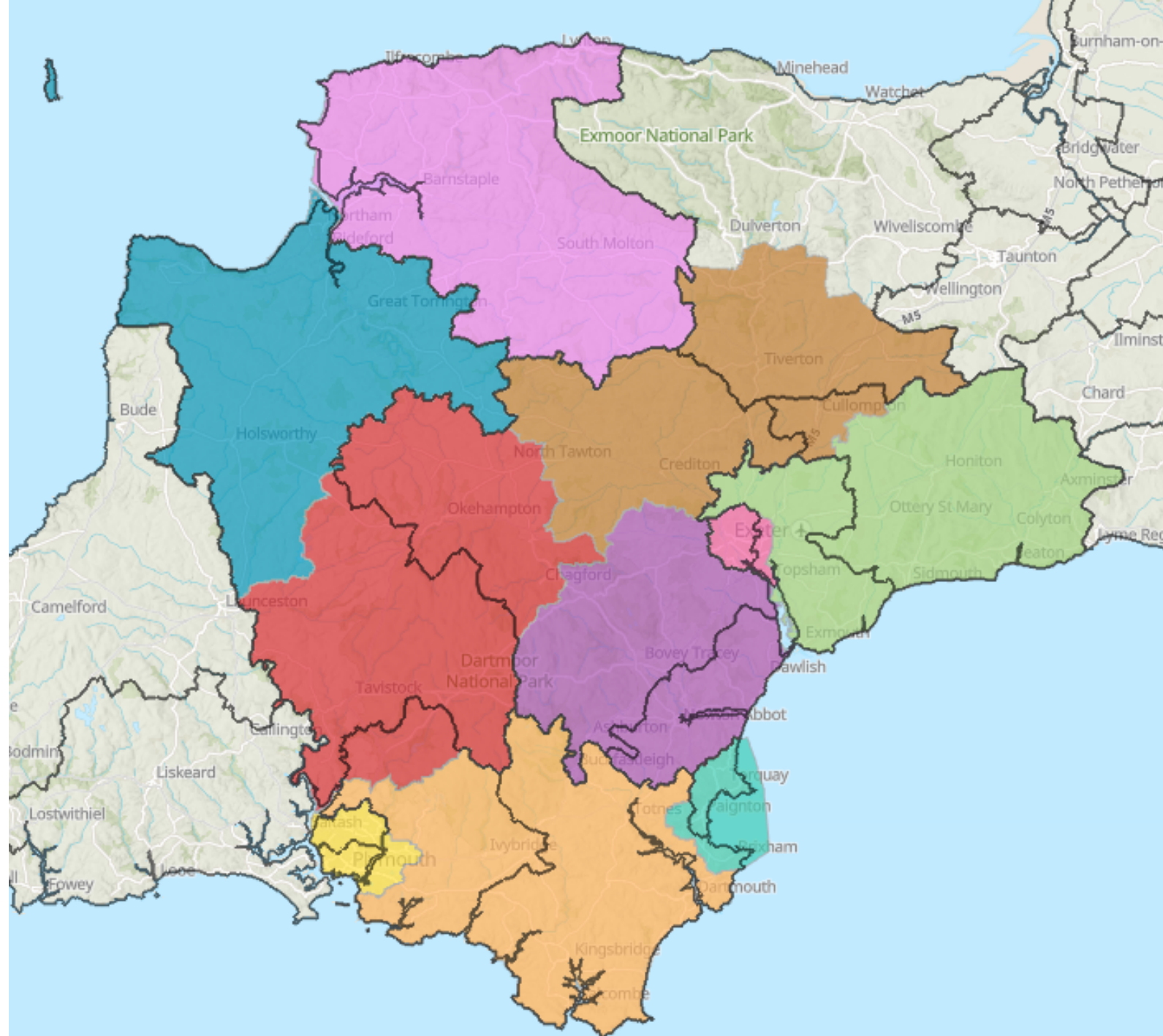
- South Devon and Dartmoor
- Torbay
- Plymouth
- East and Mid Devon
- Exeter
- North Devon

Local Authority Districts (May 2024) Boundaries



X

West Devon
Torridge
Torbay
Teignbridge
South Hams
Plymouth
North Devon
Mid Devon
East Devon
Exeter



Reference:
[Maps of UK](#)
[Freeports -](#)
[GOV.UK](#)

172



Appendix 2 – Population data and profile based on current local authority areas

Table 1: Council Tax base by band										
Area Name	A	B	C	D	E	F	G	H	Total	Average Band D authority charge
Plymouth UA	48,120	33,300	23,620	10,250	5,230	1,870	620	60	123,070	£1,840.69
Torbay UA	13,690	17,720	16,970	79,670	5,370	2,400	1,260	140	137,220	£1,858.67
Devon CC	62,350	87,520	85,390	69,050	48,130	24,360	13,370	950	391,120	1715.67*
										<i>*plus District charge</i>
Area Name	A	B	C	D	E	F	G	H	Total	Average Band D authority charge
East Devon	6,670	13,960	17,340	13,460	11,150	6,610	4,210	200	73,600	£166.78
Exeter	13,250	15,260	14,380	9,770	4,450	2,130	990	50	60,280	£180.37
Mid Devon	6,380	9,200	7,080	6,570	4,860	2,560	960	60	37,670	£232.16
North Devon	10,190	11,650	10,420	8,460	4,960	1,960	630	50	48,320	£210.39
South Hams	5,130	8,960	9,170	8,290	7,260	4,030	3,130	360	46,330	£190.96
Teignbridge	8,930	14,580	14,300	12,120	8,460	4,050	2,040	120	64,600	£196.41
Torridge	8,220	7,280	7,080	5,910	3,400	1,140	380	30	33,440	£189.50
West Devon	3,580	6,630	5,620	4,470	3,590	1,880	1,030	80	26,880	£261.59

Reference: [Council Tax: stock of properties, 2023 - GOV.UK](#)

Appendix 2 – Population data and profile based on current local authority areas

Table 2: Population per authority

Area	Total Population	No. U19	No. 20-64	No. 65+	%65+
East Devon	154,374	29,808	78,315	46,251	30.0%
Exeter	134,811	30,429	82,322	22,060	16.4%
Mid Devon	83,812	18,249	45,115	20,448	24.4%
North Devon	100,455	20,633	53,672	26,150	26.0%
Plymouth	267,063	59,809	157,218	50,036	18.7%
South Hams	89,808	17,312	46,774	25,722	28.6%
Teignbridge	135,972	26,501	72,216	37,255	27.4%
Torbay	139,409	27,553	74,246	37,610	27.0%
Torridge	68,664	13,090	35,702	19,872	28.9%
West Devon	58,212	11,149	30,227	16,836	28.9%

Reference: [Middle layer Super Output Area population estimates \(Accredited official statistics\) - Office for National Statistics](#)

Appendix 2 – Population data and profile based on current local authority areas

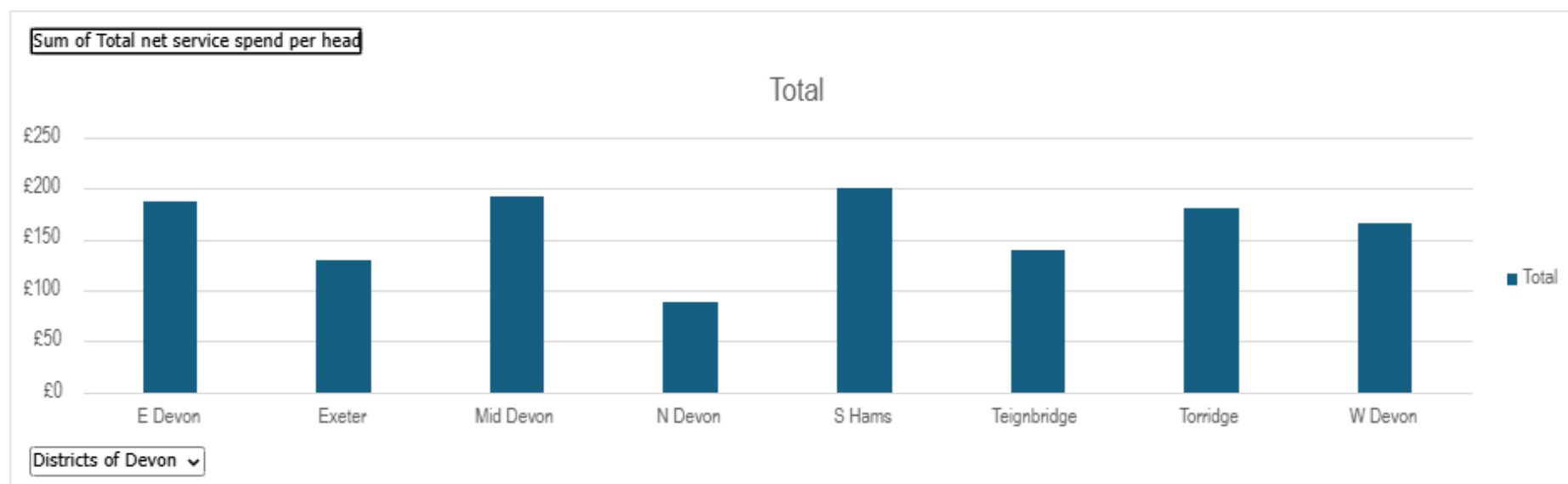
175

Table 3: Number of households in housing need (Bands A to D) as at 1st January 2025									
	Band A		Band B		Band C		Band D		Total
	No.	%	No.	%	No.	%	No.	%	
East Devon	3	0%	445	16%	888	33%	1,396	51%	2,732
Exeter	3	0%	409	23%	534	30%	829	47%	1,775
Mid Devon	1	0%	171	17%	355	34%	505	49%	1,032
North Devon	5	0%	364	23%	435	28%	761	49%	1,565
Plymouth	8	0%	1,541	27%	1,619	28%	2,517	44%	5,685
South Hams	2	0%	273	31%	172	20%	434	49%	881
Teignbridge	4	0%	368	21%	510	29%	882	50%	1,764
Torbay	5	0%	332	19%	466	26%	973	55%	1,776
Torridge		0%	138	15%	266	29%	517	56%	921
West Devon	3	1%	146	27%	132	24%	265	49%	546
Total	34	0%	4,187	22%	5,377	29%	9,079	49%	18,677

Reference: [Devon Home Choice Monitoring report January 2025](#)

Appendix 2 – Population data and profile based on current local authority areas

Chart 1: Planned revenue expenditure (adjusted) per head of population 2024/25 for Teignbridge and Districts of Devon



Appendix 2 – Population data and profile based on current local authority areas

Reference: [LG Inform Value For Money](#)

This page is intentionally left blank



Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP

*Minister of State for Local Government and
English Devolution*
2 Marsham Street
London
SW1P 4DF

Your reference:

Our reference:

To: Leaders of two-tier councils and
unitary councils in Devon

Devon County Council
East Devon District Council
Exeter City Council
Mid Devon District Council
North Devon District Council
South Hams District Council
Teignbridge District Council
Torridge District Council
West Devon Borough Council
Plymouth City Council
Torbay Council

5 February 2025

Dear Leaders

This Government has been clear on our vision for simpler, more sustainable, local government structures, alongside a transfer of power out of Westminster through devolution. We know that councils of all political stripes are in crisis after a decade of decline and instability. Indeed, a record number of councils asked the government for support this year to help them set their budgets.

This new government will not waste this opportunity to build empowered, simplified, resilient and sustainable local government for your area that will increase value for money for council taxpayers. Local leaders are central to our mission to deliver change for hard-working people in every corner of the country through our Plan for Change, and our councils are doing everything they can to stay afloat and provide for their communities day in, day out. The Government will work closely with you to deliver these aims to the most ambitious timeline.

I am writing to you now to formally invite you to work with other council leaders in your area to develop a proposal for local government reorganisation, and to set out further detail on the criteria, guidance for the development of proposals, and the timeline for this process. A formal invitation with guidance for the development of your proposals is attached at Annex A. This invitation sets out the criteria against which proposals will be assessed.

Developing proposals for reorganisation

We expect there to be different views on the best structures for an area, and indeed there may be merits to a variety of approaches. Nevertheless, it is not in council taxpayers' interest to devote public funds and your valuable time and effort into the development of multiple proposals which unnecessarily fragment services, compete against one another, require lengthy implementation periods or which do not sufficiently address local interests and identities.

The public will rightly expect us to deliver on our shared responsibility to design and implement the best local government structures for efficient and high-quality public service delivery. We therefore expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.

This will mean making every effort to work together to develop and jointly submit one proposal for unitary local government across the whole of your area. The proposal that is developed for the whole of your area may be for one or more new unitary councils and should be complementary to devolution plans. It is open to you to explore options with neighbouring councils in addition to those included in this invitation, particularly where this helps those councils to address concerns about their sustainability or limitations arising from their size or boundaries or where you are working together across a wider geography within a strategic authority.

I understand there will be some cases when it is not possible for all councils in an area to jointly develop and submit a proposal, despite their best efforts. This will not be a barrier to progress, and the Government will consider any suitable proposals submitted by the relevant local authorities.

Supporting places through change

It is essential that councils continue to deliver their business-as-usual services and duties, which remain unchanged until reorganisation is complete. This includes progress towards the Government's ambition of universal coverage of up-to-date local plans as quickly as possible. To support with capacity, I intend to provide some funds for preparing to take forward any proposal, and I will share further information later in the process.

Considering the efficiencies that are possible through reorganisation, we expect that areas will be able to meet transition costs over time from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.

The default position is that assets and liabilities remain locally managed by councils, but we acknowledge that there are exceptional circumstances where there has been failure linked to capital practices. Where that is the case, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation, and Commissioners should be engaged in these discussions. We will continue to discuss the approach that is proposed with the area.

I welcome the partnership approach that is being taken across the sector to respond to the ambitious plans set out in the White Paper. My department will continue to work closely with the Local Government Association (LGA), the District Councils Network, the County Councils Network and other local government partners to plan how best to support councils through this process. We envisage that practical support will be needed to understand and address the key thematic issues that will arise through reorganisation, including managing service impacts and opportunities for the workforce, digital and IT systems, and leadership support.

Timelines and next steps for interim plans and full proposals

We ask for an interim plan to be submitted on or before 21 March 2025, in line with the guidance set out in the attached Annex. My officials will provide feedback on your plan to help support you to develop final proposals.

I will expect any full proposal to be submitted **by 28 November**. If I decide to implement any proposal, and the necessary legislation is agreed by Parliament, we will work with you to move to elections to new 'shadow' unitary councils as soon as possible as is the usual arrangement in the process of local government reorganisation.

Following submission, I will consider any and all proposals carefully before taking decisions on how to proceed. My officials are available throughout to discuss how your reorganisation and devolution aspirations might work together and what support you think you might need to proceed.

This is a once in a generation opportunity to work together to put local government in your area on a more sustainable footing, creating simpler structures for your area that will deliver the services that local people and businesses need and deserve. As set out in the White Paper, my commitment is that clear leadership locally will be met with an active partner nationally.

I am copying this letter to council Chief Executives. I am also copying this letter to local Members of Parliament and to the Police and Crime Commissioner.

Yours sincerely,



JIM MCMAHON OBE MP

Minister of State for Local Government and English Devolution

LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007

INVITATION FOR PROPOSALS FOR A SINGLE TIER OF LOCAL GOVERNMENT

The Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act'), hereby invites any principal authority in the area of the county of Devon, to submit a proposal for a single tier of local government.

This may be one of the following types of proposal as set out in the 2007 Act:

- Type A – a single tier of local authority covering the whole of the county concerned
- Type B – a single tier of local authority covering an area that is currently a district, or two or more districts
- Type C – a single tier of local authority covering the whole of the county concerned, or one or more districts in the county; and one or more relevant adjoining areas
- Combined proposal – a proposal that consists of two or more Type B proposals, two or more Type C proposals, or one or more Type B proposals and one or more Type C proposals.

Proposals must be submitted in accordance with paragraphs 1 to 3:

1. Any proposal must be made by **28 November 2025**.
2. In responding to this invitation an authority must have regard to the guidance from the Secretary of State set out in the Schedule to this invitation, and to any further guidance on responding to this invitation received from the Secretary of State.
3. An authority responding to this invitation may either make its own proposal or make a proposal jointly with any of the other authorities invited to respond.

Signed on behalf of the Secretary of State for Housing, Communities and Local Government.



F KIRWAN

A senior civil servant in the Ministry of Housing, Communities and Local Government

5 February 2025

SCHEDULE

Guidance from the Secretary of State for proposals for unitary local government.

Criteria for unitary local government

1. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.

- a) Proposals should be for sensible economic areas, with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area.
- b) Proposals should be for a sensible geography which will help to increase housing supply and meet local needs.
- c) Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes it is expected to achieve, including evidence of estimated costs/benefits and local engagement.
- d) Proposals should describe clearly the single tier local government structures it is putting forward for the whole of the area, and explain how, if implemented, these are expected to achieve the outcomes described.

2. Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.

- a) As a guiding principle, new councils should aim for a population of 500,000 or more.
- b) There may be certain scenarios in which this 500,000 figure does not make sense for an area, including on devolution, and this rationale should be set out in a proposal.
- c) Efficiencies should be identified to help improve councils' finances and make sure that council taxpayers are getting the best possible value for their money.
- d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.
- e) For areas covering councils that are in Best Value intervention and/or in receipt of Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable.
- f) In general, as with previous restructures, there is no proposal for council debt to be addressed centrally or written off as part of reorganisation. For areas where there are exceptional circumstances where there has been failure linked to capital practices, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation.

3. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.

- a) Proposals should show how new structures will improve local government and service delivery, and should avoid unnecessary fragmentation of services.
- b) Opportunities to deliver public service reform should be identified, including where they will lead to better value for money.
- c) Consideration should be given to the impacts for crucial services such as social care, children's services, SEND and homelessness, and for wider public services including for public safety.

4. Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.

- a) It is for councils to decide how best to engage locally in a meaningful and constructive way and this engagement activity should be evidenced in your proposal.
- b) Proposals should consider issues of local identity and cultural and historic importance.
- c) Proposals should include evidence of local engagement, an explanation of the views that have been put forward and how concerns will be addressed.

5. New unitary structures must support devolution arrangements.

- a) Proposals will need to consider and set out for areas where there is already a Combined Authority (CA) or a Combined County Authority (CCA) established or a decision has been taken by Government to work with the area to establish one, how that institution and its governance arrangements will need to change to continue to function effectively; and set out clearly (where applicable) whether this proposal is supported by the CA/CCA /Mayor.
- b) Where no CA or CCA is already established or agreed then the proposal should set out how it will help unlock devolution.
- c) Proposals should ensure there are sensible population size ratios between local authorities and any strategic authority, with timelines that work for both priorities.

6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

- a) Proposals will need to explain plans to make sure that communities are engaged.
- b) Where there are already arrangements in place it should be explained how these will enable strong community engagement.

Developing proposals for unitary local government

The following matters should be taken into account in formulating a proposal:

Boundary Changes

- a) Existing district areas should be considered the building blocks for your proposals, but where there is a strong justification more complex boundary changes will be considered.
- b) There will need to be a strong public services and financial sustainability related justification for any proposals that involve boundary changes, or that affect wider public services, such as fire and rescue authorities, due to the likely additional costs and complexities of implementation.

Engagement and consultation on reorganisation

- a) We expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.
- b) For those areas where Commissioners have been appointed by the Secretary of State as part of the Best Value Intervention, their input will be important in the development of robust unitary proposals.
- c) We also expect local leaders to engage their Members of Parliament, and to ensure there is wide engagement with local partners and stakeholders, residents, workforce and their representatives, and businesses on a proposal.
- d) The engagement that is undertaken should both inform the development of robust proposals and should also build a shared understanding of the improvements you expect to deliver through reorganisation.
- e) The views of other public sector providers will be crucial to understanding the best way to structure local government in your area. This will include the relevant Mayor (if you already have one), Integrated Care Board, Police (Fire) and Crime Commissioner, Fire and Rescue Authority, local Higher Education and Further Education providers, National Park Authorities, and the voluntary and third sector.
- f) Once a proposal has been submitted it will be for the Government to decide on taking a proposal forward and to consult as required by statute. This will be a completely separate process to any consultation undertaken on mayoral devolution in an area, which will be undertaken in some areas early this year, in parallel with this invitation.

Interim plans

An interim plan should be provided to Government on or before **21 March 2025**. This should set out your progress on developing proposals in line with the criteria and guidance. The level of detail that is possible at this stage may vary from place to place but the expectation is that one interim plan is jointly submitted by all councils in the area. It may be the case that the interim plan describes more than one potential proposal for your area, if there is more than one option under consideration. The interim plan should:

- a) identify any barriers or challenges where further clarity or support would be helpful.
- b) identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.
- c) include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.
- d) include early views as to the councillor numbers that will ensure both effective democratic representation for all parts of the area, and also effective governance and decision-making arrangements which will balance the unique needs of your cities, towns, rural and coastal areas, in line with the Local Government Boundary Commission for England guidance.
- e) include early views on how new structures will support devolution ambitions.
- f) include a summary of local engagement that has been undertaken and any views expressed, along with your further plans for wide local engagement to help shape your developing proposals.
- g) set out indicative costs of preparing proposals and standing up an implementation team as well as any arrangements proposed to coordinate potential capacity funding across the area.
- h) set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.

**Teignbridge District Council
Extraordinary Council Meeting, Full Council
9 January 2025
Part i**

Report Title

English Devolution White Paper

Report Summary

The English Devolution White Paper sets out the new government's approach to deepening and widening devolution in England. The document places an emphasis on areas adopting a mayoral model to access additional powers and greater financial flexibility. The White Paper also sets out plans to reorganise local government, with an aim to establish larger unitary authorities in two-tier areas and where smaller unitary authorities cannot meet local needs. The paper also summarises proposed changes to how strategic planning is dealt with across wider geographies.

The proposals do not affect the role or functions of Town/Parish Councils or the National Park.

Recommendation(s):

That Council:

1. Notes the proposals arising from the English Devolution White Paper, including the proposed introduction of a new devolution framework and the plans for local government reorganisation
2. Endorses the Leader to write to the Government outlining the Council's support for genuine devolution, whilst raising concern for the proposed pace of change which allows little time for detailed option analysis and consultation
3. Supports the joint statement issued by the leaders of the eight district councils in Devon to oppose;
 - a. A single Unitary Council solution for Devon; and
 - b. The postponement of the County Council elections in May 2025
4. Endorses delegated authority to the Leader and Managing Director to continue negotiations and discussions around the form and geography of future principal authorities and report back to Full Council as appropriate.

Reason for recommendation:

To ensure all members are aware of the proposed changes set out in the English Devolution White Paper, particularly those relating to local government reorganisation.

Report Author

Phil Shears

Managing Director

Email: Phil.shears@teignbridge.gov.uk

Executive Member

Cllr Richard Keeling Leader

Equalities impact: Low Impact

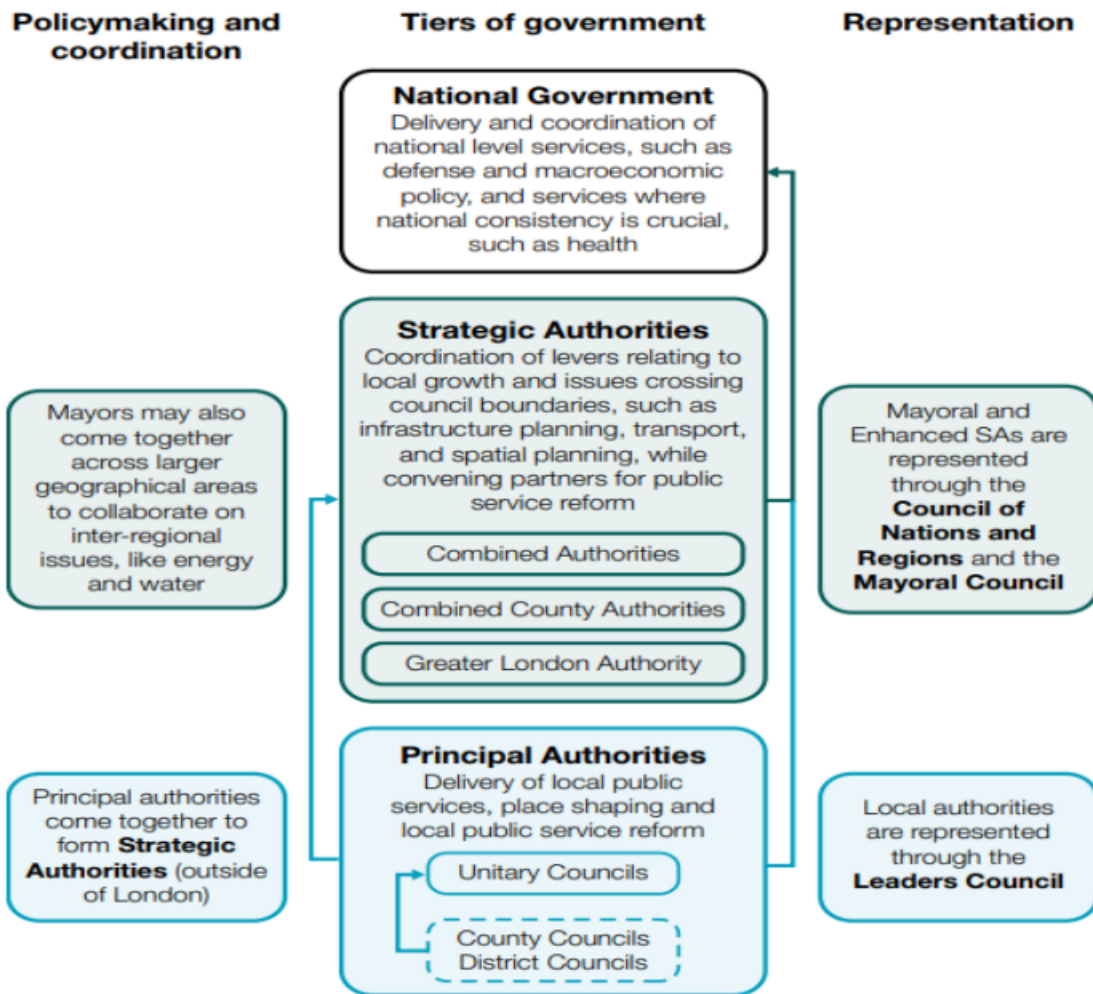
Environment / Climate Change Implications: Low Impact

Risk: High Risk;

Although there is no direct risk associated with the recommendations of the report, members should be aware of the wider impact and risks associated with the proposed changes set out in the White Paper. The White Paper has already precipitated a series of events that will be of seminal importance in determining future local government structures in Devon.

Links to background information , [English Devolution White Paper: Power and partnership: Foundations for growth - GOV.UK](#), [Devolution White Paper: On-the-day factual briefing | Local Government Association](#).

The chart below is taken directly from the White Paper, illustrating the new links between national and local government as part of an overall approach to streamlining government structures.



Context

- 1.1 Following the July 2024 election result, the new Labour government committed to publishing a white paper outlining their policies and approaches to devolution. The purpose of this was to replace the framework established by the previous government's Levelling Up White Paper and consequential Levelling Up and Regeneration Act 2023.
- 1.2 The incoming government committed to 'widening and deepening' devolution, with a focus on expanding the mayoral model, ending the deals-based approach and working towards implementing a 'devolution by default' approach.
- 1.3 The English Devolution White Paper was published on 16 December 2024. This was accompanied by a letter from the Minister of State for Local Government and English Devolution. (See background papers)
- 1.4 This report will focus on the four main points members should be aware of:
 - a) Principal Authorities and local government reorganisation
 - b) Strategic Authorities and 'devolution by default'
 - c) The expansion of powers and funding for mayoral areas
 - d) Changes to strategic planning

Principal Authorities

2.1 The government has confirmed that they will facilitate a programme of local government reorganisation for two tier areas, creating larger unitary authorities. This will also apply to those unitary councils where there is evidence of failure or where their size or boundaries may be hindering their ability to deliver sustainable and high-quality services for their residents.

2.2 There is an expectation that all affected areas develop locally-led proposals for reorganisation, with existing councils working together to identify the best option for their area. These plans should complement devolution, rather than delay it, whilst avoiding scenarios where competing proposals are developed within a given geography.

2.3 For most areas this will mean creating new unitary councils with a population of 500,000 or more. The government has acknowledged that there may be exceptions to ensure new structures make sense for an area, including for devolution. They have also confirmed that decisions on proposals will be made on a case-by-case basis.

2.4 The government claim that unitarisation can cut wasteful duplication of bodies, reduce the number of politicians and reduce fragmentation of public services. It is hoped that there will also be knock-on benefits for strategic planning decisions (see section 5 below).

2.5 The table below shows the total population figures for each district and unitary area in Devon, as taken from the 2021 Census.

Area Population

East Devon	150,828
Exeter	82,852
Mid Devon	82,852
North Devon	98,611
South Hams	88,627
Teignbridge	134,803
Torridge	68,114
West Devon	57,096
Plymouth (Unitary)	264,695
Torbay (Unitary)	139,324
Devon (County Council)	811,640
Devon (Ceremonial)	1,215,659

Strategic Authorities

3.1 The White paper outlines how the government will create, in law, the concept of a Strategic Authority. There will be two types of Strategic Authority:

- a) Foundation Strategic Authorities: this will automatically include non-mayoral Combined County Authorities (such as the Devon and Torbay CCA), and any Local Authority designated as a Strategic Authority without a Mayor.
- b) Mayoral Strategic Authorities: this will automatically include all Mayoral Combined Authorities.

3.2 The default assumption is for Strategic Authorities to have a combined population of 1.5 million or above. The government has acknowledged that in some places, smaller authorities may be necessary.

3.3 Strategic Authorities must cover sensible economic geographies with a particular focus on functional economic areas, travel-to-work patterns and local labour markets. Where these areas are small, a Strategic Authority will cover multiple travel to work areas.

3.4 Local identity should also factor into the boundaries of Strategic Authorities. Geographies should also align with existing or new Local Authority boundaries (following any reorganisation) and other public sector service boundaries.

3.5 The government's strong preference is for partnerships that bring more than one Local Authority together over a large geography. In exceptional circumstances, a single Local Authority can also become a Foundation Strategic Authority but cannot become a Mayoral Strategic Authority. This is because the government believes that conflating the separate responsibilities of a Local Authority and a Mayor into the same individual/institution would risk the optimal delivery of both. This could, for example, prevent Cornwall from establishing a Mayoral Strategic Authority if it wished to explore this option.

3.6 Where local leaders cannot agree on the right geography, a ministerial directive will be applied, enabling the government to create Strategic Authorities when all other routes have been exhausted.

3.7 Should leaders in Devon wish to proceed with a mayoral model, or leave this option open for future consideration, the White Paper presents two main options that could be applied to our area when it comes to reorganisation and establishing a Strategic Authority:

- a) At least two unitary Local Authorities are formed, covered by one Strategic Authority for the ceremonial county of Devon.
- b) One unitary Local Authority is formed covering the ceremonial county of Devon, along with a Strategic Authority covering Devon and at least one other neighbouring Local Authority (Cornwall for example).

Mayoral Powers

4.1 A statutory Devolution Framework will set out a suite of new powers and processes which will provide blanket coverage of all Strategic Authorities in England, at least to the 'foundational' level. The government's end ambition is for all parts of the country to move towards a mayoral model.

4.2 The list below includes the areas where Strategic Authorities are expected to act strategically to drive growth and support the shaping of public services, where strategic level coordination adds value:

- a) Transport and local infrastructure
- b) Skills and employment support
- c) Housing and strategic planning
- d) Economic development and regeneration
- e) Environment and climate change.
- f) Health, wellbeing and public service reform
- g) Public safety

4.3 The vast majority of new powers will be set exclusively for areas with a Mayor, whereas the agreed devolution deal for Devon and Torbay was set at 'Level 2' of three tiers, the new framework would bring the Devon and Torbay deal to a baseline Level 1 equivalent status.

4.4 Areas with a Mayor which meet specified eligibility criteria may apply to become designated as an Established Mayoral Strategic Authority, unlocking access to further powers and an Integrated Settlement: a single combined funding package allowing for greater flexibility.

4.5 Established Mayoral Strategic Authorities will be able to propose, individually or with others, additional functions to be added to the statutory Devolution Framework, which can be piloted locally. Successful pilots will then be considered for addition to the framework.

4.6 A full list of powers, functions and abilities under the new Devolution Framework can be found online (see pp. 86-90 of the English Devolution White Paper).

Strategic Planning

5.1 The White Paper sets out that all areas will be required to develop Spatial Development Strategies over a strategic geography and within a defined timeframe, regardless of the devolution model agreed.

5.2 Local Plans will need to be in general conformity with these high-level documents. The responsibility for detailed policy-making and site allocations will remain with Local Authorities through their Local Plans.

5.3 For mayoral areas, Mayors will be empowered to develop and propose Spatial Development Strategies. Mayors will also have access to development management powers allowing them to intervene in planning applications of potential strategic

importance. For non-mayoral areas covering multiple Local Authorities, members will need to work together to deliver Spatial Development Strategies.

Assessment

6.1 The Devolution White Paper is of seminal importance for the Council and the communities that we serve. It represents a significant shift in direction from the devolution framework previously set out in the Levelling Up White Paper (2022). In particular it signals a far more strident and directive approach to securing universal coverage as opposed to negotiating devolution deals on a case-by-case basis. Alongside the streamlining of local government structures there is an explicit preference for Mayors. This is backed up by incentives, such as the promise of integrated settlements and more flexible powers, as well as the threat of Ministerial directions if consensus cannot be reached. The policy intent extends beyond local government and seeks to align wider public service boundaries such as job centres, police, probation, fire and health.

6.2 Responding to the White Paper presents a rare challenge for the Council, working alongside our peers and stakeholders. It is clear that this needs to consider how both strategic and principal authorities can be constituted to best effect. There are a number of potential building blocks for this, including existing local government areas alongside functional geographies including housing and labour markets (as represented by travel to work areas). But, as the contrasting coverage of the current police (Devon and Cornwall) and fire & rescue services (Devon and Somerset) highlights, it is difficult to discern a single geography to which ever public service naturally fits.

6.3 In relation to the coverage of Strategic Authorities experience elsewhere in the country highlights that new partnerships are being forged. For example Dorset, Somerset and Wiltshire Councils are promoting the creation of a new Heart of Wessex Mayoral Combined Authority (MCA) that will also become the Strategic Authority. There is considered to be a particular opportunity to promote an equivalent arrangement for the peninsular covering Devon, Plymouth, Torbay and Cornwall. This would exceed the guideline population threshold of 1.5m people and bring together an area that includes established industries, such as tourism, together with key growth sectors such as advanced manufacturing, clean energy, digital and professional services.

6.4 The need to secure access to the types of investment and funding streams that a mayoral arrangement would unlock is particularly relevant to Teignbridge due to the significant pressure on housing growth, with one of the highest target rates in Devon, and the desire to provide appropriate infrastructure to accommodate development and the impact of growth. Subsequently it is appropriate to highlight the potential benefit that a Mayoral Combined Authority for the peninsular geography. This would be as a successor to the ongoing establishment of a Combined County Authority for Devon and Torbay. The CCA will become a Foundation Strategic Authority under the terms of the White Paper. As the name suggests, this would be very much at the bottom end of the range in terms of accessing powers and finances.

6.5 In terms of constituting Principal Authorities there are considered to be a number of potential permutations as set out below. These are not necessarily mutually exclusive and regard will need to be paid to the guideline that new unitary authorities should have a minimum population of 500k people.

- 1) A single unitary Council covering Devon – this is likely to be favoured by the County Council
- 2) Two Unitary Councils covering Devon, potential constructed on a north/south or east/west axis. This option is favoured by the majority of the Devon Districts
- 3) Potential combinations with the existing unitaries of Plymouth and/or Torbay
- 4) Creation of a new Exeter Unitary Council – this option is favoured by Exeter City Council. With a current population of around 130k the city is significantly below the 500k threshold for unitary councils set out in the White Paper. It remains to be seen whether a new administrative boundary for this unitary council, which potentially splits existing District boundaries, is advocated.

6.6 There is no doubt that the negotiations necessary to resolve the way forward in a Devon setting will be delicate and potentially divisive. Nonetheless there is a clear expectation in the White Paper that, as far as possible, consensus is reached. The Leaders of the eight Devon Districts have already issued a joint statement (Appendix A) opposing the single Devon unitary option and advocating further consultation with residents, businesses, elected representatives, and stakeholders.

6.7 It is a recommendation of this report that this statement is endorsed. Furthermore, it is recommended that authority is delegated to the Managing Director and Leader to advance these negotiations and ensure that the best interests of Teignbridge residents are represented.

Next Steps

7.1 The White Paper signals an intent for the majority of key reforms to be in situ by the end of the current parliamentary term. This includes coverage of Spatial Development Strategies for example. In terms of Local Government Reorganisation there will be a phased approach to delivery, taking into account where reorganisation can unlock devolution. A new Devolution Priority Programme (DPP) will be introduced for those areas seeking to deepen and broaden devolution proposals.

7.2 Ministers intend to formally invite unitary proposals in January 2025. This should set out their criteria for sustainable unitary structures, how and when to submit proposals and how the government intends to respond to proposals. It is likely that interim plans will then need to be submitted in March 2025. The subsequent deadline for formal proposals will then be as follows;

- May 2025 for areas that want to move at pace with LGR to unlock future devolution, where County Council elections would also be postponed
- Autumn 2025 for areas that are part of the DPP, where council elections have been postponed

- Autumn 2025 for other areas, with Council elections going ahead in May 2025. The expectation is that new Unitaries will go live in either April 2027 or April 2028 depending upon capacity and the devolution proposals in the area.

7.3 An immediate issue therefore becomes whether a request to delay the County Council elections planned for May 2025 is made by the requisite deadline of Friday 10th January. This request can only come from the County Council. A special meeting of the County Council has been arranged for 10:00am on the 9th January 2025 in this respect.

Conclusion

8.1 The publication of the Devolution White Paper marks a very important milestone. As well moving to a position of devolution by default, it also sets out a twin pronged approach with local government reorganisation. There is considerable emphasis placed on the role of Mayors, with associated structures able to access the most far reaching and flexible powers including integrated financial settlements. Universal coverage of Strategic Authorities will provide delineation between strategic decisions and front-line service delivery.

8.2 There are potentially a number of different options that future local government structures could take in Devon in conjunction with wider devolution proposals. Close partnership working will be required with our peers and stakeholders in order to consider and develop these options including how they best serve the needs of Teignbridge communities moving forward.

Financial implications: There is no direct financial request being made in this report to affect the immediate financial position of the Council, however the implications of devolution and future funding for the area needs to be carefully considered by members.

Legal implications: There are no significant legal implications at this stage as the report simply updates Full Council on the government white paper and the options available moving forward. The process for taking any proposals forward will be clarified by the Secretary of State in due course.



Devon Districts -
draft joint statement

This page is intentionally left blank

Teignbridge District Council

Full Council

25 February 2025

Part i

Committee Appointments and Political Balance – Local Government and Housing Act 1989

Purpose of Report

To determine the size of the Overview & Scrutiny and Planning Committee.

To seek approval of the seat allocations detailed at paragraph 3.1 with effect from 25 February 2025.

Recommendation(s)

The Council is recommended to:

1. Approve the Overview and Scrutiny Committee and Planning Committee to be reduced in size to 13 and 11 respectively.
2. Approve the seat allocations as set out at paragraph 3.1.2
3. Require Group Leaders to advise the Democratic Services Team of their group membership to Committees by 4pm 28 February 2025, and of any changes during the current administration within 24 hours of the change occurring.
4. Give effect to the appointment of individual members as proposed by the Group Leaders
5. Require that Overview and Scrutiny training is mandatory for all members of the Overview and Scrutiny Committee
6. Make the changes as necessary to the Constitution to reflect the approved recommendations

Financial Implications

There are no financial implications arising from this report.

Head of Corporate Services and Chief Finance Officer

martin.flitcroft@teignbridge.gov.uk

Legal Implications

The purpose of this report is to comply with the Local Government and Housing Act 1989, which requires the allocation of seats on committees in accordance with the level of representation of political groups on the Council as a whole.

Section 15 of the Local Government and Housing Act 1989 places a duty on the Council to review the representation of political groups on its committees where the members of the Council are split into different political groups. A council is deemed to be split into different political groups where there is at least one such group on the Council. There is a particular duty to conduct this review at the Annual General Meeting or as soon as practicable after that.

For political balance, a group is required to have at least two members in order to be formally constituted as a political group.

Section 15 of the Local Government and Housing Act 1989 sets out how committees must be constituted when the Council is divided into one or more political groups. The Council must give effect, as far as reasonably practicable, to the following four principles in constituting its committees or sub-committees:

- (a) that not all of the seats on any committee are allocated to the same political group;
- (b) that if a political group has a majority on the Council, it must have a majority of seats on all committees;
- (c) that, subject to (a) and (b) above, the number of seats allocated to a political group across all the committees must reflect their proportion of the authority's membership; and
- (d) that, subject to (a) to (c) above, the number of seats allocated to a political group on each committee is as far as possible in proportion to the group's membership of the authority.

The Local Government (Committees and Political Groups) Regulations 1990 (as amended) make provision for securing the political balance on councils and their committees and for determining the voting rights of members of certain committees

Once the allocations have been agreed, the appointment of individual members must be given effect in accordance with the wishes of the relevant Group as expressed through the Group's Leader / Deputy Leader.

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

Risk Assessment

Failure to allocate seats in line with the statutory principles set out in the Local Government and Housing Act 1989 would be in breach of statutory requirements and may result in legal challenge.

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

Environmental/ Climate Change Implications

There are no Environmental/Climate Change Implications arising out of this report.

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

Report Author

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

Appendices/Background Papers

Local Government (Committees and Political Groups_ Regulations 1990
Local Government and Housing Act 1990

1. Introduction

The Leader has asked that this report includes tables showing the seat allocations for both the current committee sizes and with a reduction in the size of the Overview & Scrutiny to 13 members and Planning Committees to 11 members.

The background to this request comes from a view that the decision making processes of the Council will be enhanced by reducing the size of the committees and developing the skills and knowledge members. A reduction in the size of committees would be accompanied with O & S and Planning members receiving additional training and development specific to the relevant committee. It also proposed that the Constitution be amended to make training mandatory for O & S.

The proposals follow recommendations from the Centre for Governance and Scrutiny and the Planning Advisory Service regarding the size of O & S and Planning Committees.

The membership of the political groups on the Council is as follows:-.

Liberal Democrat Group	25 Seats
Conservative Group	10 Seats
Independent Group	8 Seats
The Independents Group	3 Seats
1 Vacancy (no seat)	
Total Seats to be allocated	46 Seats

The various groups comprise the following Members:

Liberal Democrat Councillors (25)
Buscombe
Cox
Dawson
Farrand-Rogers

Foden
Goodman-Bradbury
Hayes
Henderson
Hook
Jackman
James
Keeling
Major
Morgan
Nutley
Nuttall
Palethorpe
C Parker
Parrott
Rollason
Sanders
Swain
G Taylor
Williams
Wrigley
Conservative Councillors (10)
Atkins
Bullivant
Hall
Lake
Peart
Purser
Rogers
Smith
Thorne
Webster
Independent Group Councillors (8)
Bradford
Clarence
Gearon
P Parker
Radford
Ryan
Steemson
J Taylor
The Independents Group Councillors (3)
Daws
Mullone
MacGregor

2. Committees

2.1 The committees which are subject to political balance requirements currently comprise:

Committee	No. of Members on the committee
Overview & Scrutiny Committee	20
Planning Committee	17
Licensing & Regulatory Committee	11
Audit Scrutiny Committee	8
Standards Committee	6
Strata Scrutiny	3

2.2

Reduced O&S and Planning Committee size

Committee	No. of Members on the committee
Overview & Scrutiny Committee	13
Planning Committee	11
Licensing & Regulatory Committee	11
Audit Scrutiny Committee	8
Standards Committee	6
Strata Scrutiny	3

2.3 The committees which are not subject to political balance requirements:

Name of body other than ordinary committee	No. of Members on the committee
Procedures Committee	Membership: (a) The Chair of Council (who will Chair the Committee); (b) All Group Leaders; (c) Two additional members from each Group (who are appointed at Annual Council) provided that the Group comprises 10% or more of the Council full membership

3. Allocations of seats and nominations

3.1 Allocations to committees subject to political balance requirements will be:-

3.1.1 Based on current size for Overview & Scrutiny and Planning

Committee	Total Seats	Lib Dems	Cons	Independent Group	The Independents Group
Overview & Scrutiny	20	12	4	3	1
Planning	17	9	4	3	1
Licensing & Regulatory	11	6	2	2	1
Audit Scrutiny Committee	8	4	2	1	1
Standards	6	4	1	1	0
Strata Scrutiny	3	1	1	1	0
Total	65	36	14	11	4

3.1.2

Reduced Overview & Scrutiny and Planning Committee size

Committee	Total Seats	Lib Dems	Cons	Independent Group	The Independents Group
Overview & Scrutiny	13	7	3	2	1
Planning	11	6	2	2	1
Licensing & Regulatory	11	6	2	2	1
Standards	6	4	1	1	0
Audit Scrutiny Committee	8	5	2	1	0
Strata Scrutiny	3	1	1	1	0
Total	52	29	11	9	3

- 3.3** Each political group Leader has been asked to provide their group's allocations for the committees to the Democratic Services Team by 4pm 28 February 2025

Teignbridge District Council
Full Council
25 February 2025
Part i

Devon Home Choice Policy Review Report

Purpose of Report

1. To seek approval for the policy changes to Devon Home Choice, the Social Housing Register for Teignbridge and Devon local authorities.

Recommendation(s)

The Council RESOLVES to:

- (1) Approve the proposed policy changes.

Financial Implications

There are no financial implication to this policy change.

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

Legal Implications

There are no specific legal implications arising out of this report save that the Council has a statutory duty to allocate accommodation pursuant to Part 6 Housing Act 1996 and to administer the Housing Register.

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

Risk Assessment

Report author to comment on the Risk Assessment
Tammy Hayes, Housing Needs Lead
Email: tammy.hayes@teignbridge.gov.uk

There is low risk to these changes. Any change to the policy will impact some applications either currently active or applications made in the future through

changes to priority, banding or time on list and the likelihood of being offered a tenancy through Devon Home Choice.

The housing register has increased from approximately 1000 active applications with a housing need pre-pandemic to around 1700 at the time of this report. The policy changes will not increase the number of properties available overall but looks to try to adapt the policy to meet the housing needs most effectively.

Environmental/ Climate Change Implications

Low - There is no identified environmental or climate change impact in this report.

Tammy Hayes, Housing Needs Lead
Email: tammy.hayes@teignbridge.gov.uk

Report Author

Housing Needs Lead
Email: tammy.hayes@teignbridge.gov.uk

Executive Member

Richard Buscombe

1. INTRODUCTION/BACKGROUND

1.1 Devon Home Choice

Devon Home Choice (DHC) is the choice-based lettings scheme for Teignbridge District Council social housing register. The DHC partnership includes East Devon District Council, Mid Devon District Council, North Devon District Council, Torridge Council, Exeter City Council, Torbay Council, South Hams & West Devon Council and Plymouth City Council and all the housing associations who provide homes in Devon for social rent.

We complete an annual review of the Devon Home Choice policy to ensure it continues to meet the needs of the partners, applicants, and the housing providers.

Legal changes to the policy are implemented when introduced. There are no legal changes in this policy review.

The DHC Board has compiled a list of recommended changes to the policy to commence April 2024. These policy changes have been voted for by each local authority and housing provider as a recommendation to update the policy. We have not included word changes that are solely alternative wording (i.e. care leavers changes to care experienced young people) as these are not policy changes.

Any local authority may make the decision to not support all recommendations by the board but any differences to the overall policy may require amendment to reflect Teignbridge's position or a separate allocation policy to cover our variance.

Full Council is required where the policy changes are beyond procedural or mandatory lawful requirement.

Proposals made are from any partners within the DHC Board and then voted upon. Recommended proposals have board approval to change. We have included one proposal we are not supporting (1.2.4 Proposal 4).

1.2 Recommended Proposals

1.2.1 Proposal 1: An additional clause to be added that in exceptional circumstances and high value deliberate deprivation of capital or assets, households will be assessed as Band E or removed from the housing register where it is determined to be deliberate or criminal.

The current policy would award Band D as a restricted banding for 12 months and then the deprivation of capital would be disregarded and a higher banding, dependent on housing circumstances, would take effect. By amending the policy, we are disincentivising households knowingly and wilfully taking actions to reduce their capital to access social housing.

The board voted to agree this change but ensure there is a right of review in this decision making.

1.2.2 Proposal 2: To expand the definitions within the health and wellbeing framework to include explicit consideration for ‘Where a diagnosis of exceptional degenerative condition(s) with rapid deterioration’ under the Band B High Health matrix.

Health assessments are completed on an applicants or member of their households' current impact of their housing on their health. For example, where medical reports indicate a person may lose ability to use stairs in the future, we focus on whether the applicant is currently able to do stairs. The explanation of the definition allows us to consider very rapid decline in health that would impact current or future housing needs.

1.2.3 Proposal 3: To expand the wording relating to the definition of a care leaver to state explicitly that a care experienced young person is defined as being 18 years of age until their 25th birthday.

The definition of a care leaver was historically noted in the policy as a care experienced young person between 18-25 years of age. For the purposes of clarity, the additional wording is being added as the legal definition is until the 25th birthday of the young person.

1.2.4 Proposal 4: For applications to be assessed as so urgent to require Band A, an offer of temporary accommodation deemed reasonable to be offered by the local authority, must not have been rejected by the applicant.

The purpose of Band A is to meet the most urgent needs in the County. There needs to be an identified risk of serious harm that would result in serious long-term disability or risk to life. Band A is only awarded where it is deemed unreasonable to offer temporary accommodation through a homeless application. The policy seeks to offer further clarity that if the application has been assessed as being suitable to be offered temporary accommodation to mitigate the risks posed, if this is unreasonably declined by the applicant, they would not qualify for Band A.

There is minimal impact of this policy change due to the very low numbers of applicants where partner agencies such as Police, Social Care or Domestic Abuse services make a Band A referral. The Housing teams are required to assess the suitability of any temporary accommodation within the law, with the applicant and their support services. A clear explanation of any offer is made to the applicant and implications of failing to accept the offer is explained verbally and in writing.

1.2.5 Proposal 5: To continue the policy change to provide care experienced young people to award additional band start priority to their 16th birthday if ready to move on from supported accommodation or care placement.

Since the introduction of this change in April 2024, 36 care experienced young people have been offered social housing through Devon Home Choice. The additional award of band start date allows places them highly on the housing register as part of the coparenting responsibilities of both Devon County Council, Unitary authorities in Devon and the local authorities.

We have at time of this report, 43 further applications from care experienced young people across the county ready for move on and in Band B.

We fully support this additional weighting and will review it annually.

1.2.6 Proposal 6: To continue with the additional award of 5 years backdated band start date for social housing tenants in Devon seeking to downsize a 3-bedroom home or larger.

Since the policy change in May 2024, 6 3-bed homes have been released by downsizers for reallocation within Teignbridge. Across Devon, 92 3bed or larger social tenancies have been released for reallocation. The policy change supports best use of the existing social housing stock across Devon and frees up larger family homes for other households in housing need more effectively.

We intend to retain this weighting and review annually.

2. Implications, Risk Management and Climate Change Impact

2.1 Implications

The Devon Home Choice policy is reviewed annually. This enables local authorities and housing partners to assess emerging housing needs and demands effectively. Failure to amend the policy may further embed housing crises for individuals and not manage the lettings of social housing reflective of these needs.

2.2 Risk Management

All changes to the policy will be monitored over the coming year to assess the impact and if the changes are effective at addressing key areas of housing need locally.

The policy changes have been agreed by all 8 Devon local authorities and housing associations across the county and based on the available data contained within the existing housing register, homelessness data and data from Devon County Council specifically regarding Care Leavers.

2.3 Environmental/Climate Change Impact

There are no environmental/Climate Change impact linked to this report.

3. Alternative Options

Teignbridge can choose not to adopt all policy changes or some but if the housing providers are not in agreement with our policy, they are not legally or contractually required to adopt any regional variations. Regional variations can also add additional layer of complexity for residents and housing providers so where possible, we only employ regional policies where absolutely necessary to meet local housing need that differs from other areas in Devon.

4. Conclusion

We support the recommended Devon Home Choice policy changes.

This page is intentionally left blank