

**Teignbridge District Council
Executive
16 September 2021
Part i**

**2020/21 DRAFT FINAL ACCOUNTS & TREASURY MANAGEMENT
2021/22 BUDGET MONITORING – REVENUE & CAPITAL, TREASURY
MANAGEMENT LENDING LIST**

Purpose of Report

To report the 2020/21 draft final revenue results including draft closing general reserves. To bring the 2020/21 draft final capital and updated ongoing programme for members' approval including draft closing capital funding and resources carried forward. To report the draft financial results of the treasury management function for the year ended 31 March 2021. To update Members on the principal areas where there are likely to be departures from the 2021/22 revenue budget and summarise those variations to the end of July 2021 including updates on progress with the capital programme and funding and any amendments to the lending list for treasury management purposes.

Recommendation(s)

The Executive Committee resolves to:

- (1) Note the draft revenue results for 2020/21**
- (2) Approve the draft year end capital and updated programme as shown at appendix 1**
- (3) Approve the revenue budget variations for 2021/22 as shown at appendix 2**
- (4) Note the updated lending list as shown at appendix 3**

The Executive recommends to Council that the draft treasury management results for 2020/21 at appendix 4 are noted

Financial Implications

The financial implications are contained throughout the report. The main implication is that the accounts have been closed and general reserves are slightly above the budgeted level anticipated at 31 March 2021 - £2.060 million. See section 3. For 2021/22 there is a favourable variance of £656,140 at the end of July 2021. See sections 7 and 8.

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Legal Implications

See section 10.1 – the Accounts and Audit Regulations 2015 set out the requirements for the production and publication and audit of the annual statement of accounts.

The Council is required to secure a balanced budget and also to provide certain services. Regular financial monitoring by the Executive helps ensure that the Council is able to meet these statutory obligations.

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Risk Assessment

Major risks are summarised in section 9. The most significant of these is the level of future funding from Central Government and the level of reserves held to meet future unexpected variations in income.

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Environmental/Climate Change Implications

The revenue budget supports the funding of a Climate Change Officer and associated budget and capital projects are highlighted which contribute towards our climate change objectives – see section 12.

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

Appendices/Background Papers

Appendix 1 – Draft year end and updated capital programme

Appendix 2 – Revenue budget variations 2021/22

Appendix 3 – Updated treasury management lending list

Appendix 4 – Draft treasury management results 2020/21

1. PURPOSE

- To report the 2020/21 draft revenue results including draft closing general reserves.
- To bring the 2020/21 draft final capital and updated ongoing programme for 2021/22 for members' approval including draft closing capital funding and resources carried forward.
- To report the draft financial results of the treasury management function for the year ended 31 March 2021 as shown in Appendix 4.
- To note the updated treasury management lending list as shown in Appendix 3.
- To identify the principal areas where there are likely to be departures from the approved 2021/22 budget and summarise the likely overall variation based on the information available to the end of July 2021. Also to inform Members of progress that has been made with achieving savings and efficiencies.

2 BACKGROUND

- 2.1** The accounts and audit regulations 2015 set out the requirements for the production and publication of the annual statement of accounts. The statement usually has to be produced and certified by the chief finance officer by 31 May however the Covid 19 pandemic has triggered amendments to this deadline by extending this to the end of July. Ordinarily the accounts have to be brought for full council approval after external audit and by 31 July however again this has been amended to the end of September.
- 2.2** The statement of accounts and financial records have been closed, balanced and the draft accounts published and are being audited by our external auditors Grant Thornton during August and September. If any alterations are required the details will be reported to Audit Scrutiny Committee with the external audit accounts report in October. Any revenue or capital resource effects will be brought to Executive in the budget monitoring report planned for 2 November 2021. Grant Thornton is required to provide the opinion on the statement of accounts by the end of September but this will not be finalized until the Full Council meeting in November.
- 2.3** The availability of the accounts and records for inspection by interested persons has been advertised on the website www.teignbridge.gov.uk/statementofaccounts see Draft Statement of Accounts 2020-2021. This also advises that the external auditor will be accessible to receive in writing any objections to the accounts from 2 August to 13 September 2021.

- 2.4** An updated treasury management statement and authorised lending list was approved at the 2021 February budget meeting. This was based on the latest edition of the treasury management code published by the Chartered Institute of Public Finance & Accountancy (CIPFA). Further changes were reported to Executive on 5 July 2021. The updated statement is detailed in section 5 below and is shown for information at Appendix 3
- 2.5** The 2020/21 revenue and capital budgets were approved on 24 February 2020 and updated by Council on 22 February 2021.

3 DRAFT REVENUE RESULTS / STATEMENT OF ACCOUNTS 2020/21

- 3.1** The draft statement of accounts has been certified by Martin Flitcroft as the responsible finance officer and is available on the website. www.teignbridge.gov.uk/statementofaccounts see public inspection notice Audit of Accounts 31 March 2021 in the downloads section. The final version will be brought to the next meeting of Audit Scrutiny Members with further explanation for consideration and recommendation to 30 November 2021 Council. The final version will be brought to Executive on 2 November 2021.
- 3.2** A brief explanation and overview of the figures is given in the narrative statement on pages 8 to 21. Capital expenditure and details of property, plant and equipment are given in the balance sheet on page 32 and relevant notes 14 to 16 and 23 from page 65. Reserves are shown on the balance sheet and analysed on page 31. The draft closing general reserves at 31 March 2021 of £2.060 million are an improvement on the original budget of £80,000. Savings were also identified as part of the reaction to the Covid 19 pandemic to deal with likely shortfalls over the medium term financial plan which have been added to earmarked reserves.
- 3.3** An analysis of the variations to budget is contained within the narrative statement. These have arisen mainly because of the budget alignment exercise taken to Full Council in September 2020 and further ongoing work to identify savings to offset losses in income – in particular from fees and charges – car parks and leisure being badly hit and loss of rental income. Subsequent Government funding for income losses through the fees and charges compensation scheme and general grants have helped to further support the lost income and deliver additional funds to earmarked reserves. The Government also finalised a support scheme for losses from council tax and business rates. Savings were made in expenditure in many areas including staffing, fuel/mileage, gas, electricity, repairs & maintenance, contractors costs, cleansing and grounds maintenance, printing, postage, stationery, advertising, a significant reduction in revenue contributions to capital outlay and other miscellaneous costs.
- 3.4** Bad debt provisions have increased for Council tax (increase of £190,000 to £1,180,000), business rates (increase of £200,000 to £510,000) and general bad debts including rents (increase of £468,000 to £1,129,000) to reflect likely collectability.

3.5 For 2020/21 sundry debt write offs were £45,000 (£149,000 2019/20) or 0.37% of debt raised in the year. Council tax write offs were £125,000 (2019/20 £196,000) or 0.02% of the charge raised. National non domestic rate write offs were £16,000 (2019/20 £49,000) or 0.04% of the charge.

4. 2020/21 DRAFT FINAL CAPITAL PROGRAMME

4.1 The draft final capital programme is shown at appendix 1. The original estimate of £32.632 million for 2020/21 was approved at Council on 24 February 2020. This had been decreased by probable stage in the February 2021 budget update to £17.182 million mainly due to the rescheduling of provisions for town centre regeneration, employment sites and leisure centre refurbishment and the removal of the district heating scheme. The actual spend in 2020/21 was £6.247 million. The difference of £10.935 million from the updated budget is mainly due to:

£166,000 probable budget relating to Bakers Park was unspent and has been carried forward as part of an adjusted budget which takes into account additional passing places. In relation to cycling, a £76,000 contribution towards a pump track in Chudleigh and £100,000 contribution towards the Teign Estuary trail were carried forward. £96,000 has also been carried forward in relation to gym equipment at Newton Abbot Leisure Centre. £492,000 was carried forward for play area projects, including the recently completed scheme at Decoy, Newton Abbot.

£1.3 million probable budget towards the endowment for maintenance of land for Suitable Alternative Natural Green Spaces (SANGS), has been carried forward. Work continues on finalising the associated agreement.

£2.1 million probable budget relating to contributions towards transport infrastructure (Marsh Barton Station and the Houghton Barton link road) has been carried forward. Both these sums, along with a £1.5 million contribution towards A382 improvements have now been paid.

£232,000 of the provision for carbon reduction projects budget was unspent and has been carried forward.

£77,000 probable budget for car parking was carried forward, including the recently implemented switch from pay on foot to pay and display in three Newton Abbot car parks.

£441,000 of the South West coastal regional monitoring probable budget of £1.532 million for the year was unspent. This is all funded by grant from the Environment Agency and other external contributions and the remaining budget has been carried forward to the next 6-year phase which has now commenced.

£326,000 of the probable budget for the Coastal Asset Review, Coastal Asset Review (project management support) and Teignmouth beach management

plan was unspent. These projects are also funded by grant from the Environment Agency and have been carried forward.

£660,000 of the private sector housing probable budget which is mainly grant funded was unspent and carried forward. This includes Better Care funding and Warm Homes funding relating to disabled facilities and other grant measures.

The probable budget for affordable housing projects was £2,381,000. £1,988,000 of this was carried forward, including £668,000 towards the recently-launched shared equity scheme in Chudleigh and £1,044,000 towards social housing in Newton Abbot.

£70,000 has been carried forward relating to IT improvements being carried out by Strata.

Of the rescheduled town centre regeneration projects, £2.5m of probable budget was carried forward.

4.2 At the end of 2020/21 there was £6.427 million of capital receipts carried forward made up of £3.392 million general receipts plus £3.035 million from housing. Actual right to buy receipts for 2020/21 were £795,551 which is £345,551 higher than the £450,000 forecast in the probable budget (this was adjusted down due to concerns that Covid may affect receipts). As at year-end 2020/21, there was also £10.289 million community infrastructure levy available towards funding investment as per the local plan.

4.3 Recent additions to the capital programme for the current and future years include £1.315 million for an endowment to ensure future maintenance of Dawlish Countryside Park, as agreed by Full Council in November 2020.

As part of the 2021/22 budget approved by Full Council in February 2021, a new 6-year phase of the South West Regional Coastal Monitoring Programme was agreed, fully funded from Environment Agency grant.

Also included as part of the budget were carbon reduction measures across leisure sites, subject to a successful grant bid which was later confirmed for £2.3 million. This work is now progressing. At a special Full Council in May 2021, a further £3.0m decarbonisation and agile working scheme relating to Forde House was also approved.

In relation to the specific decarbonisation works at Broadmeadow Sports Centre, which include the installation of solar photovoltaics, the roof at the leisure centre is beyond its serviceable life and requires replacement prior to installation. In order to allow the decarbonisation works to be completed on schedule within the grant conditions, the roof replacement works which were fully funded from developer contributions, were approved in July 2021 in accordance with the constitutional delegated powers. The estimated cost of £613,634 was increased to £668,129 following a compliant tender process.

In April 2021, Full Council agreed to accept £9.026m funding from the Future High Street fund and progress the projects which are aimed at stimulating growth in the local economy and ensuring an attractive and well-connected environment for local businesses.

5. TREASURY MANAGEMENT AUTHORISED LENDING LIST (Appendix 3)

- 5.1** The authorised treasury management lending list was approved at the 2021 February budget meeting. Following the appointment of treasury management advisors in 2019, additional highly-rated institutions were added to the Council's official lending list. From 1 January 2019, the largest UK banks had to separate core retail banking from investment banking in order to support financial stability and make any potential failures easier to manage without the need for a government bailout. The banks addressed ring-fencing, each taking their own approach about which side of the bank is best suited for local authorities. In some cases, ring-fencing affected ratings. Officers continue to monitor all ratings to ensure they meet the Council's lending criteria.
- 5.2** The lending list has been updated for the latest ratings and is included at appendix 1. Nottingham Building Society has been removed as its downgraded ratings do not currently meet minimum criteria. Clydesdale Bank has been reinstated and its subsidiary Virgin Money's ratings have improved so they have been added in tier 3. Skipton Building Society have been moved from tier 3 to tier 2 due to improved ratings. Royal Bank of Scotland and NatWest Bank have both moved up from tier 2 to tier 1 due to improved ratings.

6. TREASURY MANAGEMENT RESULTS 2020/21 (Appendix 4)

- The financial results of the treasury management function have to be reported to Council in accordance with the Chartered Institute of Public Finance and Accountancy 'Treasury Management Code 2017'. Teignbridge's lending has been carried out in accordance with its defined strategy and with adherence to its restricted list of approved investment institutions. There was no long term borrowing in 2020/21. Current forecasts do not anticipate long-term external borrowing during 2021/22 however this is dependent on the rate of progress for a number of capital schemes.
- The Council's treasury team continue to use internal borrowing in order to minimise interest costs. As at the end of 2020-21, the capital financing requirement (CFR) (underlying need to borrow) was £19.6 million. By using existing balances to fund this internally rather than borrowing externally, the Council saves around £371,000 per annum. This is based on the cost of borrowing 50% of CFR at the PWLB's 10-year certainty rate and 50% at the 25-year certainty rate, less potential interest earned at the 2020-21 average rate of 0.07%. Any borrowing which is undertaken will be in line with the

Council's prudential indicators and treasury management strategy which were approved at the February 2021 Council budget meeting.

The average funds available for investment increased in 2020/21 by £7.4 million to £23.3 million, from £15.9 million in 2019/20. This is mainly due to one-off payments from central government for Covid-19 grants.

Net interest earned has decreased from £120,625 in 2019/20 to £15,945 in 2020/21. The average rate achieved has decreased from 0.75% in 2019/20 to 0.07% in 2020/21. The Bank of England's base rate was reduced to 0.1% in March 2020, where it has remained since. Economic forecasts do not anticipate a rise in base rate during 2021/22. Call account rates continue to be low because of the current banking regulations requiring banks to keep greater capital buffers.

Interest rates earned have been consistently better than the average standard benchmark 7 day London Interbank Bid Rate (LIBID) which for the same lending would have averaged -0.05% for the year (0.57% in 2019/20).

Full details of draft treasury management results and prudential indicators are shown in Appendix 4.

7. REVENUE BUDGET MONITORING 2021/22 – SUMMARY

- 7.1 There is a net surplus of £656,140 for 2021/22 arising from variations to the original budget. A summary of revenue variations by service identified to the end of July is shown below with favourable variations indicated by a minus sign as per the details shown in Appendix 2.

Service	Variance £
Development management including land charges	-86,280
Corporate services	-247,030
Economy & assets	-166,000
Environment/climate change	-54,000
Leisure/green spaces	27,170
General	-130,000
TOTAL FAVOURABLE BUDGET VARIATION TO DATE	-656,140

Budgeted contributions to capital were eliminated as part of the budget process last year with new homes bonus receipts likely to reduce again next year as the bonus is phased out. There is still no clarity as to what will take its place. Estimated rates retention above the baseline and pooling gain is assumed to be reset next year as part of the review into fair funding which will eliminate most of the gains made. There is still uncertainty as to whether this will actually take place next year as planned. We await clarification on this which may be made clearer when full details of the next settlement are provided for 2022/23 in December. The business rates retention reserve holds funds to assist with this eventuality initially. Likely shortfalls for future years after 2021/22 will need to be addressed as part of the budget setting and monitoring process this year and next year. Work is ongoing through service

plan reviews and modified business plans to determine savings to meet the gaps identified in the final budget papers from February 2021.

8. VARIATIONS BY SERVICE 2021/22 (revenue shown in appendix 1 and capital in appendix 2)

8.1 Building control

- At the end of July fee income is forecast to be 11% above the target budget of £380,000. Any variation at the year end will be charged to the building control reserve so will not affect Teignbridge's general reserve. Income received to date is up on that at the same time last year.
- Teignbridge became the Lead Authority fully hosting The Devon Building Control Partnership with South Hams and West Devon councils from 1 April 2017 and holds the partnership earmarked reserves on behalf of the partners.
- An annual contribution from building control towards pension deficit charges is providing an additional contribution to general reserves of £68,280 per annum.

8.2 Development management including land charges

- At the end of July net planning application income is forecast to be in line with the covid adjusted budget of £675,440. Planning application numbers are 17% up at the end of July as compared with last year.
- The Executive of 30 May 2017 agreed the introduction of charges for pre-application planning advice from 1 July 2017. At the end of July 2021 we were in line with the estimated income of £45,000 for the year.
- Planning appeal costs are currently estimated at £10,000 to £20,000 this financial year.
- Land charges income is forecast to be £20,000 higher than the original budget of £204,000, therefore it is unlikely that the budgeted covid provision will be required, a saving of £18,000. The number of searches is 98% up on last year. A search can be a full or part search or individual questions.

8.3 Strategic leadership team & corporate services

The 2019 revised strategic leadership team structure has permanent appointments to the relevant positions. The new structure will ultimately deliver ongoing savings in excess of £150,000. These savings have already been incorporated into the budget for 2021/22 and thereafter.

Finance

- Forecast net interest receivable at £8,784 is forecast to be up £43,754 on the base net interest (payable) budget of £34,970 as we have not had to undertake long term borrowing. There is currently no forecast external borrowing for the year. Call account rates continue at record lows. Our average lending rate to the end of July is 0.03% which is above the average benchmark 7 day London Interbank Bid Rate to date of -0.08%.
- As at the end of 2020-21, the draft capital financing requirement (CFR) (underlying need to borrow) is £19.6 million. As at the end of July, by using existing balances to fund this internally rather than borrowing externally, the Council saves £322,187 per annum. This is based on the cost of borrowing 50% of CFR at the PWLB's 10-year certainty rate and 50% at the 25-year certainty rate as at end of July, less potential interest earned at the current average rate of 0.03%.

In April we arranged lending as follows:

BORROWER	RATE	AMOUNT	START DATE	END DATE	TOTAL DAYS	INTEREST
DMO	0.010	5,000,000	01/04/2021	19/04/2021	18	24.66
DMO	0.010	1,000,000	06/04/2021	12/04/2021	6	1.64
DMO	0.010	4,000,000	06/04/2021	19/04/2021	13	14.25
DMO	0.010	2,000,000	06/04/2021	28/04/2021	22	12.05
DMO	0.010	1,000,000	06/04/2021	21/05/2021	45	12.33
DMO	0.010	7,000,000	06/04/2021	26/05/2021	50	95.89
DMO	0.010	2,000,000	07/04/2021	26/05/2021	49	26.85
DMO	0.010	1,000,000	07/04/2021	02/07/2021	86	23.56
DMO	0.010	500,000	15/04/2021	28/04/2021	13	1.78
DMO	0.010	1,000,000	15/04/2021	19/05/2021	34	9.32
DMO	0.010	1,000,000	15/04/2021	21/06/2021	67	18.36
DMO	0.010	1,000,000	15/04/2021	23/06/2021	69	18.90
DMO	0.010	3,000,000	15/04/2021	02/07/2021	78	64.11
DMO	0.010	1,000,000	16/04/2021	26/04/2021	10	2.74

and we had £26.4 million lent out or in call accounts at the end of the month.

In May we arranged lending as follows:

BORROWER	RATE	AMOUNT	START DATE	END DATE	TOTAL DAYS	INTEREST
DMO	0.010	1,000,000	17/05/2021	19/05/2021	2	0.55
DMO	0.010	2,000,000	17/05/2021	24/05/2021	7	3.84
DMO	0.010	1,000,000	18/05/2021	07/06/2021	20	5.48
DMO	0.010	2,000,000	18/05/2021	21/06/2021	34	18.63
Nationwide	0.050	1,000,000	19/05/2021	19/08/2021	92	126.03
DMO	0.010	1,500,000	27/05/2021	02/07/2021	36	14.79

and we had £22.4 million lent out or in call accounts at the end of the month.

In June we arranged lending as follows:

BORROWER	RATE	AMOUNT	START DATE	END DATE	TOTAL DAYS	INTEREST
Coventry	0.020	2,000,000	01/06/2021	06/08/2021	66	72.33
Principality	0.070	1,000,000	01/06/2021	06/08/2021	66	126.58
DMO	0.010	1,000,000	02/06/2021	06/08/2021	65	17.81
DMO	0.015	1,000,000	08/06/2021	02/07/2021	24	9.86
DMO	0.020	2,500,000	15/06/2021	02/07/2021	17	23.29
DMO	0.020	500,000	15/06/2021	05/07/2021	20	5.48
DMO	0.010	3,000,000	15/06/2021	19/07/2021	34	27.95
DMO	0.010	2,000,000	15/06/2021	06/08/2021	52	28.49
Nationwide	0.050	1,000,000	15/06/2021	13/09/2021	90	123.29
DMO	0.010	2,000,000	22/06/2021	06/08/2021	45	24.66

and we had £33.8 million lent out or in call accounts at the end of the month.

In July we arranged lending as follows:

DMO	0.010	1,000,000	01/07/2021	23/07/2021	22	6.03
DMO	0.010	1,000,000	01/07/2021	06/08/2021	36	9.86
DMO	0.010	1,000,000	01/07/2021	23/08/2021	53	14.52
DMO	0.010	1,500,000	06/07/2021	23/07/2021	17	6.99
DMO	0.010	4,500,000	15/07/2021	04/01/2022	173	213.29
DMO	0.010	1,500,000	23/07/2021	27/08/2021	35	14.38
DMO	0.010	1,000,000	26/07/2021	14/09/2021	50	13.70
DMO	0.010	1,000,000	30/07/2021	14/09/2021	46	12.60

and we had £31.3 million lent out or in call accounts at the end of the month.

- Municipal Mutual Insurance (MMI) provided insurance for the Council until early 1993 when policies were transferred to Zurich Municipal. MMI experienced financial difficulties in 1992 and a scheme of arrangement was agreed by local authority creditors to facilitate the solvent run-off of the

company. The scheme has been triggered and we have to pay a percentage of our potential liability of £341,000.

In 2013/14 a provision was made for the first levy notice of 15% or £51,000 which the administrator issued in April 2013 and was billed and paid early in 2014. A further reserve of 35% or £119,000 for likely claims in future years was also set up. Together these allowed for a total 50% of the potential liability as recommended by the broker. MMI's accounts to 30 June 2015 were published and we paid a second levy of 10% or £34,000 in April 2016. We were not required to pay any more after publication of the accounts since 2016. We still have £85,000 in reserve for the potential remaining 25%.

Human resources, legal, democratic services, audit and procurement

Resources have been diverted to assist with distribution of business grants. This additional support provided by internal audit will be back filled by Devon Audit Partnership. £25,520 net of savings is required to be funded by new burdens monies received as detailed in 8.9.

8.4 Economy & assets

- Repairs and maintenance are on target to be within the revised budget of £755,270, which takes account of £161,160 being used as a contribution towards building fabric improvements associated with Forde House decarbonisation works. Actual spend to the end of July is £128,139, with 43% of the budget spent or committed.
- Income from car parking is currently anticipated to be £350,000 higher than the covid adjusted budget of £2.8 million at the end of July.
- General rental income has reduced over the last 12 months. There is likely to be a further reduction this year resulting in an adverse variance of £286,310 to date. This will be covered from the Covid provision. Market income is forecast to be in line with budget net of Covid provision. The total property income budget is £2.8 million.
- Business rates on empty property has created a budget pressure for the current year. Rating on public conveniences have been reduced to zero. The net impact is £184,000.

Capital

- The capital programme is shown at appendix 2. It continues to include significant provisions for investment in town centres and employment land. This includes the Future High Street Fund projects, which will revitalise the centre of Newton Abbot, creating a central, flexible mixed use space for community, artistic and cultural activities, alongside a revitalised market, food hall and Market Square. With the upgrades to Queen Street and the National Cycle Network Route, as well as the building of a new state-of-the-art cinema,

the regeneration will help transform the town centre into a vibrant and welcoming place to visit, boosting footfall and local spend and creating a premier market destination for the wider area. Government funding of £9 million was confirmed in May 2021.

- In 2019, Council resolved to progress plans to develop a hotel, including car park re-provisioning as part of the town centre regeneration outlined in the Newton Abbot master-plan. It also granted the necessary authority to advance regeneration with the purchase of Sherborne House, which is anticipated to provide accommodation for Health services. Both projects are funded mainly from prudential borrowing.
- Council of 29 July 2019 granted authority to enable progression of the regeneration in the Brunswick Street area of Teignmouth town centre. This project is funded mainly from prudential borrowing.
- There is a £2 million provision for employment sites, funded from borrowing. It is anticipated this will be spent on schemes on council owned land, either to invest in new assets or to enhance and make best use of those already available. 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
- Council of 6 June 2016 resolved to commit funding to the Superfast Broadband Connecting Devon and Somerset phase 2 programme. An investment of £250,000 financed from capital receipts was confirmed and the collaboration agreement signed. It is anticipated to be paid in 2022/23.

Capital - coastal & drainage

- The South West Regional Coastal Monitoring Programme (SWRCMP) completed its 3rd phase in 2020-21 and entered a new 6 year phase on 1 April 2021. This is 100% funded by grant from the Environment Agency – up to £10.5 million over 6 years. The latest phase includes coastal asset data in addition to topographic beach survey data, bathymetric data, LiDAR, aerial photography and habitat mapping, providing a long term dataset showing changes to the beaches and coastline of the South West. It ensures that all Coastal Protection Authorities have the evidence to better understand the processes affecting the coast ensuring that coastal defence schemes are designed based on reliable information.

8.5 Environment

- A waste savings sharing agreement exists with Devon County Council. Additional savings which might arise can help to contribute towards the costs

of implementing and on-going costs of extra waste and recycling rounds and improvements. This is anticipated to be £50,000 less than budgeted for 2021/22.

- Fuel costs are currently likely to produce a saving of £10,000.
- Income from recycling sales is up on the original budget by £116,000 – mainly due to the price for cardboard and paper collected.
- An unexpected repair to the baler has resulted in an adverse variance of £22,000.

Capital

- On 4 May 2021, Council approved decarbonisation works at Forde House offices. This includes £0.672 million grant funding secured under the Public Sector Decarbonisation Scheme. The delivery of projects covered by grant funding at Forde House is dependent on the Authority further investing in building upgrade and renovation works to enable compatibility with low-carbon technologies and to future-proof the site for flexible working. A further £2.4 million for these supporting works, funded from prudential borrowing and capital receipts, was also approved. Works include upgrading heating and ventilation systems, installing thermal fabric improvements and upgrading the incoming electricity supply. The flexible working project seeks to optimise and modernise staff provisions to support Council services, by redistributing desks and freeing up ground floor space to enable the potential to rent out the space and generate a new income stream.
- The Authority also worked with a leisure energy specialist to develop a grant application under the Public Sector Decarbonisation Scheme covering Newton Abbot Leisure Centre, Broadmeadow Sports Centre and Teignmouth Lido. The bid was successful, resulting in receipt of £2.3 million of grant funding to replace existing gas-fired heating systems with low-carbon air source heat pumps. Further provisions covered by the grant vary on a site-by-site basis but broadly involve electricity system upgrades, air handling unit works, solar photovoltaics and energy management system upgrades. A further budget line has been added to allow the existing roof at Broadmeadow sports centre to be replaced prior to the installation of solar photovoltaics. This additional item is funded from developer contributions.

8.6 Housing

- For a fourth consecutive year Teignbridge have successfully bid jointly with South Hams and West Devon for the Rough Sleeper Initiative. The £249,346 grant will continue to fund staff and delivery specifically for rough sleepers, from first contact through the pathway system to settled accommodation.

- Teignbridge have also received £60,000 emergency accommodation support towards costs incurred due to the Covid 19 pandemic and £32,264 new burdens funding towards the statutory duty to support victims of domestic abuse within safe accommodation.

Capital

- The indicative anticipated 2021-22 Better Care government grant, received via Devon County Council is £1.2 million, with a further £1 million carried over from 2020-21. £0.58 million of this is budgeted towards supporting the Warm Homes fund grant scheme, with the remainder towards statutory disabled facilities and other discretionary grants, to meet anticipated increased demand.
- To date in 2021-22, no previously paid renovation grants have so far been recovered.
- The Council successfully bid for Warm Homes funding streams covering provision of both air source heat pumps and first-time gas central heating to residents. £212,000 is included for park home grants and £1.7m for Category 1 (Gas) and Category 2 (Air Source Heat Pumps).
- In addition, £1.1 million was received from the Green Homes Fund and is budgeted for grants towards energy efficiency measures.
- A provision of £6.6 million over three years relates to the first half of the Teignbridge 100 housing scheme for affordable and social housing. This work has already commenced as the programme covers the previously approved capital schemes. Two homes at Drake Road, Newton Abbot have now been completed with construction of a further 5 units also underway at Carlisle St (East St), Newton Abbot. The pipeline covers a range accommodation types, the intention being to deliver a rented programme across urban and rural locations on Teignbridge land.

Figures and timing are currently indicative only and represent the initial estimate for the first 50% of the Teignbridge 100 projects less the amounts relating to previously approved projects. Funding is assumed to be a combination of Homes England grant, capital receipts (including right to buy receipts estimated at £0.6 million per annum until payments cease in 2024) section 106 for affordable housing and borrowing. Discussions continue with housing providers over the method of delivery and pipeline projects will be brought forward for approval in due course.

- A shared equity scheme funded from £0.7 million of external planning contributions as approved at Full Council in November 2019 is also included.

8.7 Leisure / Green spaces

- Leisure has experienced significant loss of income due to various lockdowns in 2020/21. The single biggest income stream is memberships which have been deferred whilst lockdowns have occurred. Leisure commenced re-opening on 12 April 2021 with restrictions. Exercise classes were unable to resume until 17 May 2021. Actual income is down on the base budget (adjusted for the Covid provision) for 2021/22 with a loss of £58,360 at the end of July (after offset of furlough) – mainly due to memberships and being unable to reopen until 12 April.
- The losses to the end of July are partly recoverable from the Governments sales, fees and charges compensation scheme (which ended on 30 June) leaving a net loss of £27,170.
- We currently have £8.6 million available in S106 receipts. These are over many services and parishes but the majority is for leisure including open spaces, sports provision and play facilities.

Capital

The improvements to Bakers Park are approaching practical completion, having delivered a new pavilion together with improved car parking, footpath and tennis court refurbishment.

Decoy play area has also recently reopened following improvements of the wet and dry play zones.

Newton Abbot Leisure Centre, Broadmeadow Sports Centre and Teignmouth Lido will benefit from the £2.3 million decarbonisation project and the Broadmeadow Sports Centre roof replacement outlined in 4.3.

8.8 Licensing

Licensing income looks to be on target to achieve the budget of £214,680.

8.9 Revenue & benefits plus customer services

- Covid 19 has created significant pressure on revenue and benefits in distributing the business grant support monies to various businesses and increased workload from council tax support. Government have provided support and a new burdens grant was received this year of £228,800.

8.10 Spatial planning

We received the first payments of community infrastructure levy (CIL) in 2015/16. The money is being coded by town/parish and any payments due to them are made half-yearly. Teignbridge has recognised £16.2 million of

usable CIL to date after payments due to parishes (£1.8 million paid to the end of 2020-21). £6.8 million has been spent on infrastructure, with the remainder committed to existing approved projects including provisions for local transport, education and sports. £0.1 million has been allocated towards administration costs since inception. As CIL may be paid in instalments, the actual cash balance after parish payments and expenditure is £1.5 million.

- Teignbridge has been successful in bidding for £150,000 of capacity funding to support the delivery of Newton Abbot as a garden town from the Garden Communities Programme. The Programme is to transform local communities focused on sustainability and supported by the right infrastructure.

Capital

- At Council on 25 September 2017, the acquisition of approximately 38 hectares of land at South West Exeter for the creation of SANGS was approved. This is occurring in phases, with instatement works taking place in line with the acquisition phasing. It is intended that future management of this site will pass to the Land Trust following instatement, together with Dawlish Countryside Park.

8.11 General revenue

- Council tax support cost has increased and was just over £10.9 million at the end of July which is £409,000 above the original estimate of £10.5 million. Council tax support falls directly to Teignbridge including parishes (12.5% together), county, fire and police and is being monitored monthly.
- Our business rateable value (RV) has increased slightly and stands at just under £86.0 million. The number of assessed businesses has increased from 5,521 to 5,565. These are the end of July 2021 figures as compared to the beginning of the current year. We still seem to be on target to achieve the total budget of £4.7 million business rates retention income for the year.

8.12 General savings progress

- Strata Service Solutions Ltd - the current year budget included a savings target of £164,230 which it is anticipated will be achieved.
- Salary vacancy savings at the end of July look to be in excess of the required budget target of £275,000. An additional saving of £50,000 has been provided. There are no other material variances on other salary costs at the end of July. There is an initial offer in relation to the pay award for 2021/22 of 1.5% which is the assumed increase set at budget time in February. This initial offer has been rejected by Union representatives. If the offer is

increased there would be a pressure on the revenue budget of approximately £90,000 for every additional 0.5%.

- Utility costs for gas, electricity and water are in line with existing budgets as at the end of July.
- The Better 2022 review of service business plans is in progress and any identified savings will be fed into the annual budget process.

8.13 Future years

- Council tax has been closed down and balanced for 2020/21 and the deficit declared will be shared with county, fire and police in 2022/23. An earmarked reserve is held to cover these fluctuations where deficits arise.
- The number of dwellings in Teignbridge on the valuation list is monitored monthly and the data feeds into the new homes bonus (NHB) calculation if NHB is retained next year and not replaced with an alternative form of funding. At the end of July there were 63,639 dwellings which is 395 more towards any potential NHB payment for 2022/23. We will need to wait until the next provisional settlement announcement to be clear on the overall budget impact of loss of NHB and any replacement or perhaps further modification of the existing scheme for a further year.
- Business rates baseline funding was due to be reset in 2020/21. This has been delayed by 12 months at each spending review and is now supposed to be introduced in 2022/23. It is still not clear whether this will take place next year. When the reset takes place it is considered likely that we will lose the majority of the business rate growth retention income we have received in recent years as a result of this reset. These losses will be significant for future budget setting and financial planning. We hold funds within the business rates/funding reserve to help cushion the impact of any initial losses of income as a result of the baseline reset.
- The overall impacts of the Brexit outcomes between the UK and the EU is still difficult to determine and have been overshadowed by the events from the Covid 19 pandemic. Therefore drawing any conclusions about its impact for local government is not possible at this stage. We will continue to monitor any information we receive in relation to this as part of our risk and financial management.

9. RISKS

The major risks to be aware of are around future funding and the adequacy of reserves going forward as further action may be required to address the impacts of the Covid 19 pandemic. General reserves are maintained at a value higher than originally budgeted and earmarked reserves have been increased to help deal with future forecast funding changes and on going

reductions in income. Further clarity is required on the level of Government support for both this year and next. These risks may impact on the performance of treasury management and borrowing levels moving forward. Preparation and approval of the accounts are required by the Accounts and Audit Regulations 2015 and if these regulations are not adhered to the auditors could qualify the accounts.

10. MAIN IMPLICATIONS

The implications members need to be aware of are as follows:

10.1 Legal

The Financial Accounts for 2020/21 need to be produced and audited in accordance with the Accounts & Audit Regulations 2015.

The Council is required to secure a balanced budget and also to provide certain services. Regular financial monitoring by the Executive helps ensure that the Council is able to meet these statutory obligations.

Monitoring and reporting of the treasury management results is required by the CIPFA Treasury Management Code.

10.2 Resources

The report notes that general reserves have been maintained at a level slightly higher than originally budgeted at 31 March 2021 and interest earned in 2020/21 from treasury management has decreased from that obtained in 2019/20. The report notes an overall favourable variance of £656,140 identified this year to the end of July. Cash flow is forecast to be positive for the next twelve months apart from any borrowing for significant new projects. Revenue reserves are considered to be sufficient to sustain the council for the current financial year however the February 2021 budget identified a budget gap next year of £1.2 million and £2.6 million for 2022/23. Service reviews are exploring further savings that can be made this year and in the future. Consideration will need to be made of any future developments regarding funding changes from business rates retention and changes to New Homes Bonus. Capital is funded over the medium term.

11. GROUPS CONSULTED

The draft accounts are advertised as available for inspection and are available on the website. The external auditors have been auditing the financial records and accounts during August.

12. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

The revenue budget supports the appointment of a climate change officer and associated budget. The capital programme identifies projects which have an impact on climate change denoted with a green leaf in appendix 1.

13. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

10.00 a.m. on 23 September 2021