

**Teignbridge District Council
Executive
4 November 2024
Part i**

**2024/25 BUDGET MONITORING – REVENUE & CAPITAL, TREASURY
MANAGEMENT LENDING LIST**

Purpose of Report

To update Members on the principal areas where there are likely to be departures from the 2024/25 revenue budget and summarise those variations to the end of September 2024 including updates on progress with the capital programme and funding and any amendments to the lending list for treasury management purposes. To report the results of the mid year review of the treasury management function.

Recommendation(s)

The Executive Committee resolves to:

- (1) Approve the revenue budget variations for 2024/25 as shown at appendix 1**
- (2) Approve the updated capital programme as shown at appendix 2**
- (3) Note the updated lending list as shown at appendix 3**
- (4) Note the mid year review of Treasury Management shown at appendix 4**

Financial Implications

The financial implications are contained throughout the report. The main implication is that there is a favourable variance of £1,019,860 at the end of September 2024.

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Legal Implications

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. See 7.1.

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Risk Assessment

Major risks are identified in 4.13 and summarised in section 6. 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 8.

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Executive Member

Councillor John Parrott – Executive Member for Resources

Appendices/Background Papers

Appendix 1 – Revenue budget variations 2024/25
Appendix 2 – Capital programme
Appendix 3 – Treasury management lending list
Appendix 4 – Mid year treasury management review
Current year budget files: capital files:

1. PURPOSE

- To identify the principal areas where there are likely to be departures from the approved 2024/25 budget and summarise the likely overall variation based on the information available to the end of September 2024. Also to inform Members of progress that has been made with achieving savings and efficiencies. All shown at Appendix 1.

- To update Members on progress with the capital programme and funding and bring the latest details for members' approval as shown at Appendix 2.
- To update Members on the treasury management lending list as shown in Appendix 3.
- To report to Members the results of the mid year treasury management review as shown in Appendix 4.

2. SUMMARY

- 2.1 The draft accounts for 2023/24 have been published with anticipated general reserves for the year at just above £2.4 million plus earmarked reserves for specific grants, contributions and carry forwards including the various grants for business rates etc. The 2023/24 external audit has commenced. There is a net surplus of £1,019,860 forecast for 2024/25 arising from variations to the original budget.
- 2.2 A summary of revenue budget variations by service identified to the end of September for the current year is shown below with favourable variations indicated by a minus sign as per the details shown in Appendix 1.

Service	Variance £
Development management including land charges	109,850
Corporate services	-659,920
Economy & assets	-68,750
Environment/climate change	-245,280
Leisure/green spaces	-158,000
General	2,240
TOTAL FAVOURABLE BUDGET VARIATION TO DATE	-1,019,860

- 2.3 New homes bonus is still anticipated to be scrapped with no alternative funding currently suggested. Estimated rates retention above the baseline and pooling gain is assumed to be reset in the next two 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 as planned. We await clarification on this which may be made clearer when full details of the next settlement are provided for 2025/26 in December. The funding reserve holds funds to assist with this eventuality initially. Likely shortfalls for current and future years will need to be addressed as part of the budget setting and monitoring process this year and next year and the associated work through the Modern 25 programme. Work is also ongoing through service plan reviews, modified business plans and the work with Ignite to determine savings to meet the gaps identified in the final budget papers from February 2024.

3. BACKGROUND

3.1 For a number of years Government have only provided one year settlements for core funding. There is a suggestion that a funding review will take place in the Spring of 2025 with a potential multi year funding package for 2026/27 and subsequent year(s). The budget announcements at the end of October may provide more clarity. We have consistently been told that new homes bonus receipts are likely to reduce as the bonus is phased out. There is still no clarity as to what will take its place. If there is a two year delay then there is the possibility that new homes bonus may continue until that change and there will be no reset of business rates retention until then. We await clarification on this and details of the settlement for 2025/26 which are unlikely to be received until late December again. The funding reserve holds funds to assist with this eventuality initially. Likely shortfalls for future years will need to be addressed as part of the budget setting and monitoring process this year and next year. Work is ongoing through Modern 25, service plan reviews and modified business plans to determine savings to meet the gaps identified in the final budget papers from February 2024.

4. VARIATIONS BY SERVICE 2024/25 (revenue shown in appendix 1 and capital in appendix 2)

4.1 Building control

- At the end of September fee income is forecast to be lower than budget to date. Income is forecast to pick up towards year-end with further analysis required during the year. Any variation at the year-end is accounted for in the building control reserve so will not affect Teignbridge's general reserve.
- 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.

4.2 Development management including land charges

- At the end of September net planning application income is forecast to be below the original budget of £857,900 by an estimated £120,850. Planning application numbers are 16% down at the end of September as compared with last year.
- Pre-application planning advice - at the end of September 2024 income was in excess of the anticipated budget by an estimated £35,000 for the year
- There are no Planning appeal costs for this financial year to date however further costs are anticipated but yet to be determined for this financial year.

- Land charges income is forecast to be £24,000 below the projected budget of £280,600. The number of searches is 20.2% up on last year. A search can be a full or part search or individual questions.

4.3 Strategic leadership team & corporate services

The 2019 revised strategic leadership team structure has permanent appointments to the relevant positions. This structure delivers ongoing savings in excess of £150,000. These savings have already been incorporated into the budget since 2021/22 and thereafter. A further organisational structure for the wider management structure in 2024 has reduced the permanent numbers in the strategic leadership team by one with the savings being incorporated within the costings of that restructure.

Finance

- Forecast net interest receivable at £1,931,881 is forecast to be up £652,261 on the base income budget of £1,279,620. Interest accrued to the end of September is £985,389. There is currently no forecast long-term external borrowing for the year, which means zero interest payable, in line with budget expectations. Base rate as at the start of 2024/25 was 5.25%. The Bank of England monetary policy committee (MPC) has since lowered interest rates as follows:

01 August 2024 5.00%

- Market commentators anticipate base rate will be around 4.5% – 4.75% by the end of 2024 and between 3.00% and 3.25% by the end of 2025. The September 2024 Monetary Policy Committee (MPC) meeting indicated that “a gradual approach to removing policy restraint remains appropriate”. Market pricing wavers between the next cut to base rate coming in November or December 2024, with the bank continuing to be vigilant over the risks to inflation returning to its 2% target. Ongoing volatility underlines how positions can change quickly following data releases. Bank, building society and money market fund rates fell in response to the August base rate cut however the markets await October’s budget. Our average lending rate to the end of September is 5.21% in line with SONIA (Sterling Overnight Index Average), which was 4.95% as at 1 October 2024 and an average of 5.12% over the calendar year to date. Average daily lend for the year is forecast at £38.90 million.
- As at the end of 2023/24, the draft capital financing requirement (CFR) (underlying need to borrow) is £22.6 million. By using existing balances to fund this internally rather than borrowing externally, the Council continues to save an estimated £12,427 per annum. This is based on the cost had the Council borrowed 50% of CFR at the PWLB’s average 10-year certainty rate and 50% at the average 25-year certainty rate at the start of the year, less

potential interest earned at the forecast average annual rate as at end of September of 4.97%.

In April we arranged lending as follows:

Borrower	Rate (%)	Amount	Start date	End date	Days 2024/25	2024/25 Interest (£)
DMO	5.175	5,000,000	02/04/2024	28/05/2024	56	39,698.63
DMO	5.19	1,000,000	04/04/2024	05/04/2024	1	142.19
DMO	5.19	1,000,000	15/04/2024	03/05/2024	18	2,559.45
DMO	5.19	4,000,000	15/04/2024	20/05/2024	35	19,906.85
DMO	5.19	1,500,000	15/04/2024	23/05/2024	38	8,104.93
DMO	5.19	1,000,000	16/04/2024	17/04/2024	1	142.19
DMO	5.19	1,000,000	17/04/2024	19/04/2024	2	284.38
DMO	5.195	1,000,000	19/04/2024	28/05/2024	39	5,550.82
DMO	5.19	1,000,000	25/04/2024	28/05/2024	33	4,692.33
DMO	5.19	1,000,000	30/04/2024	28/05/2024	28	3,981.37

and we had £25.6 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	Days 2024/25	2024/25 Interest (£)
DMO	5.195	2,500,000	01/05/2024	28/05/2024	27	9,607.19
DMO	5.2	2,500,000	01/05/2024	19/06/2024	49	17,452.05
DMO	5.19	2,000,000	03/05/2024	03/07/2024	61	17,347.40
DMO	5.185	1,000,000	07/05/2024	21/06/2024	45	6,392.47
DMO	5.165	1,000,000	08/05/2024	22/07/2024	75	10,613.01
DMO	5.175	1,000,000	13/05/2024	03/07/2024	51	7,230.82
DMO	5.19	3,000,000	15/05/2024	16/05/2024	1	426.58
DMO	5.19	3,000,000	15/05/2024	03/06/2024	19	8,104.93
DMO	5.175	2,000,000	15/05/2024	03/07/2024	49	13,894.52
DMO	5.18	3,000,000	16/05/2024	03/07/2024	48	20,436.16

and we had £29.6 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	Days 2024/25	2024/25 Interest (£)
Cheshire East Council	5.15	3,000,000	03/06/2024	17/03/2025	287	121,483.56
Aberdeen City Council	5.15	3,000,000	17/06/2024	17/03/2025	273	115,557.53
Blackpool Council	5.25	3,000,000	17/06/2024	18/10/2024	123	53,075.34
DMO	5.18	1,000,000	20/05/2024	03/07/2024	44	6,244.38
DMO	5.2	1,500,000	30/05/2024	03/07/2024	34	7,265.75
DMO	5.205	1,000,000	31/05/2024	23/07/2024	53	7,557.95
DMO	5.2	1,000,000	03/06/2024	22/07/2024	49	6,980.82
DMO	5.21	4,000,000	03/06/2024	08/08/2024	66	37,683.29
DMO	5.19	1,000,000	04/06/2024	03/07/2024	29	4,123.56
DMO	5.19	1,000,000	20/06/2024	08/08/2024	49	6,967.40
DMO	5.19	1,000,000	28/06/2024	01/07/2024	3	426.58

and we had £37.7 million lent out or in call accounts at the end of the month.

In July we arranged lending as follows:

Borrower	Rate (%)	Amount	Start date	End date	Days 2024/25	2024/25 Interest (£)
DMO	5.185	5,500,000	01/07/2024	08/08/2024	38	29,689.45
DMO	5.03	1,000,000	05/07/2024	03/01/2025	182	25,081.10
DMO	5.15	1,000,000	10/07/2024	12/08/2024	33	4,656.16
DMO	5.03	1,000,000	11/07/2024	03/01/2025	176	24,254.25
DMO	5.12	7,000,000	15/07/2024	13/09/2024	60	58,915.07
DMO	5.14	1,000,000	23/07/2024	19/08/2024	27	3,802.19
DMO	5.07	1,000,000	30/07/2024	19/08/2024	20	2,778.08

and we had £40 million lent out or in call accounts at the end of the month.

In August we arranged lending as follows:

Borrower	Rate (%)	Amount	Start date	End date	Days 2024/25	2024/25 Interest (£)
DMO	5.03	2,000,000	01/08/2024	23/08/2024	22	6,063.56
DMO	4.945	3,000,000	01/08/2024	13/09/2024	43	17,476.85
DMO	4.92	1,000,000	05/08/2024	13/09/2024	39	5,256.99
DMO	4.76	8,000,000	15/08/2024	07/02/2025	176	183,618.63
DMO	4.94	1,000,000	23/08/2024	09/09/2024	17	2,300.82
DMO	4.93	1,000,000	28/08/2024	19/09/2024	22	2,971.51

and we had £39.9 million lent out or in call accounts at the end of the month

In September we arranged lending as follows:

Borrower	Rate (%)	Amount	Start date	End date	Days 2024/25	2024/25 Interest (£)
DMO	4.94	1,000,000	02/09/2024	19/09/2024	17	2,300.82
DMO	4.94	1,000,000	02/09/2024	23/09/2024	21	2,842.19
DMO	4.935	2,000,000	02/09/2024	27/09/2024	25	6,760.27
DMO	4.93	1,000,000	02/09/2024	07/10/2024	35	4,727.40
DMO	4.925	1,000,000	02/09/2024	18/10/2024	46	6,206.85
DMO	4.93	500,000	13/09/2024	27/09/2024	14	945.48
DMO	4.9	1,000,000	16/09/2024	23/09/2024	7	939.73
DMO	4.89	4,500,000	16/09/2024	18/10/2024	32	19,292.05
London Borough of Waltham Forest	4.85	3,000,000	16/09/2024	16/05/2025	197	78,530.14
Blackpool Council	4.9	3,000,000	18/10/2024	19/05/2025	165	66,452.05
DMO	4.89	1,000,000	17/09/2024	18/10/2024	31	4,153.15
Lloyds	4.95	1,000,000	20/09/2024	18/10/2024	28	3,797.26

and we had £38.3 million lent out or in call accounts at the end of the month.

Prudential Indicators

In accordance with the Prudential Code for capital finance in local authorities (2021 edition), the following table relates to forward looking prudential indicators as reported in Appendix 11 of the budget papers on 27 February 2024:

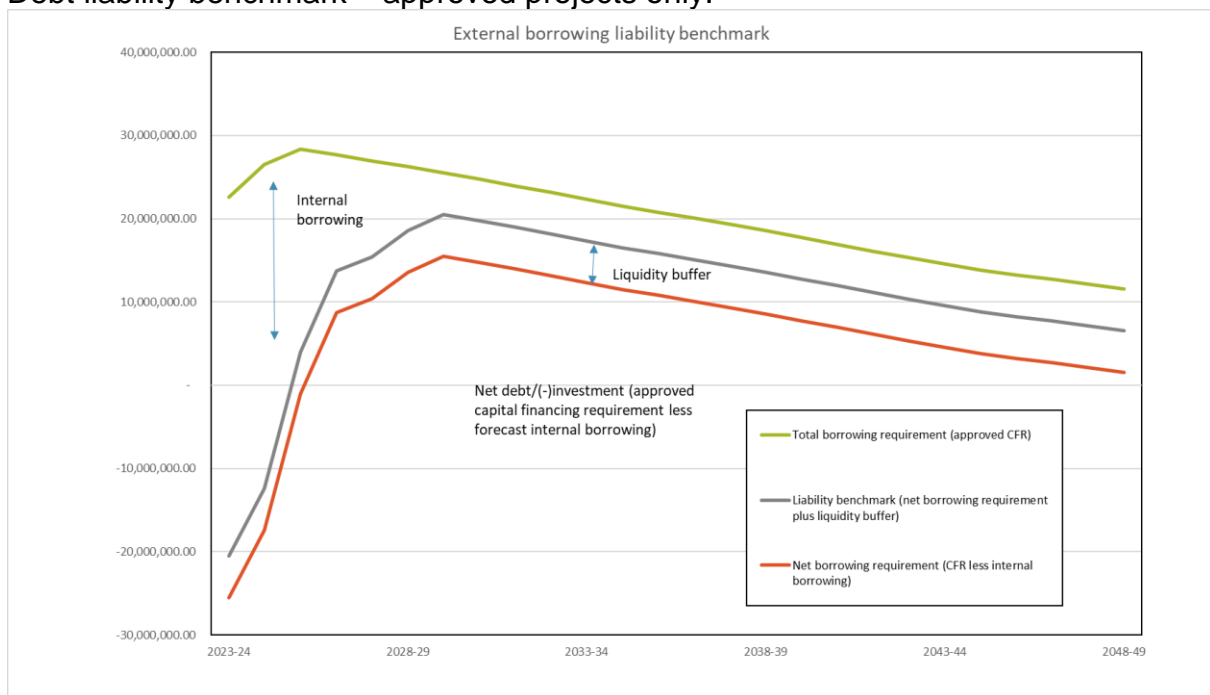
The capital financing requirement (CFR) represents the Council's underlying need to borrow. The Council is reducing the need for external borrowing by using existing balances to fund this need internally. The CFR at 31 March 2024 was £22.59 million.

	2024-25	2025-26	2026-27
Estimate of the proportion of financing (-)income/costs to net revenue stream	-7.08%	1.34%	3.28%
Estimate of net income from commercial and service investments to net revenue stream	13%	15%	15%
Gross debt is not forecast to exceed the capital financing requirement (CFR)			
Estimate of capital expenditure	£59.294 million	£17.339 million	£7.528 million
Estimate of CFR (approved and provisional projects).	£45.413 million	£45.964 million	£43.937 million

Authorised limit for external debt	£44 million	£44 million	£50 million
Operational boundary for external debt	£40 million	£44 million	£45 million
Total debt limit	£60 million	£60 million	£60 million

The operational boundary and authorised limit for external debt are lower than the estimated CFR above due to estimates of capacity for internal borrowing. The CFR above also includes forecast provisional projects which have not yet been fully approved.

Debt liability benchmark – approved projects only.



The debt liability benchmark plots borrowing need relating to approved projects only and forecast internal borrowing and is a tool to help plan for external borrowing requirements.

Indicators relating to the maturity structure of borrowing, proportion of variable rate borrowing - there is currently no external borrowing.

Minimum Revenue Provision (MRP)

MRP is a charge to the revenue accounts in respect of capital expenditure financed by borrowing or credit arrangements. It is calculated with reference to the CFR. Forecast MRP has decreased by £7,663 in 2024/25 to £343,038 mainly due to

housing capital schemes which have progressed slightly slower than predicted at budget time. MRP then is budgeted to increase (in relation to approved schemes only) to £596,580 in 2025/26 and £678,201 in 2026/27. The increased MRP in future years relates to schemes involving borrowing approved in the capital programme or provisional which will be offset by revenue income in the relevant business cases.

- 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%.

Capital

- Work continues on implementing the new financial management system, with £185,000 budgeted over 2024/25 and 2025/26.

Human resources, legal, democratic services, audit and procurement

There are no variations to report at the end of September.

4.4 Economy & assets

- Repairs and maintenance is forecast to be overspent by £60,500 of the budget of £621,840. This is due to high value reactive spend including the Bradley Lae perimeter fence, repairs to the Lido underground pool circulation pipe and Old Forde House roof repairs. Actual spend to the end of September is £338,220.
- Income from car parking is currently ahead of projections by £153,000 when compared with the original budget of £4.7 million at the end of September.
- General rental income has decreased over the last 12 months. The income to date is currently in line with the budget set. Market income is forecast to be under budget by £23,750. The total property income budget is £2.67 million.

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, aimed at revitalising the centre of Newton Abbot. A refurbished market, food hall and Market Square sits alongside improvements to Queen Street. Regeneration works will also get underway at Bradley Lane, improving the site's future viability. This 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. The total investment of £12.203 million includes government funding of £9.026 million. Timing is critical to these projects due to the grant conditions. Funds had to be committed by September 2024 and need to be spent by March 2025. Teignbridge-funded elements may be spent after this date and work continues to enable delivery on the required basis. Executive is updated regularly on this project.
- Council of 28 April 2022 granted authority for the sale of land at Brunswick Street in Teignmouth town centre to Torbay and South Devon NHS Trust. Alongside this, it was resolved to create a new car park at the junction of George Street and Brunswick Street, to be funded from capital receipts. While the agreed land sale no longer meets the needs of all parties, the car park element of the project progresses and has reached tender stage, with the majority of the £0.5 million budget in 2024/25.
- 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 2024/25.

Capital - coastal & drainage

- South West Coastal Monitoring (SWCM) is in the 4th year of its 4th phase in 2024/25. The 6-year phase is 100% funded by grant from the Environment Agency – up to £10.5 million over 6 years, with £2.7 million budgeted for 2024/25, including carry-forward. SWCM is the largest of the National Coastal Monitoring programmes in England, encompassing 2,450 km of coast between Portland Bill in Dorset and Beachley Point on the border with Wales. Since its inception in 2006 Teignbridge District Council have acted as the lead

authority for the region. The Programme collects a multitude of coastal monitoring data, including topographic beach survey data, bathymetric data, LiDAR, aerial photography and habitat mapping and has a wave buoy and tide gauge network around the South West coast. The data feeds into 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.

4.5 Environment / Environmental health

- 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 lower than anticipated for 2023/24 by £89,600 and £17,540 when compared with the budget set for 2024/25.
- Fuel costs are currently anticipated to be £140,000 lower than the original budget due to a fall in fuel prices.
- Income from recycling sales is anticipated to be higher than the original budget by £223,620. This is mainly due to favorable prices for glass, plastic and cardboard.
- Recycling credit income is expected to be in line with the original budget based on quarter 1 estimates when compared to the original budget.
- Vehicle lease costs are forecast to be under the budget of £2,011,550 by £12,970, due to delays in new vehicle arrival because of manufacturing delay and reduction in cost of extending current leases.
- The recently agreed proposal at Executive in October to introduce a charge for pest control will deliver annual savings of £20,750 per annum.

Capital

- Successful bids for £2.327 million of grant funding under the Public Sector Decarbonisation Scheme (PSDS) for Newton Abbot Leisure Centre, Broadmeadow Sports Centre and Teignmouth Lido funded projects which were highly commended in the Energy Efficiency Awards South West and will achieve a 76% reduction in natural gas consumption. The final stage of the Newton Abbot Leisure Centre Scheme involving a new substation will be completed in 2024/25, as detailed in the Executive Member decision of 9 April 2024. The latest budget is £2.487 million, with final forecast spend currently £2.477 million.
- At Full Council on 25 July 2023, £3.701 million was approved towards the refurbishment and second phase of decarbonisation at Broadmeadow Sports

Centre. This is funded partly from a further successful bid made under the third phase of the PSDS. This provides £309,772 of grant funding. The project involves replacing gas-fired heating with air source heat pumps and increasing building thermal fabric efficiency standards. Alongside this, the project will carry out centre refurbishment works including a new frontage and reception overlooking the car park, additional studio space, improved changing facilities, expansion of the current gym and studio plus improved lighting. These changes will increase centre provision and viability. The tender process was completed for this scheme. The project commenced with the site closing on 16 September to allow contractors to take occupation from 23 September 2024. Total forecast costs including tender sum are within budget at this early stage.

At Full Council on 30 July 2024, budgets were approved for the following energy efficiency schemes:

£393,226 at Dawlish Leisure Centre

£515,625 at Newton Abbot Leisure Centre

£57,000 at Teignmouth Lido

£168,775 of these budgets is funded from Sports England Swimming Pool Support Fund grant with the remainder funded from borrowing.

A successful bid to the UK Shared Prosperity Fund has resulted in the allocation of £1.6 million funding for the Council's related investment plan, supporting businesses, hard to reach groups, women and local communities. There is some flexibility over the amount to be allocated to capital and this will be adjusted as projects progress and allocations are confirmed. £348,618 was paid in green business grants to local businesses between 2022/23 and 2023/24. Indicative 2024/25 capital budget is £471,101 however work with community groups continues towards refining the measures which will support local business decarbonisation and other community schemes. The outcome of this engagement will fine-tune the capital/revenue split of the grant.

- At Full Council on 5 September 2023, the infrastructure requirements to enable a switch to battery electric vehicles for suitable small, medium and large vans of the Council's fleet were approved. Work will cover three sites at Forde House, the multi-storey car park in Newton Abbot and the main Depot. Contractors were appointed and work began at Forde House in August 2024, with completion forecast in November 2024. Forecast costs are currently within the budget of £788,851.

Feasibility work is currently underway at the Council's bulking station site which accepts all kerbside and recycling bank recycling across the district. The Council must apply for a bespoke waste permit. This is due to regulations changes by government, which means Teignbridge operations no longer fall under an exemption. Works and surveys to the site are required to demonstrate our compliance with the conditions of the permit and site inspections from the Environment Agency (EA). A report will be brought to Full Council in due course with the result of the feasibility work and proposals for required works.

4.6 Housing

- Teignbridge have received £34,687 of new burdens funding towards revenue expenditure relating to the statutory duty to support victims of domestic abuse and their children within safe accommodation, following the Domestic Abuse Bill.
- Both the grant funded Rough Sleeper Initiative, Rough Sleeper Accommodation Programme and Homes for Ukraine are due to end on March 2025, although we do have an estimated contingency of £823,500 to continue Homes for Ukraine through 25/26.
- £24,500 funding has been received from the Home Office for the Asylum Dispersal Grant to cover the Temporary Accommodation costs of asylum seekers who have been moved to the area and had their immigration status confirmed.
- £223,168 received as a top up to the existing Homelessness Prevention Grant to target those most in need and to ensure local authorities are resourced to take action to prevent homelessness and continue to implement the Homelessness Reduction Act 2017.
- Teignbridge will receive £472,319.00 (which includes 15% for administration) for Household support fund 6, from October 2024 until 31st March 2025. The Grant is to assist the council in carrying out a project to primarily support households in the most need who would otherwise struggle. The fund can also be used to provide support with food, energy, essentials linked to energy and water, wider essentials. It can also be used to support housing costs in exceptional cases of genuine emergency.

Capital

- 2024/25 Better Care government grant, received via Devon County Council is £1.756 million, with a further £0.260 million carried over from 2023/24. This funds statutory disabled facilities and other grants. The increased diversity of grants offered as per the Council's Housing Financial Assistance Policy for Loans and Grants has seen increased demand, especially for stairlift and bathroom adaptation grants. To date, 51% of the annual budget has been spent, in line with expectations.
- To date in 2024/25, £26,022 of previously paid renovation grants have so far been recovered.
- £4.908 million was approved to procure 18 properties for the accommodation of Afghan and Ukrainian families in the short term and Teignbridge residents from the Housing Register in the longer term. A further £150,000 was received from Devon County Council towards the same scheme, bringing the total budget to £5.058 million. This is funded from £2.084 million Local Authority Housing Fund grant, £150,000 Devon County Council grant, with the

remainder funded from Section 106, capital receipts and borrowing provisionally earmarked for the Teignbridge 100. Seventeen property purchases have now been completed at a cost of £4.666 million, with the final property in legal stages to complete in due course.

- In September 2024 an officer decision was taken in line with Commercial Property and Investment Board procedures to accept further funding from the Ministry of Housing, Communities and Local Government (MHCLG) to enable the delivery of :
 - 2 homes (general needs 2/3 bed houses for Resettlement purposes)
 - 1 home (4 bed house for Resettlement purposes)
 - 1 home (2 bed property for homelessness purposes)

The MHCLG grant is £645,000 and it was agreed that Teignbridge would supplement this with prudential borrowing estimated at £519,000. These additional homes will form part of the delivery of the Teignbridge 100.

- £6.795 million is provisionally budgeted towards a social and affordable housing scheme at the site of Sherborne House in Newton Abbot. Work is progressing on the feasibility stage of this project. The initial aim was to bring the scheme to planning application stage as reported to Executive on 12 September 2023. Planning consent was granted on 23 August 2024. A separate Executive report to this Committee outlines the next steps to tender and contract stage.
- The Teignbridge 100 housing scheme covers a range accommodation types. Schemes can move up and down the priorities pipeline depending on a number of factors, including planning constraints and affordability. Funding is assumed to be a combination of Homes England grant, capital receipts, section 106 for affordable housing and borrowing. Future developments are dependent on achieving viable business cases using the available funding

In relation to the previously approved custom-build housing scheme at Houghton Barton, an additional £0.6 million of ring-fenced central government grant funding has been received to enable delivery.

A provisional budget line of £0.03 million is included for periodic capital expense in relation to Teignbridge's social housing portfolio, for example replacement roofs, fabric improvements and replacement fixtures and fittings.

4.7 Leisure / Green spaces

- Leisure's fees and charges - at the end of September leisure income including leisure centre membership income was anticipated to be higher than the projected budget by £158,000.
- We currently have £8.8 million available in S106 receipts. Of this sum, £2.4 million has been allocated to projects, leaving a balance of £6.4 million. The

sums are over many services and parishes but the majority is for leisure including open spaces, sports provision and play facilities.

Capital

In February 2024, an Executive Member decision approved a £191,868 budget for the provision of Changing Places toilet facilities at Decoy, Dawlish Warren and Dawlish Lawn. This was funded from Changing Place Fund grant. All three schemes are now complete with a forecast final cost of £218,094. While this is an adverse variance against the original budget costings due to the site constraints, it is within the final grant figure of £219,000 which was allocated to the Council. The facilities provide larger accessible toilets for severely disabled people, with equipment such as hoists, privacy screens, adult-sized changing benches, peninsula toilets and space for carers.

4.8 Licensing

Licensing income looks to be on target to achieve the budget of £252,570.

4.9 Revenue & benefits plus customer services

Continued pressure due to new and ongoing schemes:

- Continued support to residents with the Household Support Fund 5, live for this financial year.
- Administration of the Homes for Ukraine refugee and host payments in conjunction with Housing.
- Additional work on supported accommodation data and Housing Benefit Award Accuracy (HBAA)

4.10 Spatial planning and delivery

We received the first payments of community infrastructure levy (CIL) in 2015/16. The money is analysed by town/parish and any payments due to them are made half-yearly. As at the end of September 2024, Teignbridge has recognised £34.0 million of usable CIL after payments due to parishes. £6.0 million was paid to town and parish councils by the end of 2023/24. £10.3 million has been spent on infrastructure. £0.61 million has been allocated towards administration costs since inception. As CIL may be paid in instalments, the actual cash balance after parish payments, parish payments due, expenditure and administrative costs is £14.6 million.

The latest capital programme forecasts expenditure of £22.9 million of CIL between 2024-25 and 2026-27. Projects include provisions for cycle paths, highway schemes such as the Dawlish Link Road and A382, education and

energy infrastructure and low carbon as laid out in the local plan. This is within the currently recognised amount.

- Teignbridge received £164,000 in 2021/22 of capacity funding to support the delivery of Newton Abbot as a garden town from the Garden Communities Programme and £160,000 Design Code Pathfinder funding. The Programme is to transform local communities focused on sustainability and supported by the right infrastructure. Unspent grants have been carried forward into 2023/24 for the continuation of specific projects.

Capital

- Both Dawlish Countryside Park and the first phase of Ridgetop Park have been handed over to the respected land charity, the Land Trust for management under agreements which will ensure that the public and environmental benefits of the sites will be safeguarded for the long term. £1.367 million is included in 2024/25 for the acquisition, instatement and endowment costs of the final phases of Ridgetop Park, funded from Housing Infrastructure Fund grant.
- In addition to the Garden Communities revenue funding of £164,000 noted above Teignbridge has also been awarded an infrastructure element of £250,000. £190,000 delivered the first phase of the Ogwell strategic cycle link (completed May 2024) as approved at Executive on 6 June 2023. A stretch of new route created alongside the tennis courts in Bakers Park will also open once the second phase, which is subject to funding, has been completed. Plans for the second phase of the work, subject to the funding being secured, will include extending the walking, wheeling and cycling route to Beverley Way, creating a new formal road crossing to link over Totnes Road into Bradley Road and creating a link into Ogwell via an off-road path into Buntings Close.
- A contribution of up to £175,000 towards improved community facilities at Highweek Scout Hut was approved at Executive on 10 July 2023. This is funded from S106 contributions, with the aim being to provide a multi-purpose and flexible community building, improving community access and modernising facilities. The funding was carried forward into 2024/25.
- The following CIL is budgeted for infrastructure projects in 2024/25 (provisional schemes will be brought back to committee for approval in due course):

Teign Estuary Trail	525,000.00
A382	1,000,000.00
Dawlish link road and bridge	1,300,000.00
Provisional: Other cycling	450,000.00
Provisional: Habitat Regulations infrastructure measures	513,000.00
Provisional: Education	4,000,000.00
Provisional: Transport Hubs and Public Transport	750,000.00
Provisional: Energy infrastructure and low carbon	2,000,000.00
Total	10,538,000.00

4.11 General revenue

- Council tax support costs have decreased and were just below £10.5 million at the end of September which is £723,433 below the original estimate of £11.19 million. Council tax support falls directly to Teignbridge including parishes (12.6% together), county, fire and police and is being monitored monthly.
- Our business rateable value (RV) has increased slightly from £95.4 million to £95.5 million. The number of assessed businesses has also been fairly constant since the start of the year reducing slightly to 5,584. These are the end of September 2024 figures as compared to the beginning of the current financial year. We will continue to monitor whether these numbers help us achieve the total budget of £6.4 million business rates retention income for the year taking into account bad debts, appeals and pooling gain.

4.12 General savings progress

- Salary vacancy savings at the end of September look to be in line with the required budget target of £425,000. There are no other material variances on other salary costs at the end of September. The 2024/25 pay award has not yet been agreed. There is an initial offer in relation to the pay award for 2024/25 of a flat rate £1,290 for all NJC pay points from 2 to 43 inclusive and 2.5% for pay points above SCP 43 which is now being consulted on with the relevant Unions and what action may be taken next. We had assumed in the budget for 2024/25 a 4% increase across all salaries. This offer works out to be slightly more than anticipated and creates a further budget pressure of £31,240.
- Utility costs for gas, electricity and water are anticipated to be underspent by £29,000 compared to existing budgets as at the end of September. We are not anticipating any further significant inflationary pressures within this financial year as the wholesale prices continue to be more stable.

- The Modern 25 work and review of service business plans will continue to identify savings that will be fed into the budget process.
- Construction cost inflation has been driven across the UK by numerous external Global factors including, inter alia: supply side issues for materials; a weaker pound; cost of energy, transport and the cost of labour. Whilst the increase have been smaller of late, the additional costs have hindered ability to construct business cases with positive returns.
- Increasing costs for capital projects combined with increasing borrowing costs will challenge returns on capital projects and will require continual monitoring.
- All capital schemes undergo rigorous business plan projections using experts internally/externally as required. Risk registers are formulated and associated mitigations to those risks identified to all aspects of a project particularly with Global and external factors being volatile in the current economic cycle such as inflation, borrowing, interest rates, income projections, rates of return, running costs, environmental factors, legal aspects, our prudential indicators etc. These are modelled and revisited periodically (on larger projects this will be in the form of monthly valuations) as new information is made available or as a project moves to the next milestone or stage to ensure the returns are made and the objectives of the project are delivered.

4.13 Future years

- Council tax has been closed down and balanced for 2023/24 and a surplus/deficit ultimately declared will be shared with county, fire and police in 2025/26.

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 September there were 65,365 dwellings which is 498 more towards any potential NHB payment for 2025/26. We will need to wait until the next provisional settlement announcement to be clear on the overall budget impact of any potential 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 at each spending review and is now assumed to be introduced in 2026/27. It is still not clear whether this will take place however recent communications from Government have suggested consultation in Spring 2025 which might feed through some potential changes within a 3 year settlement for the years 2026/27, 2027/28 and 2028/29. We await further details from the new Government as to how they will address core funding streams for local government. 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 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 has been difficult to determine and has then been overshadowed by the events from the Covid 19 pandemic. Therefore drawing any conclusions about its impact for local government is not possible. We will continue to monitor any information we receive in relation to this as part of our risk and financial management.

5. TREASURY MANAGEMENT - AUTHORISED LENDING LIST (Appendix 3) MID YEAR REVIEW (Appendix 4)

5.1 The authorised treasury management lending list was approved at the 2024 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 3. Clydesdale Bank PLC has moved from Tier 3 to Tier 2.

5.3 The **mid year review of treasury management** performance which is required to be noted by Council is attached at appendix 4. This shows average returns of 5.21% to the end of September - comparable to the benchmark average SONIA (Sterling Overnight Index Average) rate as published on the first of each month for April to September, of 5.12%. Interest earned to the end of September, including sums which fall into 2024/25 from lending arranged the previous financial year, is £985,389. It is slightly more than last year (£849,057 at the same point), mainly due to higher interest rates. The forecast for the year is £1,931,881 a slight decrease of £4,378 compared to £1,936,259 received in 2023/24. This forecast decrease is mainly due to slightly lower forecast average lending sums available for the year.

6. RISKS

The major risks in examining and projecting financial forecasts are predicting future trends and variances. This was heightened by the Covid 19 pandemic. This is mitigated through monthly monitoring and discussions with service managers. The most significant concerns are detailed in 4.13 above and mainly relate to future financial planning, only currently having a one year

settlement, predicted changes to business rates retention and the abolition of New Homes Bonus and what it may be replaced with and how our funding from these sources will change as a result. The long term impacts of leaving the European Union and the economic impacts are difficult to determine and any further impacts on business rates, council tax support, debt recovery etc. 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 potential exposure to on going reductions in income. These risks may impact on the performance of treasury management and borrowing levels moving forward.

7. MAIN IMPLICATIONS

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

7.1 Legal

Regular budget monitoring is required by the Council's Constitution and Financial Rules.

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.

7.2 Resources

The report notes an overall favourable variance of £1,019,860 identified this year to the end of September. Cash flow is forecast to be positive for the next twelve months. Revenue reserves are considered to be sufficient to sustain the council for the current financial year however **the February 2024 budget identified a budget deficit next year of £2.2 million and £4.2 million for 2026/27** currently being funded by earmarked reserves. Service reviews and Modern 25 are exploring further savings that can be made this year and in the future to protect significant use of earmarked funding reserves. 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. As mentioned in 3.1 above work is ongoing to determine how we address the revenue budget gap in the medium to long term through Modern 25. A number of savings options are being considered and costed together with the current implementation of the new structure for the organization.

8. 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 2.

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

10.00 a.m. on 11 November 2024