

**Teignbridge District Council  
Executive  
2 December 2025  
Part i**

**2025/26 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 2025/26 revenue budget and summarise those variations to the end of September 2025 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) Approve the revenue budget variations for 2025/26 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. For 2025/26 there is a favourable variance of £820,000 at the end of September 2025. See sections 2 and 4. **Please note the concerns raised in 7.2 about continuing budget gaps for future years and changes in Government funding taking place in 2026/27.**

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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.

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## **Risk Assessment**

Major risks are 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 9.

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## **Report Author**

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## **Executive Member**

Councillor John Parrott – Executive Member for Corporate Resources

## **Appendices/Background Papers**

Appendix 1 – Revenue budget variations 2025/26  
Appendix 2 – Capital programme  
Appendix 3 – Treasury management lending list  
Appendix 4 – Mid year treasury management review

### **1. PURPOSE**

- To identify the principal areas where there are likely to be departures from the approved 2025/26 budget and summarise the likely overall variation based on the information available to the end of September 2025. 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 There is a net surplus of £819,932 for 2025/26 arising from variations to the original budget. A summary of revenue variations by service identified to the end of September is shown below with favourable variations indicated by a minus sign as per the details shown in Appendix 1. This is an increase of £246k from the month 4 monitoring. The 2025/26 budget was agreed with a £1.5m anticipated use of the Funding Reserve.

Service	Variance £
Development management including land charges	-80,000
Finance – Treasury Management	-313,722
Democratic Services – Constitutional Review	40,000
Environment/climate change	-260,720
Leisure	-300,000
Housing – Haldon site	30,000
Contract Cleaning	15,000
General	49,510
<b>TOTAL FAVOURABLE BUDGET VARIATION TO DATE</b>	<b>-819,932</b>

- 2.2 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 next year as part of the current review and consultation into fair funding which will eliminate most of the gains made. We await clarification on this which may be made clearer when full details of the next settlement are provided for 2026/27 in November/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 2025.

## 3.0 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.

- 3.2** An updated treasury management statement and authorised lending list was approved at the 2025 February budget meeting. This was based on the latest 2021 edition of the treasury management code published by the Chartered Institute of Public Finance & Accountancy (CIPFA). The updated statement is detailed in section 5 below and is shown for information at Appendix 3

**4. VARIATIONS BY SERVICE 2025/26 (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 host authority for the Devon Building Control Partnership with South Hams District Council and West Devon Borough Council 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 above the original budget of £790,900 by an estimated £50,000 for the year. Planning application numbers are 8% down at the end of September as compared with last year.
- Pre-application planning advice - at the end of September 2025 income is forecasted to be above the original budget of £65,570 by an estimated £30,000 for the year.
- There are no Planning appeal costs for this financial year to date however further costs are anticipated but are yet to be determined for this financial year.
- Land charges income is forecast to be on track to achieve the projected net budget of £218,600. The number of searches is 8% higher than last year. A search can be a full or part search or individual questions.

### 4.3 Strategic leadership team & corporate services

Any underspend in this area will be picked up as part of the corporate vacancy savings pot.

### 4.4 Finance

- Forecast net interest receivable at £1,493,212 is forecast to be up £313,722 on the base income budget of £1,179,490. Interest accrued to the end of September is £807,895. 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 2025/26 was 4.50%. The Bank of England monetary policy committee (MPC) has since lowered interest rates as follows:

08 May 2025	4.25%
07 August 2025	4.00%

- Market commentators anticipate base rate will be around 3.75% by the end of March 2026, with a cut as early as December. Further cuts are anticipated, with the rate by the end of 2026-27 anticipated to be around 3.5%. The November 2025 Bank of England Monetary Policy Committee (MPC) meeting indicated that “the extent of further reductions would ... depend on the evolution of the outlook for inflation. If progress on disinflation continued, Bank Rate was likely to continue on a gradual downward path”. The Bank currently sees the 3.8% inflation rate of September as the peak, expecting inflation to settle around the 2% target in early 2027. Bank, building society and money market fund rates have fallen in response to the August base rate cut. Our average lending rate to the end of September is 4.25%, compared to SONIA (Sterling Overnight Index Average), which was 3.97%% as at the start of October 2025 and an average of 4.14% over the financial year to date. Average daily lend for the year is forecast at £37.54 million.
- As at the end of 2024/25, the draft capital financing requirement (CFR) (underlying need to borrow) is £35.353 million. By using existing balances to fund this internally rather than borrowing externally, the Council continues to save an estimated £505,554 per annum. This is based on the cost of borrowing 50% of CFR at the PWLB’s average 10-year certainty rate and 50% at the average 25-year certainty rate as at end of September, less potential interest earned at the average rate as at end of September of 4.25%.
- In April we arranged lending as follows:

Borrower	Rate (%)	Amount	Start date	End date	Days lent	Interest (£)
DMO	4.45	1,000,000	01/04/2025	22/04/2025	21	2,560.27
DMO	4.455	1,000,000	01/04/2025	25/04/2025	24	2,929.32
DMO	4.46	3,000,000	01/04/2025	30/04/2025	29	10,630.68
DMO	4.42	2,000,000	03/04/2025	20/05/2025	47	11,383.01
DMO	4.44	500,000	15/04/2025	23/04/2025	8	486.58
DMO	4.39	1,000,000	15/04/2025	23/05/2025	38	4,570.41
DMO	4.375	6,100,000	15/04/2025	28/05/2025	43	31,440.07
DMO	4.355	1,000,000	24/04/2025	23/05/2025	29	3,460.14

and we had £25.7 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 lent	Interest (£)
DMO	4.225	1,000,000	01/05/2025	23/06/2025	53	6,134.93
DMO	4.285	6,000,000	01/05/2025	28/05/2025	27	19,018.36
DMO	4.21	1,000,000	01/05/2025	02/07/2025	62	7,151.23
DMO	4.22	2,000,000	15/05/2025	19/06/2025	35	8,093.15
DMO	4.22	7,000,000	15/05/2025	02/07/2025	48	38,847.12
DMO	4.215	1,000,000	15/05/2025	23/07/2025	69	7,968.08
DMO	4.215	3,000,000	16/05/2025	06/08/2025	82	28,407.95
Blackpool Council	4.8	3,000,000	19/05/2025	24/11/2025	189	74,564.38
DMO	4.22	1,000,000	23/05/2025	14/07/2025	52	6,012.05
DMO	4.2	1,000,000	28/05/2025	18/06/2025	21	2,416.44
DMO	4.225	1,000,000	28/05/2025	06/08/2025	70	8,102.74

and we had £29.9 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 lent	Interest (£)
DMO	4.22	4,000,000	02/06/2025	02/07/2025	30	13,873.97
DMO	4.22	1,500,000	02/06/2025	06/08/2025	65	11,272.60
DMO	4.19	6,500,000	16/06/2025	06/08/2025	51	38,054.38
DMO	4.18	1,000,000	16/06/2025	19/08/2025	64	7,329.32

and we had £38.6 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 lent	Interest (£)
DMO	4.21	1,000,000	01/07/2025	11/07/2025	10	1,153.42
DMO	4.105	1,500,000	01/07/2025	20/10/2025	111	18,725.55
DMO	4.17	1,000,000	01/07/2025	19/08/2025	49	5,598.08
DMO	4.21	2,000,000	01/07/2025	21/07/2025	20	4,613.70
DMO	4.165	1,000,000	02/07/2025	22/08/2025	51	5,819.59
DMO	4.17	1,000,000	07/07/2025	22/08/2025	46	5,255.34
DMO	4.1	1,000,000	11/07/2025	23/09/2025	74	8,312.33
DMO	4.11	5,000,000	15/07/2025	11/09/2025	58	32,654.79
DMO	4.085	3,000,000	15/07/2025	26/09/2025	73	24,510.00
DMO	4.055	1,000,000	15/07/2025	20/10/2025	97	10,776.30

and we had £38.6 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 lent	Interest (£)
DMO	4.02	5,000,000	01/08/2025	11/09/2025	41	22,578.08
DMO	4.015	1,000,000	01/08/2025	08/09/2025	38	9,130.00
DMO	3.95	1,200,000	06/08/2025	11/09/2025	36	4,285.48
DMO	3.95	1,000,000	08/08/2025	11/09/2025	34	3,679.45
DMO	3.955	5,500,000	15/08/2025	11/09/2025	27	16,090.89
DMO	3.96	2,500,000	15/08/2025	22/09/2025	38	10,306.85
DMO	3.95	200,000	26/08/2025	29/08/2025	3	64.93
DMO	3.95	1,800,000	26/08/2025	29/08/2025	3	584.38

and we had £ 38.6 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 lent	Interest (£)
DMO	3.96	1,000,000	01/09/2025	06/10/2025	35	3,797.26
DMO	3.965	4,000,000	01/09/2025	17/10/2025	46	19,987.95
DMO	3.97	1,000,000	01/09/2025	22/12/2025	112	12,181.92
DMO	3.965	1,000,000	04/09/2025	17/10/2025	43	4,671.10
DMO	3.96	1,000,000	11/09/2025	17/10/2025	36	25,387.40
DMO	3.97	6,500,000	15/09/2025	24/11/2025	70	53,295.89
DMO	3.96	7,000,000	19/09/2025	24/10/2025	35	3,797.26
DMO	3.97	1,000,000	19/09/2025	24/11/2025	66	8,614.36

and we had £38.2 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 25 February 2025:

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 2025 was £35.353 million.

	2025-26	2026-27	2027-28
Estimate of the proportion of financing (-)income/costs to net revenue stream	-0.80%	1.18%	1.66%
Estimate of net income from commercial and service investments to net revenue stream	18%	23%	24%
Gross debt is not forecast to exceed the capital financing requirement (CFR)			
Estimate of capital expenditure	£38.48 million	£25.38 million	£8.36 million
Estimate of CFR (approved projects only).	£40.49 million	£38.03 million	£35.52 million
Authorised limit for external debt	£55 million	£60 million	£60 million

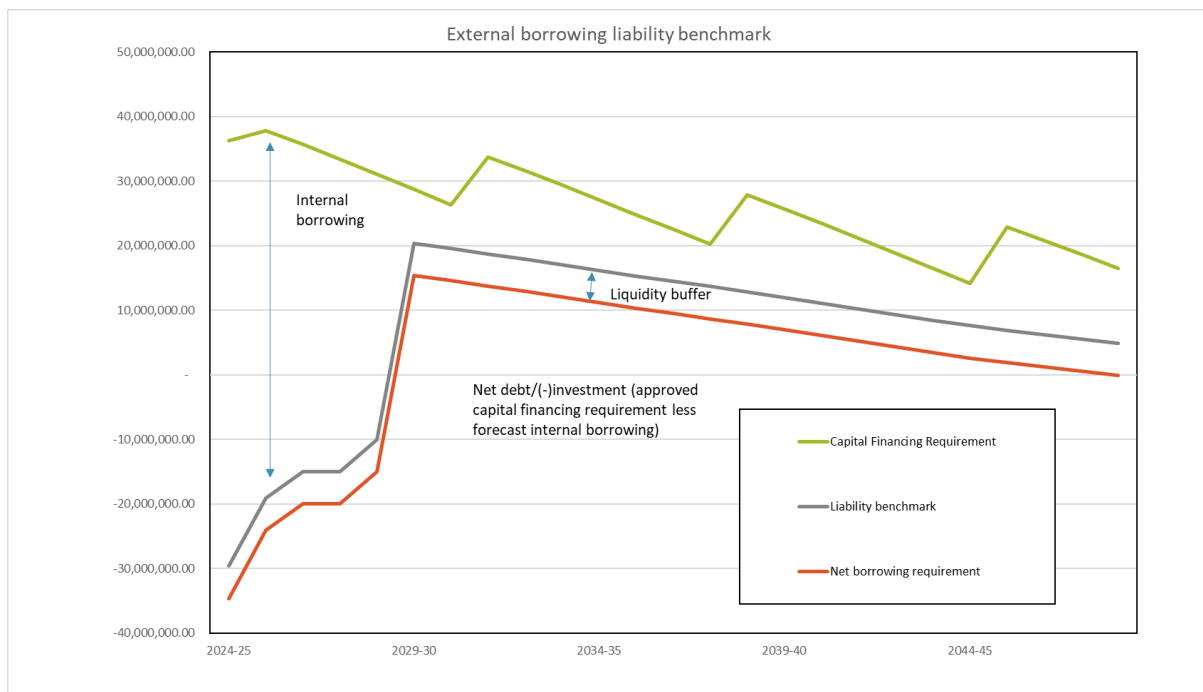


Operational boundary for external debt	£50 million	£55 million	£55 million
Total debt limit	£60 million	£60 million	£60 million

The operational boundary and authorised limit for external debt are higher than the estimated CFR. They include an element for 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. The budget debt liability benchmark is shown below:



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 for 2025/26 to be £2,317,714, which is mainly attributable to provision for leased waste vehicles. MRP is budgeted to increase (in relation to approved schemes only) to £2,461,644 in 2026/27 and £2,512,321 in 2027/29. The increased MRP in future years relate to schemes involving borrowing approved in the capital programme 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%.

### **Human resources, legal, democratic services, audit and procurement**

There is an additional cost for external resources to support the continued review of the Constitution amounting to £40,000.

## **4.5 Assets**

### **Revenue**

- £123,100 from the Repairs and Maintenance budget was transferred as a revenue contribution to capital for the Broadmeadow Sports Centre Capital Project. Current spend is 38% of the revised budget of £674,240. Actual spend to the end of September is £263,467.
- General rental income to date is currently in line with the budget set. Market income is forecast to be below the budget of £68,820 due to Market Hall being closed. The total property income budget is £2.97 million.

### **Capital**

- The capital programme is shown at appendix 2. It continues to include significant provisions for investment in town centres and employment land, including remaining Future High Street elements. The Queen Street project has reached practical completion. The Market Hall and Market Square project is progressing well and remains on schedule for completion in winter 2025. Officers are currently reviewing options for securing a professional market management operator to oversee the revitalised market space. All buildings on the Bradley Lane site have now been demolished, and the site has been cleared, with remediation works underway in accordance with the original FHSF intention to make the land development ready.
- 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. The tender process is progressing and is within budget at this stage. It is anticipated that start on site will be in January 2026, with the majority of the £0.5 million budget in 2025/26.

- 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 2025/26.

## **4.6 Strategy and Partnerships**

### **Revenue**

Budget currently on target.

### **Capital**

#### Coastal & drainage

- South West Coastal Monitoring (SWCM) is in the 5th year of its 4th phase in 2025/26. The 6-year phase is 100% funded by grant from the Environment Agency – up to £10.5 million over 6 years, with £2.5 million budgeted for 2025/26, 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.

## **4.7 Economy and Delivery**

## Revenue

Budget currently on target.

## Capital

- The successful bid to the UK Shared Prosperity Fund covering the three years to 2024/25 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. Working in partnership with Devon County Council, a further £100,000 has been allocated for 2025/26, with a further £195,000 in relation to the Rural England Prosperity Fund.
- 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 2025, Teignbridge has recognised £37.2 million of usable CIL after payments due to parishes. £8.4 million was paid to town and parish councils by the end of October 2025. £10.9 million has been spent on infrastructure. £0.96 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 £16.2 million.
- The latest capital programme forecasts expenditure of £27.8 million of CIL between 2025-26 and 2027-28. 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. However, the Council is carrying out a wholesale review of the capital programme as part of the One Teignbridge review of priorities. Whilst the review is taking place, the following is an overview of the projects being considered for CIL funding over the next 5 years. The capital programme will be updated as part of the 2026-27 budget process.
- Education - circa £30-35m
  - Bovey Tracey Primary School – Initial feasibility study for 4 form entry new school on Le Molay Littry Way is underway.
  - Wolborough Primary – New 2 Form entry primary capacity to serve new community.
  - Houghton Barton Primary – Estimated Cost of new primary at NA1 allocation.
- Highways and Transport - c£4-5m
  - A382 widening including Jetty Marsh Phase 2 - £1.5m contribution to £53.9m widening and improvements of A382 including Jetty March 2 and active travel links.
  - Wolborough Link Road Phase 2 – Link north from Kingskerswell Road towards Ogwell / Vistry land. Required to ensure connection through the NA3 site and enable permeability and

active travel connectivity. Up to £894,000 may be available through S106, plus up to £1m in S106 for fill material. Ongoing negotiations with site developers and landowners.

- Houghton Barton connectivity – To secure transport links including active travel, between Houghton Barton, Hele Park and Mile End.
- Wolborough active travel links - from Ogwell and Kingskerswell Road / Coach Road towards Town Centre. Specific solutions and costs to be designed / determined.
- Teign Estuary Trail - £700,000 – Securing land for Phase 1 (from Kingsteignton to Bishopsteignton) and preparing designs for route. Total estimated project cost is £45,000,000.
- Greenspace and Wildlife - Circa £3-4m
  - SANGS and Habitat Regulations infrastructure - Provision of SANGS at SW Exeter and wider region. Required to enable new development in the Exe and Dawlish Zones, as required by Habitat Regulation Mitigation Strategy. Exact cost still being determined by partnership.
  - Bradmore Hilltop Park – Building on initial concept plans and landownership details, next stages would seek to assess and negotiate land options and prepare planning applications.
- Health and Community - circa £5.8m
  - Houghton GP surgery and community building fit out - S106 triggers yet to be determined which will see developers construct the building Shell and Core, with fit out being funded by CIL and other means.
  - Waste Recycling Centre Bulking Station – Required to accommodate new growth and changes in regulations.
  - Community Match Fund – Opportunity for match-funding of projects proposed by Town and Parish Councils. Terms and conditions to be confirmed, but the fund may be focussed towards places with less CIL received or due, and where TDC has approved a local infrastructure plan.
  - Play parks improvements - potential fund to improve TDC owned play parks.

Final recommendations will be made to Executive from the Project Assurance Board based on a consideration of CIL and other funding availability, and Council and Partner capacity for project delivery.

- 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 2025/26 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 Teignbridge was also 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 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 2025/26.

#### **4.8 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 in line (this is the last year) with the budget set for 2025/26.
- Fuel costs are forecast to be underspent by £120,000 against the original budget, due to a fall in cost per litre of fuel.
- Income from recycling sales is anticipated to be lower than the original budget by £225,000. This is mainly due to the falling prices for 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 in line with the budget of £2,234,070.
- Contract cleaning costs are forecast to be overspent by £15,000 due to the yearly increase in October being 4.64%, 2.64% above budgeted figure.
- Income from extended producer responsibility for packaging was budgeted at the provisional assessment figure advised of £1,802,000. A subsequent notification has stated that the payment will be £2,167,724 – an increase of £365,724. This increase in income is not guaranteed and subject to recovering sufficient funds from the producers.

#### **Capital**

- 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 was funded partly from a further successful bid made under the third phase of the PSDS for £309,772 of grant funding. Broadmeadow Sports



Centre was formally reopened on 24 July 2025. The project involved replacing gas-fired heating with air source heat pumps and increasing building thermal fabric efficiency standards. Alongside this, 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 will increase centre provision and viability.

- Officers are in the early stages of feasibility work in relation to improvements to Dawlish Leisure Centre. This will be brought to Full Council in due course.
- 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.
- 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 has been completed at the three sites of Forde House, the multi-storey car park in Newton Abbot and the main Depot, within the budget of £788,851.
- At Full Council on 20 May 2025, £5.033 million was approved for the waste transfer station redevelopment, funded from a combination of revenue contributions, borrowing and CIL. This is in order to comply with the Environmental Permitting (England and Wales) Regulations 2023, under which the Council must have a full permit to continue waste operations at the site. Key areas to be addressed are drainage, fire safety and infrastructure requirements.

#### **4.9 Housing**

- Teignbridge have received £35,155 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.
- Housing require an additional £30,200 to meet the deficit attached to the running of Haldon Traveller and Gypsy site.
- The grant funded for Rough Sleeper Initiative, Rough Sleeper Accommodation Programme, have now formed into Rough Sleeping Prevention and Recovery Grant this is due to end in March 2026.
- Homes for Ukraine scheme ended in March 2026, the Government have introduced the Ukraine Permission Extension Scheme to allows eligible individuals to apply for an additional 18 months of leave to remain in the UK.

Funding to Teignbridge for the scheme has continued unchanged with a contingency of £826,900 for 26/27 and beyond.

- £17,300 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 have had their immigration status confirmed.
- £936,832 received in 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.

### **Capital**

- 2025/26 Better Care government grant, received via Devon County Council is £1.792 million, with a further £0.217 million carried over from 2024/25. 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 the end of September, 30% of the annual budget has been spent.
- To date in 2025/26, £28,913 of previously paid renovation grants have so far been recovered.
- £7.176 million has been approved in 3 stages to procure 26 properties for the accommodation of Afghan and Ukrainian families in the short term and Teignbridge residents from the Housing Register in the longer term. This is funded from a combination of Local Authority Housing Fund grant, Devon County Council grant, with the remainder funded from Section 106, capital receipts and borrowing. 23 property purchases have now been completed with the final three properties in legal stages to complete in due course.
- At Full Council of 23 October 2025, a total budget of £7.243 million was approved towards the design and construction of 23 social rented flats at the site of Sherborne House car park in Newton Abbot. This is subject to the determination of grant applications as set out in the report. The total budget includes the previously agreed budgets which took the project through the planning and tender stages of work.
- £0.751 million is allocated to the purchase and conversion of Harewood House, Kingskerswell for additional temporary accommodation.
- The pipeline for Homes 4 Teignbridge covers a range accommodation types. The aim is to deliver the full programme over time, with projects being brought forward for approval in due course as details are firmed up. Schemes can move up and down the priorities pipeline depending on a number of factors, including planning constraints and affordability. Funding is assumed to be a



combination of Homes England grant, capital receipts, section 106 for affordable housing and borrowing. Discussions continue with housing providers over the method of delivery.

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.

#### **4.10 Leisure / Green spaces**

- Leisure's fees and charges - at the end of July income was anticipated to be £300,000 higher than the original budget for the year due to membership income.
- We currently have £9.6 million available in S106 receipts. Of this sum, £1.7 million has been allocated to projects, leaving a balance of £7.9 million. The sums are over many services and parishes but the majority is for leisure including open spaces, sports provision and play facilities.

##### **Capital**

Newton Abbot Leisure Centre, Broadmeadow Sports Centre, Dawlish Leisure Centre and Teignmouth Lido benefited from the decarbonisation projects outlined in 8.6.

#### **4.11 Neighbourhoods**

##### **Licensing**

- Licensing income looks to be on target to achieve the budget of £262,230.

##### **Parking**

- Income from car parking is currently on track to achieve the original budget of £5.38 million at the end of September.

#### **4.12 Revenue & benefits plus customer services**

Continued pressure due to new and ongoing schemes:

- Continued support to residents with the Household Support Fund 7, 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)

#### **4.13 General savings progress**

- Salary vacancy savings at the end of September look to be in line with the required budget target of £925,000. There are no other material variances on other salary costs at the end of September. The 2025/26 pay award has been agreed at 3.2%. We had assumed in the budget for 2025/26 a 3% increase across all salaries. This offer works out to be slightly more than anticipated and creates a further budget pressure of £49,510.
- Utility costs for gas, electricity and water are in line with 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 review of service business plans will continue to identify savings that will be fed into the budget process together with the work and findings from Ignite.
- Construction cost inflation has been driven across the UK by numerous external Global factors including, inter alia: supply side issues for materials; 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.

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

- 5.1** The authorised treasury management lending list was approved at the 2025 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. Barclays Bank has been added 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 4.25% 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 4.14%. Interest earned to the end of September, including sums which fall into 2025/26 from lending arranged the previous financial year, is £807,896. It is slightly less than last year (£985,389 at the same point), mainly due to lower interest rates. The forecast for the year is £1,493,212 a decrease of £502,621 compared to £1,995,833 received in 2024/25. This forecast decrease is due to lower interest rates.

## **6. RISKS**

The greatest risks to the current year's revenue budget are those large and volatile budgets. This includes Planning and Car Parking income, the costs of Temporary Accommodation and Treasury Management. This is mitigated through monthly monitoring and discussions with service managers.

The most significant medium-term concerns relate mainly 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 or may not be replaced with and how our funding from these sources will change as a result. General reserves are maintained at a value higher than originally budgeted and earmarked reserves are held to help deal with future forecast funding changes and potential exposure to ongoing reductions in income. These risks may impact on the performance of treasury management and borrowing levels moving forward.

## **7. MAIN IMPLICATIONS**

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

### **7.1 Legal**

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 £819,932 identified this year to the end of September. However, it needs to be noted that this is in the context of a planned £1.5m use of reserves to balance the budget. Revenue reserves are considered to be sufficient to sustain the council for the current financial year however **the February 2025 budget identified a budget deficit next year of £3.8 million for 2026/27 and £3.6 million for 2027/28 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. Government have stated that funding reform will take place and take effect from 2026/27 so it is vital that work continues and decisions made to deliver savings to balance the annual budget.**

## 8. GROUPS CONSULTED

The draft accounts are advertised as available for inspection and are available on the website. The external auditors are currently mid-way through the audit.

## 9. 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.

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

10.00 a.m. on 11 November 2025