

**Teignbridge District Council
Executive
10 February 2026
Part i**

FINAL FINANCIAL PLAN BUDGET PROPOSALS 2026/27 TO 2028/29

Purpose of Report

To consider the final financial plan proposals 2026/27 to 2028/29 for recommendation to Council on 24 February 2026.

These proposals include recommended revenue and capital budgets for 2026/27 and planned in outline for 2027/28 and 2028/29.

Recommendation(s)

The Executive propose a budget set out as in appendix 4 for revenue and appendix 7 for capital and

Resolve

That these proposals be considered together with any subsequent consultation comments for approval by Council as the final budget for 2026/27 and the outline plan for the subsequent years 2027/28 and 2028/29.

The proposed budget includes:

- **The level of council tax and the proposal to increase it by £6.05 or 2.99% to £208.33**
- **Reducing central funding and the need to make ongoing efficiencies using invest to save where possible**
- **Maintaining 100% council tax support**
- **The ongoing impact of economic conditions on income streams and changing Government funding**
- **Continuing to react to the climate change emergency by maintaining ongoing budgets for a climate projects officer and associated spending in revenue and provision in the capital programme, including ongoing provisions for corporate decarbonisation schemes as per 5.5**
- **A £3 million provision for employment sites funded by borrowing.**
- **Authority for Executive to exceed the approved overall revenue budget by up to £200,000 per 4.25**
- **Support for housing – the Homes4Teignbridge initiative including £7,243,317 for the Sherborne House Car Park social rented flats and further purchases supported by the Local Authority Housing Fund (see 5.3) whilst backing business and bringing people and organisations together for local neighbourhood planning**

- **Infrastructure delivery plan investment funded by community infrastructure levy (CIL) and external sources where available (see 5.4); continuation of grant-funded South West Regional Coastal Monitoring Programme as per 5.6**
- **Town centre investment in infrastructure and employment as per 5.7**
- **Revenue contributions to capital being maintained at £1,500,000 per annum for 2026/27 and £500,000 thereafter**
- **Councillors community fund set at £1,000 each**
- **Providing additional 4% inflationary funding to voluntary group grants**
- **The level of general reserves necessary for the council as per 4.22 – recommended at £2.6 million**
- **The Financial Plan 2026 – 2031 as updated for adoption (at Appendix 8) and to continue to facilitate Member progression of work plans by Overview & Scrutiny to address the budgetary position and deliver savings**

Financial Implications

The financial implications are contained throughout the report. The main purpose being to formulate the initial budget proposals for both revenue and capital budgets and medium-term financial plan covering the years 2026/27 to 2028/29.

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Legal Implications

The Executive is required under the budget and policy framework procedure rules in the constitution (section 7(a) and 7 (b)) to agree and recommend a budget to Council each year. See section 9 of the report.

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Risk Assessment

The risks involved in not setting a balanced budget are highlighted throughout the report. The major risks are in 3.9 and 4.26 and concern the underlying economic conditions and further impact of the funding review. A programme of identifying savings or increased income is required to meet the budget gaps for future years.

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Environmental/ Climate Change Implications

The revenue budget supports the funding of a Climate Change Officer and associated revenue budget and capital projects are highlighted which contribute towards our climate change objectives in appendix 7 – capital programme.

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Appendices/Background Papers

App 1 – Budget timetable 2026/27
App 2 – Council tax base 2026/27
App 3 – Council tax calculator 2026/27
App 4 – Summary revenue plan 2025/26 onwards
App 5 - Revenue budget detail
App 6 – Fees and charges summary
App 7 – Capital programme 2025/26 – 2028/29
App 8 – Financial Plan 2026 - 2031
Budget and settlement files
The Constitution

1. PURPOSE

- 1.1** To consider the final financial plan proposals 2026/27 to 2028/29 for recommendation to Council on 24 February 2026.
- 1.2** These proposals include recommended revenue and capital budgets for 2026/27 and planned in outline for 2027/28 and 2028/29.

2. SUMMARY

- 2.1** Recent budgets have taken account of reducing government grant over the period of the last comprehensive spending review. We have now received the provisional local government settlement for the next three years. This implements the long-awaited funding review and Business Rates reset. Teignbridge is unfortunately in the category of the most affected councils. We

are to receive protection that minimises the impact on the Core Spending Power to 95% of that in the current year. (In previous years, protection has been at 100% for the most affected councils). The fact that this is a lower percentage and the fact that this is over three years increases the impact on our ability to fund services. As anticipated, many funding streams have been cut or are now included within unringfenced funding. Teignbridge do not qualify for some of the new funding streams that the government have announced. New burdens are funded and the Extended Producer responsibility funding continues. Council tax thresholds are maintained at the higher of 2.99% or above £5 (see 4.5 for full explanation).

The revenue budget summary covers 2026/27 and the next two financial years. It is very possible that 2028/29 is the first year of the new unitary's operations which will replace the responsibilities of Teignbridge District Council. Until a formal decision is made, the budget assumes that TDC continues in its current form.

- 2.2** We have benefitted from previous savings plans and restructuring efficiencies are still producing cost reductions. This budget also benefits from the Strata partnership. We are using the Modern 25 agenda as part of the recovery plan to identify savings with service reviews following the successful Business Efficiency Service Transition (BEST) 2020 reviews and Better 2022 initiatives in earlier years.
- 2.3** The macro-economic situation is evolving. Inflation remains high and the economy struggles to grow or improve productivity. Teignbridge has experienced significant reductions in certain areas of rental income in recent years. We are now budgeting for returns on recent invest to save schemes.
- 2.4** General increases in most off street parking charges are proposed to cover inflation and in particular the continuing higher business rates from revaluations which mainly falls on car parking. (see also 4.3 below).
- 2.5** Business rates are revalued nationally every 3 years. With transitional arrangements phasing changes in bills over the life of the valuation period. Our on-going investment in Newton Abbot will enhance its vitality and viability within the town centre.
- 2.6** The capital programme to 2028/29 has been updated to align with the One Teignbridge Action Plan, which was adopted at Full Council on 23 October 2025. The main aims are to work with communities, support the local economy, care for the environment, create affordable homes and work with partners to bring forward infrastructure improvements.

Infrastructure

Infrastructure delivery plan projects, which are vital to the development and accessibility of the area. These include highways and cycle path projects, funded by CIL and external sources where available.

£15.7 million of CIL funding is provided towards delivering additional education facilities to support new development. Projects will be brought back to Full Council in due course.

£1.3 million is earmarked for improvements to Dawlish leisure centre.

£800,000 is provided over 4 years for a Community Match Fund, to support town and parish projects which are in accordance with a Community Infrastructure Plan.

Housing

Investment in housing (Homes4Teignbridge) continues. On 23 October 2025, the Sherborne House car park social rented flats budget was increased to £7,243,317. Homes England funding in support of the scheme was confirmed in early December 2025.

The purchase of council homes supported by the Local Authority Housing Fund continues, with a further provision of £1,000,000 in prudential borrowing to improve temporary accommodation arrangements and reduce the use and cost of bed and breakfast accommodation. Investment in other support measures such as disabled facilities continue, funded from Better Care grant.

Environment

There are provisions to continue corporate decarbonisation measures, including energy efficiency measures at Dawlish and Newton Abbot leisure centres.

£8.4 million provision is made for waste and recycling projects, including £5.033 million approved for the waste transfer station redevelopment on 20 May 2025, waste management infrastructure, provision for the simpler recycling statutory requirements and replacement recycling banks. These are vital to enabling the continuance of this statutory service.

£1,367,000 is provided for the final phase of the Ridgetop Countryside Park, funded from Housing Infrastructure Fund grant. A further £1,550,000 towards new countryside parks is planned, funded from CIL – the initial £50,000 is in 2028/29. There is also £1,000,000 over 2027/28 and 2028/29 towards habitat regulations infrastructure measures, funded from CIL.

South West Coastal Monitoring continues, fully funded from Environment Agency grant.

Economy

Provision is also included for town-centre investment, including the refurbished Market Hall in Newton Abbot, due to complete in 2026. There is a £3,000,000 provision for employment infrastructure, to create new spaces for jobs and local enterprise. These projects aim to stimulate growth in the local

economy and ensure it is an attractive and well-connected environment for local businesses.

The One Teignbridge Action Plan also sets out “**the way we will work**” including continuing to implement the Modern25 Programme. This is enabled by investment in IT.

For the programme as a whole, prudential borrowing supports a number of projects where alternative funding is not available and a return on capital can be demonstrated.

3. BACKGROUND

- 3.1 The budget and policy framework procedure rules in the Constitution set out the process for developing annual budgets and their approval by Council. Thus there is a budget timetable in the Executive forward plan which includes Overview and Scrutiny consideration of the financial plan proposals. The detailed **timetable** is shown at **appendix 1**. The Council is responsible for the adoption of its budget including approving the appropriate level of council tax.
- 3.2 The funding reset will reduce further the support provided by central government. As modelled by MHCLG, our Comprehensive Spending Power will fall in cash terms between 2025/26 and 2028/29 by 5%. In real terms, the reduction will be much greater than this. This comes on the back of reductions since 2015/16.
- 3.3 Income streams continue to recover post the pandemic. Capital schemes providing positive net income have also been reflected within the medium term financial plan.
- 3.4 **Modern 25**, continuing review of Business Plans and O&S scrutiny working groups are the key options for exploring reduction in budgets and also to evaluate the pressures of investment that might be required to deliver those savings. The savings that can be made to date have been built into the budgetary figures.
- 3.5 Our ten-year Strategy (which has been reviewed) takes us to 2030. This sets the tone for contributing to civic life and ensuring public services focus on ‘place and person’ while remaining accountable, fair and value for money. At the heart are the Teignbridge overarching projects that guide our activities, where we focus our resources and how we shape services to deliver real progress for the district. The "One Teignbridge" investment strategy is Teignbridge District Council's long-term plan, developed with residents, to improve services and tackle district-wide issues over the next five years (2025-2030), focusing on key areas like a cleaner environment (net zero, recycling), a strong local economy (jobs, town centres), supporting communities (health, facilities), and better infrastructure, with an Action Plan adopted in late 2025 to detail specific projects, timelines, and success measures. The capital programme has been updated to reflect these changes.

3.6 There are some minor amendments to the council tax support scheme. These have minimal impact on the budget. The scheme already makes provision for an uplift in income band thresholds so we can protect claimants from receiving reduced levels of support as a result of an uplift in their state benefits if necessary. A budget survey was planned and has been put on the website and publicised to encourage feedback. In particular it will be brought to the attention of **businesses**, the residents' panel and Teignbridge relationship groups.

3.7 The current council tax for Teignbridge is £202.28 per year for an average band D property. The 2025/26 **tax base** or effective number of properties for calculating council tax income is 51,562. Thus current year council tax income for the district is estimated at £10.1 million as shown in **appendix 2 - the recommended council tax base 2026/27**. A table of values for various increases in council tax is shown at **appendix 3 - the council tax calculator**.

3.8 Of the current total average annual £2,512.83 council tax collected per property, Teignbridge keeps just over 8% or £3.89 per week for its services. 72% goes to County, 11% to the Police, 4% to the Fire Authority and 5% to parishes and towns for their local precepts.

3.9 Significant government funding and cost changes affecting us for current and future years are as follows:

Pay increases for current and future years. A one year flat rate deal of 3.2% to employees as tabled by the National Employers for Local Government Services for 2025/26 has been agreed and implemented and has been updated within the current year's salary budgets. There is no agreed increase for next year however an assumption of 3% for next year and thereafter had been built into the financial plan proposals together with any implications arising from the payline review. With further increases to the minimum wage and cost of living pressures likely to continue the assumption has been maintained at 3% for 2027/28 and for 2028/29 and thereafter.

The increased costs for employers national insurance continues to be partly covered by Government funding.

The actuarial valuation of the Devon pension fund effective from 1 April 2026 has decreased employers contributions and the revised rates effective from the latest revaluation are detailed in 4.20 below.

Bed & breakfast costs for those at risk of being made homeless continue to be a significant pressure. Capital investment in more Teignbridge owned facilities are intended to reduce this ongoing cost. It continues to be an expensive and volatile budget area and needs to be carefully monitored.

Repairs and maintenance costs to existing asset portfolio are increasing and a significant provision has been made in 2026/27 to deal with urgent maintenance. Audit fees also continue to increase.

We continue to recognise the value of the work undertaken by voluntary and community groups. Support continues at an enhanced rate to reflect the impact of inflation.

Income budgets have been increased to reflect the rental streams attached to new capital projects.

As a consequence of the funding review, certain grants have been abolished, new ones have arisen and funding has also been transferred from ring-fenced to non-ringfenced. On balance, Teignbridge has been badly affected by these changes. The Business rates 'reset', whereby councils are no longer able to keep increases in business rates in their area, has also reduced the level of funding available. The net impact of these changes is that Teignbridge now qualify for the highest level of protection from the reduction in funding.

Government support will ensure that the Core Spending Power does not fall below 95% of that received in the current financial year in cash terms for the next three years. After inflation Teignbridge will see income fall by more than 10% in real terms over the 3 year period of the settlement.

Other budget pressures anticipated and included are for the impacts of inflationary pressures and general activity levels. Any other gap can be met by use of earmarked reserves (with any additional shortfall in year being investigated and further savings being made in year).

2026/27 is the first year where we have been able to build into the budget the results of the transformation and savings programmes such as Modern 25.

This has made a major difference to the budget gap that is now present.

There has also been progress in delivering savings and enhanced income streams in a variety of other ways. This includes increased leisure income, exploring options for investment of our cash deposits, new letting arrangements, and funding substantive positions from external grants.

There have also been significant vacancy management savings arising in the current financial year.

3.10 The Executive has had two **monitoring** reports this financial year on 9 September 2025 and 2 December 2025. These have updated current year budgets and also future year forecasts.

4. REVENUE FINANCIAL PLAN

4.1 **Appendix 4** to this report is the revenue budget scenario for the next three years. The effects of budget variations in 2025/26 already approved by Executive and Full Council are included. Appendix 5 details the detail of revenue budgets on a service by service basis.

4.2 Proposed **fees and charges** draft income totals for each service are shown at **appendix 6**. Detailed recommended fees and charges have been available on the website since early in January at this [link](#). There are general changes for most charges to reflect more recent inflationary increases in costs for these

services with some areas being altered to reflect better alignment to cost recovery and/or comparable charges/market rates elsewhere. 'Jam Packed' Leisure membership fees increase from £40 per month to £42 per month. There are general increases in other leisure charges.

- 4.3 Changes to car parking charges are mainly inflationary and again cover increases in costs due to inflation. The charge for Sunday parking has been proposed to increase to £3 for a full day, £2 for four hours, or £1.50 for two hours. This will also help towards increases in running costs and in particular rates increases arising from the revaluations that mostly affect car parks. The main changes have been to increase charges generally across the majority of car parks, including permits. Car parking will continue to be free after 6 pm, although we will continue to review this.
- 4.4 The successful opt in green waste subscription of £60 increases to £65 for 2026/27.
- 4.5 The **Localism Act** introduced the power for the Secretary of State to set principles each year under which council tax increases are determined as excessive. This can apply to Teignbridge, County, Fire, Police, or towns and parishes. For the current year limits continue to be set for all but towns and parishes with a referendum being triggered if districts had an increase of 3% and above, AND above £5.
- 4.6 In all such cases Teignbridge has to make the arrangements to hold a **local referendum** for residents. Costs can be recovered from the relevant precepting authority. The Government has previously expected town and parish councils to demonstrate restraint when setting precept increases. They will be looking for clear evidence of how the sector is responding to this challenge, mitigating increases by the use of reserves where they are not earmarked for other purposes or for 'invest to save' projects which will lower ongoing costs. The policy statement issued on 20 November 2025 again confirmed there would be no restrictions for towns or parishes.
- 4.7 The extra income from any increase in **council tax** is shown at **appendix 3** and this additional amount would be recurring in future years. The proposal is to increase council tax in Teignbridge by 2.99% or £6.05 to £208.33. **This is the annual charge for an average band D property and the increase equates to less than 12p a week. A 2.99% increase has been assumed for 2027/28 and 2028/29. The band A equivalent increase for 2026/27 is £4.03 which equates to less than 8p per week.**

The Teignbridge element of the council tax bill goes towards funding the services we provide. We recycle your household waste, take away your rubbish, clean your streets, make sure your food is safe, work with others to reduce crime, decide planning applications, create and attract new jobs, consider licensing applications, support people in need with housing and council tax reduction schemes, and support voluntary organisations.

We work with a whole range of organisations to do things such as support public transport and greener travel – for example cycle routes, protect the environment, look after your street signs, administer council tax for over 65,000 households, look after homeless families, work with partners to provide housing, deliver new jobs and bring prosperity to our beautiful area.

We organise elections, improve housing conditions for vulnerable households, promote better energy efficiency, deal with stray dogs, graffiti and fly-tipping; provide renovation grants for unfit properties, deal with noise complaints, provide car parks, check out bonfire nuisances among many others.

In one way or another, the work we do looks after over 130,000 people across 260 square miles of land, stretching from the moor to the sea.

- 4.8 Council tax **freeze grants** have ceased with the last one being received in 2015/16. This was equivalent to a 1% increase in council tax but assumed no council tax support reduction so amounted to £78,000.
- 4.9 **Settlement funding** of business rates retention baseline to the Council from Government is £3.6 million for the current year.
- 4.10 We had a **four-year funding deal** which ended in 2019/20 and one year settlements in subsequent years. For 2026/27 we have received a three funding settlement which provides useful certainty but at a much lower rate of support.
- 4.11 The **business rates retention** 50% funding system started on 1 April 2013. Rules for charging and rateable values are still set nationally by Government and the Valuation Office respectively. The system includes top ups, tariffs, levies and safety nets. The latter is to protect income to some extent within overall reducing national funding levels. The Business Rates system will be overhauled. Temporary reliefs end and permanent multipliers are introduced, alongside continued support for small businesses. Councils will receive Section 31 grants to fully reimburse mandatory reliefs.
- 4.12 Within Devon it has been beneficial for authorities to form a **rates pool** to avoid any payment of levy from Devon to the Government. With historic assumptions of moderate business growth in the area significant savings have been achieved increasing over the years. The pool also spreads the risk of any business downturn in an authority over all members of the pool and encourages economic prosperity across authority boundaries. The Devon pool became a 100% business rate pilot for 2018/19 following its successful submission and reverted back to a rates pool thereafter. It has been estimated that with the reset for 2026/27 continuation of a business rates pool is not appropriate. There has therefore been an agreed view across Devon that the Devon pool will end.
- 4.13 Teignbridge's position is better than the historic rates baseline because of estimated growth in business rates. We have also gained from pooling and this has been shown together with previous growth in the revenue summary

as estimated rates retention and pooling gain. The Business rates reset has materially affected the amount of funding available from this source. Appendix 4 shows this in detail.

- 4.14 **New homes bonus** was also part of core funding and is top sliced from settlement grant. It is based on additional property brought into occupation in the previous year with a higher amount for affordable housing. Teignbridge received £0.35 million for 2025/26. For 2026/27 this has now ended.
- 4.15 Government reformed the new homes bonus reducing the length of payments from 6 years to 4 years. Since these original reforms payments were reduced further by elimination of any legacy payments and funding is for one year only. From 2026/27 New homes bonus has been discontinued and the funding available nationally has been rolled into RSG and redistributed using the new funding formulae.
- 4.16 Council tax benefit was replaced by **council tax support** from 1 April 2013. As the support reduces the tax base there is less council tax income for county, fire, police, and towns & parishes. The cost was around 90% funded by government grant initially but then transferred into main grant and not identified separately. The 10% shortfall was covered at Teignbridge, in the first year by one minor change to benefit, technical reforms, and use of transitional grant.
- 4.17 For 2026/27 the MTFP Review Group and Executive Committee (on 2.12.25) recommended the removal of the 50% discount for uninhabitable properties. This is a discount that can be awarded for a maximum 12-month period when a property satisfies the commonly referred to 'uninhabitable' rules. The proposal is to remove this discretionary discount for properties that are undergoing or require major/ significant repairs or structural changes/work to make the property capable of being lived in.

The direct costs associated with the 50% discount are as follows:

Financial year	No of awards	Total	Teignbridge share 8%
		£	£
2025/26(projected to *)	120	79,756	6,380
2024/25	150	80,598	6,448
2023/24	153	63,712	5,097
projected to 31 March 2026 and therefore subject to change)			

Most customers who apply for the discount are those who have chosen to renovate a property and do not qualify for the discount but believe that they should be entitled to it. Removing the 50% discount does not affect the opportunity to apply for a statutory exception to any long-term empty premium and will continue to encourage empty homes to be brought back into use. Owners can apply to the Valuation Office Agency to have derelict properties removed from the valuation list and reduce liability to zero. Not all properties

that would currently qualify for the discount would be eligible to be removed from the valuation list.

The following Councils do not offer the 50% discount - North Devon, Torbay and Torridge. The following councils are considering reducing or removing the discount from 1 April 2026 - Mid Devon, South Hams, West Devon and East Devon.

If the Council wishes to adopt this change, it will involve revoking a decision that was made by Full Council on 15 January 2013 introducing the discount that applied from 1 April 2013. If agreed, the decision will be required to be published in the local newspaper.

- 4.18 Teignbridge currently receives £286,000 for administering **housing benefit**. **Universal Credit** started for Teignbridge from 9 November 2015 for new single job seekers and we went live with the full service in September 2018. There has been specific help from the department for work and pensions in connection with the transition but the current funding agreement ended in 2017.
- 4.19 The statutory minimum **National Living Wage** increased to £12.21 in April 2025 and will be £12.71 in April 2026 to employees aged over 21. Continued exploration of apprenticeships and training will be encouraged to utilize available apprenticeship levy funding.
- 4.20 The **actuarial valuation** of the **Devon pension fund** effective from 1 April 2023 set Teignbridge contributions for future years. These were made up of a basic amount for future service accrual plus an increasing cash sum to reduce the past service deficit. The future service accrual contributions increased from 16.6% to 19.6% from 1 April 2023 however the past service deficit contributions have decreased to £1,090,000 in 2023/24 (from £1,347,000 in 2022/23) increasing to £1,140,000 in 2024/25 and £1,180,000 in 2025/26. We have now received the provisional figures for the actuarial valuation effective from 1 April 2026. The future service accrual has reduced to 16.8% and the deficit contributions increase to £1,280,000 in 2026/27, £1,330,000 in 2027/28 and £1,370,000 in 2028/29.
- 4.21 Forecasts of investment income receivable have increased over the last year. The Bank of England's monetary policy committee (MPC) has reduced base rate three times during 25/26. From 4.5% at the start of the year, the rate fell as follows:

08 May 2025	4.25%
07 August 2025	4.00%
18 December 2025	3.75%

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.

Forecast investment income for the current year is £1,593,559 and the Council's average lending rate to the end of November is 4.20%, compared to SONIA (Sterling Overnight Index Average), which was 3.97% as at the start of December 2025 and an average of 4.12% over the financial year to date. Average daily lend for the year is forecast at £37.98 million.

It is anticipated that Council balances available for investment in 2026/27 will be lower due to capital expenditure of grants and developer contributions previously received. Based on the forecast rates above and estimated projected cash-flows, investment income is expected to reduce in 2026/27 to £1,195,228. This is dependent on the progress of capital projects and other cash-flow influences such as receipt of government grants and developer contributions, all of which are subject to change. Investment income is then forecast to fall to around £1,112,798 in 2027/28 as both interest rates and amounts available for investment reduce.

Over the last year, the Council has made use of its internal balances to rule out the need for external borrowing. With an underlying need to borrow (Capital Financing Requirement) of £35.353 million at the beginning of 2025/26 (estimated to be £38.898 million by the end of the year) and assuming a combination of Public Works Loans Board (PWLB) 10-year and 25-annuity loans (adjusting for lost investment interest at 4.2%), this represents interest saved of around £479,039 compared to if we had borrowed externally from the beginning of the year.

The PWLB has revised its borrowing conditions and CIPFA has revised its guidance so that loans are not available to finance investments which are primarily for financial yield.

- 4.22** The latest professional guidance on **reserves** issued in November 2008 recommends a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing and a contingency to cushion the impact of unexpected events or emergencies. Earmarked reserves can also be built up to meet known or predicted requirements. Teignbridge operates with a low level of reserves compared to many districts and will look to utilize earmarked reserves to balance any funding gaps in the medium term financial plan as appropriate. It is proposed that general reserves are increased from £2.5 million to £2.6 million to build in some resilience for inflationary pressures.
- 4.23** There are no known significant contingent liabilities, provision has been made for other smaller potential liabilities. The draft settlement has been announced and we have greater certainty over future years funding. The interpretation of the draft settlement has been worked through though we await receipt of the

final settlement. Any funding assumptions that change between now and the version presented to Council in late February will be highlighted to Members.

4.24 The Audit Commission December 2012 report 'Striking a balance' stated that reserves are an essential part of good financial management. They help councils cope with unpredictable financial pressures and plan for their future spending commitments. The proposed budget recommends general reserves to be increased from £2.5 million to £2.6 million being 13.4% of the net revenue budget in 2025/26 and 12.4% in 2026/27. This equates to 13.1% and 13.2% in the two subsequent years. General reserves are held to accommodate continuing future uncertainties and increasing reliance on generating our own income.

4.25 For many years the **Executive** has **authority** to exceed the approved overall revenue budget by up to £100,000 from general reserves to meet unexpected expenditure within the year. The aim is to replenish the reserves in the same year by making compensating savings as soon as possible. Following a review and approval of the doubling of the financial limits it was approved in February 2024 to increase this to £200,000. It is proposed that this level is maintained for 2026/27. All other decisions with regard to budgetary change will be approved by reference to virement rules in the financial instructions.

4.26 In conclusion these budget proposals show how Teignbridge can continue to prepare for the grant reductions and anticipated funding regime changes by continuing to make savings and generate income. **The revenue budget is funded over the medium term by savings found, additional income and principally from use of earmarked reserves built up to cover anticipated future reductions in funding however significant work is still required to identify the significant budget gaps which arise as shown in appendix 4 and will be ongoing. The budget gap is £1.0 million in 2027/28 and £1.2 million in 2028/29 before using earmarked reserves (line 14) built up to support the reduced funding. This is due to the additional and continuing pressures already mentioned above. The Chief Finance Officer (CFO) has a statutory duty to balance the budget each year and if this is not achievable at some point in the future it may be necessary for the CFO to issue a s114 notice. The budget deficit for 2028/29 is likely to continue into future years and Members will be updated on any further funding changes as they arise together with progress on savings to determine how the funding gap can be closed in conjunction with work carried out by Overview & Scrutiny work on specific areas of the budget.**

The budget papers also include the updated Financial Plan at **Appendix 8** for approval at Full Council – the **Financial Plan 2026 to 2031**. The purpose of the plan is to define how the Council will structure and manage its finances over the next five years in order to deliver services and deliver savings, provide information around key funding streams, the inter relationship between revenue and capital and establish and adopt some key principles and proposals to be followed and worked through over the next two years via the work plan involving Overview & Scrutiny.

4.27 These proposals include a £6.05 band D increase in council tax next year and 2.99% in subsequent years and substantial capital investment over the next three years. They will be publicised and comments brought back to the Executive in February before making the final budget recommendation to Council for 24 February 2026.

5. CAPITAL PROGRAMME

5.1 The programme is shown at **Appendix 7** and between 2026/27 and 2028/29 has the following funding sources: Sales of assets (capital receipts): the Council holds a forecast £3.4 million by the start of 2026/27. There is an element of risk in forecasting receipts from sales, which can be subject to lengthy legal and planning processes. If forecast sales do not materialise, capital expenditure plans will need to be re-assessed. 90%+ of capital receipts derive from Housing sources such as Right to Buy receipts. Due to Homes England regulations, which do not allow Right to Buy receipts to be used directly in conjunction with Homes England grant, the funding of housing projects require careful structuring. Capital receipts from general fund asset sales are fully committed. Community Infrastructure Levy (CIL) accounts for £27.7 million, largely for infrastructure projects, with a further £1.3 million from Section 106. Government grants account for £9.91 million of funding over the 3 years from 2026/27 to 2028/29, mainly towards housing grants and affordable housing with other grant towards coastal monitoring. Contributions from revenue were re-introduced in 2023/24 after a break during the Covid pandemic. £1,500,000 is budgeted for 2026/27, reducing to £500,000 in 2027/28 and 2028/29. The increased 2026/27 contribution is funded from extended producer responsibility (EPR) funding for packaging in relation to waste collection and has been allocated to Waste & Recycling projects such as the provision for the waste transfer station redevelopment. It should be noted that this revenue contribution to capital does not cover the full cost of these projects. Waste and recycling along with several other projects rely either partly or entirely on borrowing, the financing costs of which impact revenue budgets. Additional borrowing over the 3 years is forecast to be £9.62 million. All projects involving borrowing are appraised to ensure the borrowing is affordable.

5.2 Government subsidy for housing disabled facilities grants through Better Care funding (received via Devon County Council) is assumed to continue at £1.4 million per annum. £1.8 million has been received in 2025/26, with the majority invested in grants towards the provision of disabled facilities.

5.3 A provision of £6.8 million has been made over 2026/27 and 2027/28 for the construction of a social housing scheme in Sherborne House car park. This is in addition to the £402,000 allocated to the planning and tender stages, bringing the total to £7.2 million.

The planning approved scheme will deliver a high-quality development comprising 13 x 1-bedroom flats and 10 x 2-bedroom flats. Of these, one 1-bedroom flat and one 2-bedroom flat will be fully wheelchair accessible

dwellings. The scheme has been designed to Passivhaus Plus standard meaning that, in addition to the homes being highly energy efficient, the development will generate enough renewable energy to operate the building throughout the whole year. This will contribute to the Council's net zero carbon ambitions. All residents will benefit from the health and wellbeing improvements associated with Passivhaus homes, with the climate-resilient design minimising future retrofit costs. All 23 homes will be owned by the Council as part of our affordable housing stock and will all be for Social Rent.

Funding is from a combination of Homes England and brownfield land release fund grant, S106 contributions, capital receipts and borrowing. This uses the balance of the funding allocated for Phase 1 of the Homes4Teignbridge housing programme. To date, the programme has delivered:

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

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

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

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

5.4 The infrastructure delivery plan investment over the next few years contributes to:

- Improvements to the A382 – a further £1.0 million in 2026/27 making a total contribution since 2020/21 of £6.1 million, funded from Community Infrastructure Levy (CIL). There is £3.2 million for highway improvements and travel connections in 2026/27 and 2028-29, all funded from CIL.
- £0.6 million budgeted towards the final stages of the Dawlish link road and bridge in 2026/27, funded from CIL.
- Provision for Education in the wider Teignbridge area of £15.7 million between 2026/27 and 2028/29, funded from community infrastructure levy.
- £1.4 million is provided for the final stages of land acquisition, instatement and endowment towards ongoing maintenance at Ridgetop Countryside Park. This is funded from Housing Infrastructure funding via Devon County Council. There is provision of £1.55 million planned towards new countryside parks in 2028/29 and 2029/30. The initial £50,000 is shown in 2028/29. £1.0 million for habitat mitigation measures is shown between 2027/28 and 2028/29, funded from CIL. An additional £0.1 million is anticipated to be contributed to the RSPB in relation to cirl bunting habitat, funded from Section 106 developer contributions.
- In sports and leisure, a provisional sum of £1.3 million is included for improvements to Dawlish leisure centre, due to be brought to Full Council once the business case is finalised. There is also £1.0 million of CIL earmarked towards a play parks improvement fund.
- £0.65 million in CIL is allocated towards the Teign Estuary Cycle Trail, following approval at Full Council on 28 November 2023. £1.0 million in CIL is provisionally allocated to other cycle schemes over three years, plus £0.1 million towards the next stage of the Ogwell Strategic Cycle Link.
- £0.8 million of CIL is budgeted towards a Community Match Fund. This is designed to support town and parish projects which are in accordance with a Community Infrastructure Plan.

5.5 Following successful bids for grant funding under the Public Sector Decarbonisation Fund (PSDF) for Forde House offices, Newton Abbot Leisure Centre, Broadmeadow Sports Centre and Teignmouth Lido, plus further measures recently completed at Broadmeadow Sports Centre, a further £0.92 million of energy efficiency measures are being implemented at Dawlish Leisure Centre (funded partly from Sport England Swimming Pool Support Fund), Newton Abbot Leisure Centre, as approved by Full Council on 30 July 2024. The measures include replacement air handling units to increase heat recovery and control, improved pool water circulation pump controls to reduce energy wastage, hot water efficiency measures, heat and electricity sub-

metering to aid monitoring and at Dawlish, solar photovoltaics to generate low-cost electricity on-site.

For projects not covered by grant funding, a further £0.26 million provision in 2026/27 has been made for investment in carbon reduction measures covering the Authority's Scope 1 & 2 carbon footprint as part of the ongoing Carbon Action Plan, which is being developed by the Climate Projects Officer. Likely provisions will target emissions arising from the Authority's top 15 sites by carbon emissions; provisions are likely to include: onsite renewable energy generation, ventilation and heat recovery projects and fleet electrification. This is funded from prudential projects, therefore business cases would need to demonstrate the minimum 1% return.

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.

- 5.6** South West Coastal Monitoring (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. It is 100% funded by the Environment Agency. 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. In 2026/27 will be the final year of the current 6 year phase.
- 5.7** There is a £3 million provision for employment sites, funded from borrowing and developer contributions where applicable. It is anticipated this will be spent on schemes on council owned land to create new spaces for jobs and local enterprise and support a more resilient local economy. Where people can both work and spend leisure time locally, carbon emissions are also reduced. Project reports will come back to committee as appropriate as business cases are developed.

The remaining Future High Streets fund budget of £7.3 million is in the current financial year, with works anticipated to complete in 2026. The refurbished Market Hall is designed to help stimulate growth in the local economy and ensure it is an attractive and well-connected environment for local businesses.

This is funded from a combination government grant and prudential borrowing.

£0.47 million is included over 2025/26 and 2026/27 for the creation of additional car parking at George Street, Teignmouth.

5.8 There is £1.147 million between 2026/27 and 2028/29 for IT infrastructure projects, software upgrades and applications to enable more effective, digital ways of working. These items form part of the Strata business plan, which will be brought forward for approval in due course.

6. COUNCIL TAX BASE 2026/27

6.1 The **council tax base** is the estimated number of band D equivalent properties in the district for next year less a small allowance for likely collection losses. The details are shown at section 1 of **appendix 2**. The council tax for each of District, County, Fire, Police and towns/parishes multiplied by the base gives the income or precept which the district pays to each authority. The District is responsible for collecting council tax.

6.2 The estimate for next year must be based on information available on the 30 November. It has to be approved by Audit Committee which has taken place on 17 December 2025 and notified to the major preceptors - County, Fire and Police between 1 December 2025 and 31 January 2026. Similarly towns and parishes also need the base for their area to calculate their council tax from their precept.

6.3 The initial data is extracted from the council tax records. This includes the deduction for council tax support which reduces the base. Finally an estimate is made of the growth in the number of dwellings to 2026/27 based on recent history and this has been calculated at 1.0%. Thus a total of 53,837.4 is the estimated number of band D properties for next year.

6.4 A collection rate of 97.8% has been assumed giving 52,653 for 2026/27. For Teignbridge this base means that at the current council tax level of £202.28 just over £10.65 million of income would be generated next year. This is 2.1% or £220,000 more than in the current year. Estimated 2026/27 income for all preceptors is shown at **appendix 2**, section 2 based on the current council tax.

6.5 All the council tax income goes into a collection account from which the precepts are paid. As the income is estimated a surplus or deficit can arise which has to be notified and shared out between the District, County, Fire and Police. The district has to pay for any deficit or take any surplus relating to the towns and parishes. The aim is to minimise balances on the account.

6.6 Teignbridge has to estimate the surplus or deficit on the council tax collection fund on 15 January each year for the following budget year. A surplus of £4.0 million is currently estimated which has to be shared between the major

preceptors in 2026/27 as per their current precepts. The District share is £507,303 allocated to next year's budget as shown in line 18 of appendix 4. Surpluses or deficits arise due to a number of factors including variations to previous year's assumptions in relation to the number of new houses built, the banding of these properties, the number claiming council tax support, collection rates, discounts, bad debts and provisions in relation thereto.

7. GROUPS CONSULTED

- 7.1** County, Fire and Police and the public are consulted about any changes to the council tax support scheme. The initial budget proposals have been publicized and considered by Overview and Scrutiny on 13 January 2026. They also scrutinized these final plans on 3 February 2026. Parishes and town councils have been advised of these proposals. There has been a budget meeting with town and parish councils on 18 December 2025.
- 7.2** A budget survey has been put on the website and publicised to encourage feedback. In particular it will be brought to the attention of businesses, the residents' panel and Teignbridge relationship groups. Responses will be reported verbally to this Executive and in the final Council budget report on 24 February 2026.

8. TIME-SCALE

The financial plan covers the years 2026/27 to 2030/31. Final consideration of the budget by Council is due on 24 February 2026. At that time the council tax resolution is also approved which covers the total council tax including County, Fire, Police and towns & parishes.

9. LEGAL / JUSTIFICATION

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

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

Call in does not apply as the final budget recommendations will be considered for approval by Council on 24 February 2026.