



Teignbridge District Council

Financial Plan

2026 to 2031

1. About this Plan

Our Financial Plan looks at the position of the revenue budget and considers the General Fund ¹ position in terms of general reserves and earmarked reserves and the Capital Programme, ² and the inter-relationship between the two.

The purpose of this Plan is to define how the Council will structure and manage its finances over the next five years in order to deliver services to residents and support the objectives detailed within the Council Plan.

The Financial Plan also links with other key plans and documents of the Council including Service Plans, Asset Management and Disposal policies, the Digital Strategy, Procurement and Treasury Management. Input will also be provided through the Overview & Scrutiny Committees review of budget priority and savings work and the Council's Senior Leadership Team.

The Financial Plan comprises of two parts;

➤ **Part 1 - The Medium Term Financial Plan (MTFP) (page 3)**

This is a key element of the budget setting process. The MTFP provides a financial model and forecast of the cost of providing services over a rolling five-year period, together with an estimate of the financial resources that are likely to be available to the Council. The process is designed to provide an early warning of any potential deficit in the required level of resources and interaction with earmarked reserves if available to smooth funding where appropriate.

As well as considering the revenue implications and the General Fund balance, the MTFP also reviews the affordability of the Council's capital investment programme, matching forecast funding against planned capital spending over a five-year horizon. The capital programme is easier to control as individual schemes can be approved or not by Council to match resources available. Clearly this has its own implications in meeting the Council Plan objectives but does not have the same degree of organisation complexity as the General Fund involving significant staff numbers, team interaction and service delivery.

➤ **Part 2 – Financial Viability Process (FVP) (page 12)**

This part of the Financial Plan considers how the Council will attempt to balance its finances over the coming years to continue to provide service for its residents and customers. It ensures we are achieving Value for Money throughout the Council within each service; it evidences this and seeks improvement and savings where possible. The process involves review of service plans with a team of key staff from the Business Transformation Team, Finance and Performance to aid us in this process. They work with the relevant services to discover likely savings to pursue, viability, time scales and resources required to implement.

Depending on the outcome of this work and savings achieved, consideration will then need to be given as to whether service reductions are required to balance the books in order to achieve financial sustainability and viability.

Definition Note:

1. The General Fund records day-to-day revenue spending and income on the delivery of Council services.
2. Capital programme spending relates to purchases or enhancements of assets, expenditure that has benefit greater than a year and is over £20,000.



Part 1 - The Medium Term Financial Plan (MTFP)

2. Introduction

The development of a five-year financial model is based upon a number of assumptions and perceived risks which clearly become more difficult to predict as the period covered lengthens. In recent years we have been subject to one year only financial settlements from Government, there have been fundamental funding reviews proposed, delayed and then cancelled on a number of occasions, making even short term planning difficult. We now have a three-year settlement for 2026/27, with the funding reset proposals having been confirmed by Government. Any plan built over a period greater than 5 years becomes more unpredictable, as assumptions about future financial indicators lengthen. The MTFP has been written from the perspective of the council continuing to exist in its current form. This will be the base until a decision is made as regards Local Government Reorganisation.

In broad terms, the model has been developed on the basis of 'reasonable and prudent' forecasts and assumptions in accordance with sound accounting practice.

3. Fundamental principles

Underpinning this plan, the following fundamental principles have been adopted:

- To secure the financial viability and stability of the Council in accordance with the Chief Finance Officers (CFO) responsibility to protect the Council's finances.
- Annually, a balanced revenue budget will be set with expenditure to be limited by the amount of available resources.
- Where a balanced revenue budget cannot be achieved in the short term, use of earmarked funding reserves will be used to balance the budget but by exception.
- The General Fund balance will be maintained at the agreed adopted level as advised by the Chief Finance Officer.

- If earmarked reserves are not available to balance the budget resources will be redirected from low to high priority services to meet objectives set out in the Council Plan and maintain statutory functions.
- Council Tax increases will be kept within annually announced government guidelines to ensure a local referendum is not triggered.

In considering the capital budget, the Council will continue to follow the methodology of assessing schemes against their contribution to the corporate strategy, service improvement and long-term impacts on budget as well as deliverability within finite staff resources. The Council will also seek to maximise the use of its assets.

4. Financial background

The Government has cut core funding significantly for a number of years. Additional support was provided during the pandemic but this was then withdrawn and the underlying funding for local authorities is historically low.

There are significant financial pressures to consider with recent higher inflation rates, interest rates, energy and food costs and potential recession threats, with growth continuing to be very low. As a consequence the indications have been higher national pay awards and other direct cost implications, mainly associated with contractor and partner costs. There has traditionally been low investment income received however this increased significantly with the increases in base rate but has an adverse impact on potential borrowing costs for capital schemes. Profiling debt can smooth out some of these short-term changes in rates. Ambitions remain to pursue our carbon reduction programme and improve services through further investment. This all brings significant financial challenges and a requirement for us to act more commercially to generate more income.

These factors have shaped the finances of the Council over recent years and placed it in a continuous difficult position of setting balanced budgets. The Council needs to address its continuing budget gaps on the revenue budget and mitigate use of funding earmarked reserves which could be redirected to other activities. Member support is key to achieving this objective. Huge progress has been achieved in recent years in delivering savings and reducing the budget gap down to the more manageable level presented currently. Further work is needed to reduce the gap down to zero in time for the new unitary's anticipated vesting.

The Council has facilitated and encouraged business and housing growth in the district to deliver its ambitions. Historically, this approach enabled the Council to benefit from additional government funding through the New Homes Bonus and extra Business Rate income, placing it in a stronger financial position than many other councils and supporting significant investment in non-statutory services for the district. Although the New Homes Bonus has now been discontinued and, from 2026/27, historical growth will be removed from the business rates system through a baseline reset, the Council remains committed to its ambitions, including building its own housing to progress towards affordable housing targets.

5. Medium Term Financial Plan

The base for the MTFP is the 2025/26 approved budget and the current cost of ongoing services, adjusted to take account of a range of unavoidable costs such as pay increases, inflationary pressures, the implementation of any approved changes to the budget and any costs arising from new legislation and associated regulations or changes in resident demand. The updated MTFP takes account of any forecast variations in the level of both investment and fee income.

The Plan also considers and makes reasonable assumptions about the likely incomes from council tax and central government funding. The MTFP is designed to model likely outcomes and to aggregate the sum of all potential financial inputs, to determine whether the Council will have sufficient resources to achieve its objectives, or indeed whether action is required to bridge a funding gap.

In formulating these calculations a number of assumptions have been made and a range of external influences considered. The various risks and pressures are detailed at the end of the Plan with commentary on their potential impact.

Appendix A to the Financial Plan contains the best estimates of the 5-year costs and incomes.

A similar exercise has been undertaken in respect of future capital expenditure, detailing the anticipated level of resources required, together with potential funding sources available to the Council to support its planned programme of works and where there are revenue implications these have been acknowledged within the Plan.

6. MTFP – Revenue Position

The position on General Fund services is extracted in the table below in section 10 and shows the current year 2025/26 for comparison and forms the basis from which future assessments have been made. The 2025/26 position is the set budget from February 2025 and then the latest position for 2025/26, the implications effecting this budget are considered going forward.

Some key areas to note in this calculation:

Service Budgets - This position is calculated based on current service provision adjusted where there are known resident demand changes, contract agreements or legislative requirements. This position does not include any growth in service or staffing to the Council's current service level with the exception of:

- Additional temporary resources to deliver significant projects, service reviews, business/systems improvements etc and for the Modern 25 work.
- The 2026/27 budget for staff salaries includes an assumed 3% increase. The final offer will be determined at a later date.
- Each of the 3 owners of Strata require additional support to meet the various work demands and objectives requiring IT support and development. This will lead to an increase in cost.

The base budget will include the provisional sums known and be amended when the relevant approvals have been provided.

The Council's previous full set of budget papers [Agenda for Full Council on Tuesday, 25th February, 2025, 10.00 am - Teignbridge District Council](https://democracy.teignbridge.gov.uk/ieListDocuments.aspx?CId=165&Mid=3223&Ver=4)

<https://democracy.teignbridge.gov.uk/ieListDocuments.aspx?CId=165&Mid=3088&Ver=4> is a useful historical reference as it details significant information about the service provision currently provided; costs and income received for revenue (appendix 4 and appendix 5), staffing resources involved in each area (appendix 5) and the capital programme (appendix 7).

Government Funding General - The 2025/26 Local Government Finance Settlement was a one-year spending round only. This put-on hold again planned reforms; changes to both the local government funding formula and the re-basing and implementation of a new business rate retention scheme. The Government has now provided a funding reset settlement for 2026/27 which is for 3 years.

The MTFP now shows the key elements of this revised funding settlement including the loss of the separate allocation of new homes bonus, elimination of pooling gains and growth retention in business rates and employers' national insurance grant etc.

The Local Government Finance Settlement is announced normally late November/early December and for 2026/27 was announced on 17 December 2025 which makes planning extremely difficult as councils initial budget processes are finalised at that point. The finance policy statement published on 20 November 2025 only outlined some of the key principles for 2026/27.

7. Business Rate income

The income projected for 2026/27 is based on the new funding formula within the settlement, with modest growth assumed in future years.

The resetting of the business rates baseline in 2026/27 has stripped out accumulated growth from previous years, consequentially, pooling arrangements with the other Devon Authorities are no longer beneficial.

To manage fluctuations in collection rates and Business Rate assessments, the Council maintains a bad debt provision and a business rates funding Reserve. This reserve helps offset changes in business rates and supports existing revenue budget gaps, enabling the Council to continue meeting service costs in the short to medium term.

8. Council Tax

Since 2023/24 the government has determined that district councils can increase their council tax by £5 per year or 2.99% (2% pre 2023/24), whichever is the greatest, increases above this amount require a local referendum.

Government assumes that the Council will increase its Council tax by the maximum allowable when setting its allocation of other funding streams. These increases are built into the model for future years (£6.05 for 2026/27)

9. New Homes Bonus (NHB)

New Homes Bonus has been discontinued for 2026/27 and the nationally, this funding has been re-distributed within the Revenue Support Grant, using new funding formulas.

At the height of the scheme the Council was paid the annual growth sum for 6 years – in 2016/17 the Council received £3.848 million (the most received in any one year). For 2025/26 the council received £0.35 million.

10. MTFP numbers

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

Revenue Budget Summary

Appendix 4

Revenue Budget	2025-26 Forecast	2025-26 Latest	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast
EXPENDITURE					
1 Employees	27,490,880	28,647,510	28,331,970	29,093,770	29,951,010
2 Property	5,693,430	5,875,590	6,139,050	6,002,330	6,133,090
3 Services & supplies	7,440,950	10,119,990	8,076,650	8,293,460	8,225,190
4 Grant payments	19,431,570	20,268,530	18,411,080	17,411,080	16,411,080
5 Transport	966,430	794,820	835,800	854,450	874,030
6 Leasing & capital charges	2,706,420	2,768,830	2,891,560	2,977,230	3,007,890
7 Contributions to capital	1,500,000	1,647,510	1,500,000	500,000	500,000
8 Total expenditure	65,229,680	70,122,780	66,186,110	65,132,320	65,102,290
INCOME					
9 Sales	-1,032,830	-812,290	-616,210	-819,140	-851,910
10 Fees & charges	-12,924,520	-13,452,050	-13,639,020	-14,464,580	-15,043,160
11 Grants - income	-21,319,570	-23,544,650	-21,319,690	-20,319,690	-19,319,690
12 Property income	-4,016,200	-4,156,100	-4,132,950	-4,321,940	-4,498,600
13 Other income & recharges	-4,700,740	-6,289,940	-4,371,840	-4,418,090	-4,423,280
14 Transfer from (-) / to earmarked reserves	-1,484,070	-2,524,430	-1,125,810	-951,480	-1,198,080
15 Total income	-45,477,930	-50,779,460	-45,205,520	-45,294,920	-45,334,720
16 Total net service cost	19,751,750	19,343,320	20,980,590	19,837,400	19,767,570
Funding					
17 Council tax	-10,429,960	-10,429,960	-10,969,200	-11,410,150	-11,868,830
18 Council tax surplus(-) / deficit	-381,900	-381,900	-507,300	0	0
19 Revenue support grant	-288,010	-288,010	-6,166,750	-4,998,290	-3,784,710
20 Rates baseline funding	-3,664,280	-3,664,280	-3,307,570	-3,383,440	-3,451,690
21 Estimated rates retention and pooling gain	-3,413,720	-3,104,830	-29,770	-30,450	-31,070
22 New homes bonus	-351,710	-351,710	0	0	0
23 Damping/returned surplus/cap	0	0	0	-15,070	-631,270
24 Other grants	-1,222,170	-1,222,170	0	0	0
25 Budget gap (-) to be found	0	0	0	0	0
26 Total funding	-19,751,750	-19,442,860	-20,980,590	-19,837,400	-19,767,570
27 -Surplus/shortfall	0	-99,540	0	0	0
28 General reserves at end of year	2,500,140	2,600,000	2,600,000	2,600,000	2,600,000
29 General reserves as % of net revenue budget	12.7%	13.4%	12.4%	13.1%	13.2%

The table below shows annual budget position over the 5-year period – see appendix A for more detail.

Table: MTFP Model – Annual budget shortfall

General Fund	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000	2034/35 £000
Budget Shortfall/(Surplus)	1,435	1,126	951	1,198	1,623	1,398	Not costed	Not costed	Not costed	Not costed

The Model identifies the pressures and influences on the Council's revenue budgets and highlights a shortfall between the Council's spending requirements and the amount of finance available. Actions will need to be taken to meet these shortfalls and the need to keep finding savings year on year is not to be underestimated.

11. MTFP Revenue - The Way Forward

The funding gap for 2026/27, 2027/28 and 2028/29 needs to be addressed working with SLT, SMT, senior officers and Members. Savings should be filtered into the budget process each year as part of the annual budget process but also in year as savings ideas are formulated, worked on and delivered.

A key area to explore is what savings/increased income can be achieved by working through service reviews and proposed savings options, this being before more fundamental decisions are made on whether there is a need to explore cutting services to the public. Working through service plans and Modern 25, eliminating quick wins, working more commercially will help towards achieving this goal. Clarifying the appropriate level of investment in IT to reconstruct our organisational structure will be vital and identify staff savings through automation of procedures. These are some initiatives that will help as well as the normal scrutiny through the budget process. This Plan also proposes that we work with the actions in the Financial Viability Process.

The Plan proposes a two-stage approach which is linked to the uncertainty of Government funding for local authorities and possibly even the shape of local government going forward.

- Each year we will undertake service reviews to ensure we are delivering VFM, drive efficiencies to see what savings can be achieved and to form an evidence base that we have done what we can, challenging ourselves on cost effective delivery of services. This will also be combined with looking at suggestions from the Ignite report (now incorporated into Modern 25) and savings suggestions identified from review of previous unspent budgets and invest to save – such as IT investment to deliver more automation. A review of our assets including disposal, re-use etc will be explored and all commercial opportunities to generate more income.
- If the funding gaps estimated in future years materialise, then efficiencies and income generation are not going to drive all the level of savings and we will need to look at service reductions. But this comes at a point when we know how much we need to find and when, before radical service decisions are made. As stated we have an earmarked Funding Reserve in place to protect us and support existing revenue budget gaps.

This gap should not be ignored and what actions could be taken should be considered and formulated. If savings are not found over the next 3 years, then the Funding Reserve will continue to be depleted leaving insufficient funds to address future significant variations in funding or budget pressures elsewhere including the capital programme. Early identification of savings and their introduction would allow unspent earmarked funding reserves to potentially be reallocated.

Key areas of budget proposals to be agreed are as follows and can continue to be monitored and developed where appropriate through the Overview & Scrutiny work plan:

- a. Approval of Council tax increases at the maximum allowed – £5 or 2.99% currently
- b. Agreement of our asset strategy and determining best use of our assets – disposal/transfer/re-use and re-model
- c. Pursuit of maximum asset disposal proceeds
- d. Exploring commercial investment opportunities including charging policy
- e. Maximising income from existing fees and charges
- f. Exploring new opportunities for setting fees and charges
- g. Reviewing the savings options from the Ignite work and Modern 25
- h. Investing in our IT provision to deliver more automation and efficiencies
- i. Review our policy for earmarked reserves and funding budget gaps
- j. Reviewing support for third sector grants and support
- k. Identifying other voluntary grants and future support
- l. Reviewing quick wins and budgets no longer required
- m. Periodic review of the capital programme and alignment to strategic priorities
- n. Agreement to continue to provide a revenue contribution to capital at £1,500,000 per annum in 2025/26 and 2026/27 and £500,000 for future years
- o. Determining adequate borrowing limits including headroom for the capital programme through approval of the appropriate treasury management indicators
- p. Councillors community fund budget
- q. Impacts from the outcomes of devolution
- r. Minimum level of general reserves – currently suggested to increase to £2.6 million
- s. Limit use of earmarked reserves to bridge budget gaps
- t. Considering new funding models
- u. Timeline for delivery of savings
- v. Working with Town and Parish councils re service provision

12. Capital

The Council maintains a programme of capital expenditure designed to improve a wide range of community facilities and local infrastructure. The forward funding projections below only include rolling items and projects identified early by managers; **there will be proposals missing from this list** that will need to be considered for funding out of available resources as they come forward.

There will be a disparity between the Council's capital spending aspirations being greater than the amount of finance available. In producing these figures agreed principles have/will be applied:

- A capital bid process is in place whereby appraisal forms are completed for each scheme and an assessment methodology applied to prioritise expenditure within resources available. This prioritisation is overseen by the Corporate Projects Board.

MTFP Model – Capital Expenditure and Funding Position

Strategic Priority	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/32 £000
Community	3,066	2,079	200	200	-
Economy	7,718	1,532	2,000	-	-
Environment	3,679	6,651	1,870	1,420	2,705
Homes	5,286	7,049	4,875	1,454	4,362
Infrastructure	2,123	5,618	1,759	16,040	220
Responsible management	626	538	541	41	123
Total Capital Expenditure	22,498	23,467	11,245	19,155	7,410
Borrowing	(6,178)	(5,405)	(3,909)	(300)	-
Capital Receipts	(976)	(1,049)	(1,004)	(24)	(72)
Revenue contributions (includes specific sums)	(1,805)	(2,127)	(791)	(340)	(918)
Grants / external contributions	(12,062)	(5,760)	(2,750)	(1,400)	(4,200)
CIL	(500)	(8,618)	(2,300)	(16,750)	(2,100)
S.106	(977)	(508)	(491)	(341)	(120)
Total Funding	(22,498)	(23,467)	(11,245)	(19,155)	(7,410)

The Programme expenditure includes those schemes already approved by Council and rolling items and provisions. **Bids will come through the annual budget process giving a different picture to that given above and there will be choices to make in order to keep expenditure within resources available.**

The above has been produced using the latest budget monitoring position and it is clear from observation that periodically the programme needs to be re-profiled with the budget managers. There are a number of schemes which will not be delivered in part or full in the year the budget is allocated. From the view of the MTFP it's the overall position that can be considered taking all years into account.

The programme assumes £15.8 million of borrowing between 2025/26 and 2029/32 in addition to the current underlying need to borrow of £35.4 million. Cash flow monitoring and balance sheet review exercises indicate no immediate need to borrow externally over the next 2 - 3 years. This is dependent upon the speed with which capital projects progress and is reviewed periodically alongside interest rate monitoring, so that when long-term external borrowing is required, it is undertaken in a controlled way in line with the Council's treasury strategy. This position has been factored into the revenue model in terms of costs of borrowing/lost external interest/minimum revenue provision etc. Any new borrowing will need to be considered in conjunction with existing borrowing commitments, maximum borrowing limits and a comfortable headroom for borrowing.

The above capital receipts line is based on the most recent activity and forecast information.

Key issues to consider for this Plan in terms of capital are:

- Only approved schemes and provisions from the February 2025 budget process and subsequent approvals brought to Members are included. The current position shows General Fund capital receipts largely being used by 2025/26. If any new projects or schemes do come forward, it is assumed they will attract sufficient funding and/or have a positive business case with a minimum return of 1%.
- Any scheme inclusion in the Programme over and above this core annual expenditure needs to be considered carefully for inclusion in future programmes. This happens on a case-by-case basis to determine if they meet corporate objectives. Business cases must evidence the required 1% return in the case of self-funded schemes or show delivery in conjunction with other agencies/partners. Some schemes will come with no funding but may still be necessary, for example IT improvements and asset refurbishments.
- The continuation of revenue contributions to capital at £1,500,000 per annum for 2025/26 and 2026/27 will assist in supporting the capital programme and for any spends without a sufficient supporting business case (the contributions then drop to £500,000). Revenue contributions are all committed until 2028/29.

The Way Forward – Capital programme

- There is a clear necessity for the Projects Assurance Board to consider the allocating of capital resources against competing capital scheme bids.
- The programme needs to be populated with realistic expenditure estimates into the future; further work has been undertaken on Council assets costs and a review of our asset management policies and use of assets.
- The Project Management Guidelines will continue to be used to inform the capital bid process through detailed capital appraisal forms and Project Initiation Document (PID). There will be continued monitoring of progress on key projects through the Council's Projects Assurance Board.

➤ Part 2 – Financial Viability Process (FVP)

13. Aim of the FVP

This part of the Finance Plan considers how the Council will balance its finances over the coming years to continue to provide service for its residents and customers. We will ensure we are achieving Value for Money throughout the Council within each service; we will evidence this and seek improvements and savings where possible. We have key dedicated resources to aid us in this process and available to work with services.

Depending on the outcome of this work, and the savings achieved, as identified in 11 above we will then need to look at reductions in service delivery necessary to balance the books going forward to deliver financial viability and sustainability.

This will all be looked at against the backdrop of the risks and challenges that have implications for the Council's financial position in the medium term.

The major risks and pressures are:

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

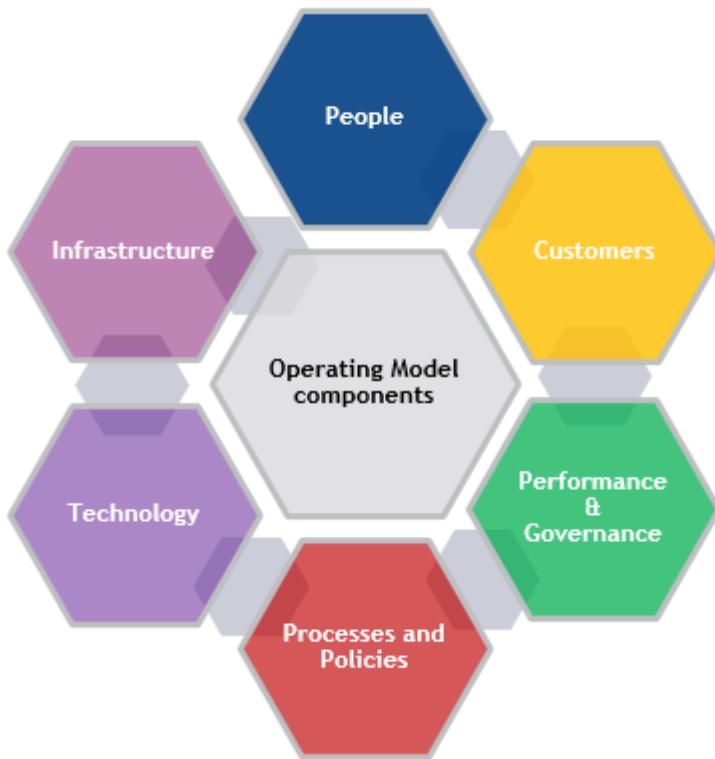
14. Modern 25 Programme

TDC accepted that to achieve the level of savings required, it needs to change the way things are done and alter its operating model, whilst ensuring that the customer is still at the heart of council services. Independent consultants were commissioned through a procurement process to work in partnership with Teignbridge Senior Leadership Team to deliver:

- A strategic alignment review
- Recommendations for a new Target Operating Model

The objective of the programme is to deliver a new operating model for the council. An operating model encompasses all aspects of the way the organisation delivers its core purpose and includes

- People and Organisation – the activities that our staff carry out and how they are managed and organised
- Technology and Infrastructure – the software, physical ICT infrastructure and physical assets that are in place to support how people carry out the council's work
- Ways of Working – the processes, policies, procedures, performance, governance, leadership and management that is in place
- Culture & Behaviours – Creating a work environment which supports delivery of strategic priorities and core services to our customers and an organisation that invests in its people
- Strategic Priorities – the strategic portfolio of programmes and projects that are in place to deliver the council's strategic priorities



From their recommendation we have developed our Modern 25 programme which aims to deliver a new operating model for the council delivering £2.6 million of phased benefit savings and implementing the changes across the whole council in line with agreed design principles. The organisation restructure has been approved and has now been implemented and posts advertised and appointed. The programme focuses on delivery of 3 main workstreams

1. Customer and Service Design - Lead Tracey Hooper

This will digitalise services that the users of our services want and design support mechanisms for customers who need help to make a request or support service users who have complex needs.

Our services will be designed to be more sustainable through:

- Shifting our service users to less expensive digital channels in line with our current demand, through active promotion and nudges
- Designing services that are easy for users to access and make a request
- Maximising the value provided by our front-line staff in helping residents with complex needs
- Creating excellent online information and guidance for our service users
- Proactively and passively keeping service users informed throughout their service journey

2. Technology and Digital - Amanda Pujol

This will define and develop the technology and digital requirements to support the new operating model by:

- Defining the key technologies that will support the new operating model and ways of working
- creating a roadmap for delivering these capabilities
- Defining the digital capabilities required and running a procurement exercise to fill the capability gaps
- Provide resources in skills to configure new digital capabilities and integrate them, in line with our technology roadmap

It is underpinned by our Digital Strategy adopted in 2021 built around six themes:

1. Customer access and service
2. Digital and mobile work force
3. Digital democracy
4. High-quality, accessible data
5. Digital and Net Zero
6. Responsive, resilient and secure infrastructure and systems

3. People and Organisational Design - Tim Slater

We have designed and developed a new council structure that supports the new operating Model for the delivery of services to our customers and the delivery of our strategic portfolio. This includes a review of current HR policies and procedures, including performance management, to support the implementation of the new operating model and define:

- The spans of control for managers and the scope of management responsibilities for changes to the organisational structure
- The creation and evaluation of new roles that have been created to support the delivery of the new operating model
- The programme will review HR policies and procedures, including performance management to support the implementation of the Target Operating Model
- The governance structures that will support performance management

4. Strategic portfolio – Gordon Bryant

This will define and develop business cases, statements of works and specific individual projects to deliver against a revised strategic portfolio which is aligned with the Council's priorities and strategy. The programme will oversee:

- all implementation and change activities associated with the deliverables from the strategic portfolio projects
- Monitoring of projects progress as part of overall programme governance
- alignment of project outcomes with the new operating model

In order to deliver this programme of work there has been an upfront investment to provide additional temporary staffing resources and capital investment in digital infrastructure and systems. The new structure has resulted in a reconfiguration of services and new posts and roles being created. The Council has also undertaken a pay structure review which will result in a new pay scale and job evaluation process being developed and implemented to ensure the Council remains competitive and can attract the staff with the key skills to deliver the best service for residents in the District. Changes to the structure and potential investments are/will be incorporated into the revenue and capital budgets.

We are developing a Digital Strategy and we are now working with Strata and our other partner authorities to ensure the outcomes can be defined and delivered. The Strategy is built around six themes

Customer access and service
Digital and mobile work force
Digital democracy
High-quality, accessible data
Digital and Net Zero
Responsive, resilient and secure infrastructure and systems

5. Performance Management Data: Lead – Jack Hobson

It is crucial we use relevant data to inform our business decisions. Performance data needs to be readily available and used by managers, SLT, SMT and members to drive decisions and be clear where action is needed/not needed and how we are performing for our residence, identifying and resolving issues quickly. Importantly this needs to link with system thinking to ensure we measure the right things.

It is necessary to understand cost, performance and activities of services and undertake appropriate comparisons to be clear where we are providing Value for Money and where we are not. Help identify where improvements are needed or to determine we are comfortable and understand the variances.

We have a Performance and Data Analyst but also services have their own resources in this area and we need to share and oversee the whole.

6. Asset Management: Lead – Tom Phillips

In reviewing our services there are some services where asset management is relevant and areas it is not. There are key elements to be considered by services;

- a) Understanding the financial and non-financial performance of assets and using this to drive asset management decisions.
- b) Proactive asset management – Maximising the returns from assets and disposing of assets that have a poor financial / non-financial return and at market value where appropriate.
- c) Investing in assets only where there's a strong business case.

- d) Supporting wider objectives – Being clear where and how asset management is supporting wider objectives, such as benefitting the community, shaping the built landscape, supporting the Council in its service delivery and proactively supporting our commitment to tackling climate change.
- e) Encouraging asset transfer where appropriate.

There can be a quick analysis within each service to determine scope of opportunities.

7. Income Maximisation: Lead – Gordon Bryant/Gwydion Batten

It is viewed that members are supportive of ensuring where fees and charges are made that these are set at appropriate rates and reviewed regular to keep pace with costs. It is also considered there is support to develop existing services areas where there is opportunity and customer demand for additional or enhanced services to be offered that can generate surpluses for the Council. An average 5% increase is proposed where possible for 2026/27 with higher increases where appropriate. Any charges below an average for the service need to be increased accordingly and a more commercial view pursued for the charging of activities and services.

Again there can be a quick analysis within services to determine scope for opportunity.

Investment opportunities from our treasury management policies will be explored and any potential changes brought back to Members for consideration.

EXTERNAL INFLUENCES AND KEY ASSUMPTIONS WITHIN THE REVENUE MTFP MODEL

- **Inflation**

Inflation rates are based on the latest available data.

Although the financial model is based upon what are believed to be a series of prudent assumptions, there is inevitably a risk that some or all factors applied could be inaccurate. The table below summarises the impact of any such inaccuracies that would have a detrimental effect upon the financial plan. Inflation in recent times has not been a high risk but currently rates have been higher and are now on a downward trajectory. Contract costs, pay rises and a pay review of salaries have caused / are likely to cause some of the biggest pressures for future years. With further above inflationary rises in the minimum wage, there will be an impact on the pay spine rates within local government.

Financial impact of changes in inflation assumptions 2026/27.

Factor	MTFP Predicted Inflation Costs £'000	Worse by 1% £'000	Worse by 2% £'000
Pay, N.I & Pension	774	258	516

- **Investment Returns**

The approach adopted, of budgeting for investment income remains prudent. Investment return predictions have been factored in with higher income in 2025/26 but reducing in future years.

- **Council Tax Income**

Since 2023/24, the Government has allowed district councils an annual council tax increase of the greater of £5 or 2.99% (previously 2%). For Teignbridge, this is 2.99%. The Medium-Term Financial Plan (MTFP) assumes council tax will rise each year by the maximum permitted amount, £6.05 for 2026/27

Financial impact of changes in council tax levels (2026/27).

Level of council Tax increase	Predicted council tax income £'000	Loss of income in MTFP 2026/27 £'000
Council tax yield at £5 (2.47%) increase	(10,914)	55
Yield at 2.0%	(10,864)	105
Yield at 1.0%	(10,757)	212
Yield at 0.0%	(10,650)	319

This calculation shows a one year effect, this reduction would be lost each year going forward plus the opportunity to increase the level in future on a higher base.

- **New Homes Bonus**

This has now been lost as a separate source of core funding income and diluted into core funding.

- **Business Rate Income**

The risks associated with Business Rate income, including the confirmed rebasing, have been outlined above. Future growth remains uncertain, and pooling is no longer beneficial.

If income falls due to lower assessments or reduced collection, the shortfall will be covered by the earmarked Funding Reserve. This reserve is also intended to mitigate the impact of rebasing by Government, which is intended to take place every 3 years going forwards.

Revenue Budget Summary

Appendix A

Revenue Budget	2025-26	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Forecast	Latest	Forecast	Forecast	Forecast	Forecast	Forecast
<i>EXPENDITURE</i>							
1 Employees	27,490,880	28,647,510	28,331,970	29,093,770	29,951,010	30,852,550	31,779,930
2 Property	5,693,430	5,875,590	6,139,050	6,002,330	6,133,090	6,267,770	6,406,500
3 Services & supplies	7,440,950	10,119,990	8,076,650	8,293,460	8,225,190	8,329,970	8,437,900
4 Grant payments	19,431,570	20,268,530	18,411,080	17,411,080	16,411,080	15,411,080	14,411,080
5 Transport	966,430	794,820	835,800	854,450	874,030	894,200	914,970
6 Leasing & capital charges	2,706,420	2,768,830	2,891,560	2,977,230	3,007,890	3,038,550	3,069,210
7 Contributions to capital	1,500,000	1,647,510	1,500,000	500,000	500,000	500,000	500,000
8 Total expenditure	65,229,680	70,122,780	66,186,110	65,132,320	65,102,290	65,294,120	65,519,590
<i>INCOME</i>							
9 Sales	-1,032,830	-812,290	-616,210	-819,140	-851,910	-885,990	-921,430
10 Fees & charges	-12,924,520	-13,452,050	-13,639,020	-14,464,580	-15,043,160	-15,644,890	-16,270,690
11 Grants - income	-21,319,570	-23,544,650	-21,319,690	-20,319,690	-19,319,690	-18,319,690	-17,319,690
12 Property income	-4,016,200	-4,156,100	-4,132,950	-4,321,940	-4,498,600	-4,633,560	-4,772,570
13 Other income & recharges	-4,700,740	-6,289,940	-4,371,840	-4,418,090	-4,423,280	-4,428,630	-4,434,140
14 Transfer from (-) / to earmarked reserves	-1,484,070	-2,524,430	-1,125,810	-951,480	-1,198,080	-1,622,600	-1,397,770
15 Total income	-45,477,930	-50,779,460	-45,205,520	-45,294,920	-45,334,720	-45,535,360	-45,116,290
16 Total net service cost	19,751,750	19,343,320	20,980,590	19,837,400	19,767,570	19,758,760	20,403,300
<i>Funding</i>							
17 Council tax	-10,429,960	-10,429,960	-10,969,200	-11,410,150	-11,868,830	-12,345,950	-12,842,240
18 Council tax surplus(-) / deficit	-381,900	-381,900	-507,300	0	0	0	0
19 Revenue support grant	-288,010	-288,010	-6,166,750	-4,998,290	-3,784,710	-3,860,400	-3,937,610
20 Rates baseline funding	-3,664,280	-3,664,280	-3,307,570	-3,383,440	-3,451,690	-3,520,720	-3,591,130
21 Estimated rates retention and pooling gain	-3,413,720	-3,104,830	-29,770	-30,450	-31,070	-31,690	-32,320
22 New homes bonus	-351,710	-351,710	0	0	0	0	0
23 Damping/returned surplus/cap	0	0	0	-15,070	-631,270	0	0
24 Other grants	-1,222,170	-1,222,170	0	0	0	0	0
25 Budget gap (-) to be found	0	0	0	0	0	0	0
26 Total funding	-19,751,750	-19,442,860	-20,980,590	-19,837,400	-19,767,570	-19,758,760	-20,403,300
27 -Surplus/shortfall	0	-99,540	0	0	0	0	0
28 General reserves at end of year	2,500,140	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
29 General reserves as % of net revenue budget	12.7%	13.4%	12.4%	13.1%	13.2%	13.2%	12.7%