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Date: Friday, 30 May 2025

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Dear Member

OVERVIEW AND SCRUTINY BOARD - WEDNESDAY, 4 JUNE 2025

I am now able to enclose, for consideration at the Wednesday, 4 June 2025 meeting of the Overview and Scrutiny Board, the following reports that were unavailable when the agenda was printed.

| Agenda No | Item | Page |
|------------------|--|-----------------------|
| 6. | Budget Monitoring 2024/2025 Quarter 4 Outturn | (Pages 3 - 26) |

Yours sincerely

Governance Support
Clerk

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Meeting: Overview & Scrutiny Board/Cabinet/Council **Date:** 4/9 June and 24 July 2025

Wards affected: All Wards

Report Title: Budget Monitoring – Revenue and Capital Outturn 2024/25

When does the decision need to be implemented? N/A

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1. Purpose and Introduction

- 1.1. This report provides a high-level budget summary of the Council's revenue and capital position based on the final outturn figures for the year ending 31 March 2025.
- 1.2. The Council has delivered an end-of-year surplus of £0.351m on the revenue budget. This is an improved position on the forecast at Quarter 3, which projected a breakeven position. The report includes proposals on the use of this surplus.
- 1.3. An updated forward looking Capital Investment Plan was included within the 2024/25 budget papers. In 2024/25 the Council spent £29.879m on capital projects in line with the revised budget. This spend is funded from capital receipts, grants and contributions, reserves, revenue budget contributions, and long-term borrowing.
- 1.4. The capital programme budget continues to change throughout the year as projects are approved.

2. Recommendations

Recommendations for Overview and Scrutiny Board

- 2.1. That the Overview & Scrutiny Board notes the Council's forecasted revenue outturn position and makes any comments and/or recommendations to the Cabinet on the use of the £0.351m year-end surplus.
- 2.2. That the Overview & Scrutiny Board notes the Council's Capital outturn position and makes any comments and/or recommendations to the Cabinet.
- 2.3. That the Overview & Scrutiny Board notes the updates to the Capital Investment Plan and the revised budget and makes any comments and/or recommendations to the Cabinet.

Recommendations for Cabinet/Council

2.4. That the Cabinet recommends to Council:

2.4.1. That Council notes the revenue outturn position and approves use of the £0.351m year-end surplus as follows:

- ???

- ???

2.5. That Council approves the revisions to the Capital Investment Plan, as per Appendix 1.

3. 2024/25 Budget Summary Position

3.1. Across the Council there was a total underspend at the 2024/25 year end of **(£0.351m)**.

3.2. The table below provides a summary of the Outturn position across Council Services, along with the movement from the figures reported in Quarter 3. This shows the position has improved since Q3, where an overspend of £0.011m was forecast

| Service | Budget £m | Final Outturn £m | Variance £m | Forecast at Q3 £m | Movement since Q3 £m |
|--|----------------|------------------------|----------------|-------------------------|----------------------------|
| Adults and Community Services | 55.712 | 55.434 | (0.278) | (0.044) | (0.234) |
| Children's Services | 54.147 | 53.655 | (0.492) | (0.436) | (0.056) |
| Corporate Services | 14.192 | 14.755 | 0.563 | 0.728 | (0.165) |
| Financial Services | (16.646) | (18.156) | (1.510) | (1.550) | 0.040 |
| Investment Portfolio | (4.134) | (4.134) | 0 | 0.000 | 0.000 |
| Pride in Place Services | 24.916 | 26.292 | 1.376 | 1.313 | 0.063 |
| Public Health Services | 11.018 | 11.008 | 0.010 | 0.000 | (0.010) |
| Revenue sub-total | 139.205 | 138.854 | (0.351) | 0.011 | (0.362) |
| Sources of Finance | (139.205) | (139.205) | 0.000 | 0.000 | 0.000 |
| Revenue Over/ (Under) spend | 0.000 | 0.000 | (0.351) | 0.011 | (0.362) |

3.3. The underspend against Financial Services, mainly within Treasury Management from higher interest rates, and underspends within Children's Services and Community Services has offset other overspends within Corporate Services and the Pride of Place Directorate. Many of these overspends have been addressed through the 2025/26

budget setting process and will continue to be managed and monitored to reduce the risk of these overspends arising again.

3.4. The outturn for the council in 2024/25 has improved compared with the last forecast made at Quarter 3. Whilst this is a positive position, we will review variances across services with the aim of identifying lessons learnt for the future and budgets that may require further review and more robust monitoring throughout 2025/26.

3.5. Financial Sustainability Plans have been completed by each Director in respect of the following key risk areas and will continue to be reviewed and updated:

- Integrated Adult Social Care contract – transformation programme
- Children's Social Care placements
- Home to School Transport
- Children's Locality Model and oversight of Safety Valve
- Prevention and Support for homelessness
- Legal Services – staffing and agency costs

3.6. Action taken in respect of these plans have had a positive impact throughout 24/25 and it is anticipated that this will continue in 2025/26, mitigating pressures that otherwise would emerge. and reduce the overspends, where forecast.

3.7. The Dedicated Schools Budget, and particularly the Higher Needs Block, is not currently shown within the table above. Spend continues to be monitored as part of the Safety Valve agreement in order to facilitate the write off of accumulated deficits of over £14m. This has become more challenging throughout 2024/25 and an overspend of £1.713m is now being forecast, compared with the budgeted overspend of £0.481m. A summary of the position is shown in Appendix 2.

Service Budgets

3.8. The table below summarises the most material variances (over £100k).

| Service | Current Budget £m | Projected Outturn £m | Outturn Variance £m | Projected Q3 Outturn Variance £m |
|---|----------------------|-------------------------|------------------------|-------------------------------------|
| Community Services – Housing Benefit operations | (0.613) | (0.717) | 0.120 | 0.000 |
| Community Services – Housing Standards | 0.497 | 0.395 | 0.102 | 0.000 |
| Children's - Staffing/agency costs | 20.846 | 20.679 | (0.167) | (0.092) |
| Children's – Section 17 | 0.480 | 0.695 | 0.215 | 0.120 |
| Children's - Social care placements (excl. UASC) | 23.424 | 23.085 | (0.339) | (0.410) |
| Children's - UASC | 0.921 | 0.602 | (0.319) | (0.289) |
| Children's – Disabilities | 1.299 | 1.513 | 0.214 | 0.175 |
| Corporate – Legal Services | 1.693 | 2.164 | 0.471 | 0.515 |
| Corporate – Staffing | 1.133 | 1.243 | 0.110 | 0.138 |
| Corporate IT Services | 4.188 | 3.974 | (0.213) | 0.027 |
| Finance – Investments and borrowing | 18.572 | 16.972 | (1.600) | (1.400) |
| Finance – External Audit Fees | 0.319 | 0.599 | 0.290 | 0.000 |
| Finance – Business rates retention surplus | (0.900) | (1.188) | (0.288) | 0.000 |
| Place – Torre Abbey | 0.381 | 0.517 | 0.136 | 0.125 |
| Place – Waste disposal (incl. Garden waste) | 4.832 | 5.029 | 0.197 | 0.220 |
| Place - Highways – road closure income | (0.126) | (0.244) | (0.118) | (0.100) |
| Place – Development Control and Planning - income | 0.269 | 0.686 | 0.417 | 0.380 |
| Place – Building Control income | 0.127 | 0.240 | 0.113 | 0.135 |
| Place – Concessionary Fares | 3.746 | 3.434 | (0.312) | (0.275) |
| Place – rental and income shortfalls on Estate | 3.776 | 4.202 | 0.426 | 0.306 |
| Place – Operational Property/Estates teams | 1.816 | 2.176 | 0.360 | 0.000 |
| | | | | |

(Note: Other variances under £100k are not highlighted within this table hence totals will differ from overall variance mentioned above)

Adult Services (incl. Community and Customer Services)

3.9. Overall Adults and Community Services underspent by (**£278k**). The table below highlights the material variances.

| Service | Budget £m | Final Outturn £m | Variance £m | | Forecast at Q3 £m | Movement since Q3 £m |
|---|--------------|------------------------|----------------|--|-------------------------|----------------------------|
| Community Services – Housing Benefit Operations | (0.613) | (0.717) | (0.104) | | 0 | 0.104 |
| Community Services – Housing Standards | 0.497 | 0.395 | (0.102) | | 0 | 0.102 |
| Other variances | - | - | (0.072) | | - | - |
| Outturn position | | | (0.278) | | | |

3.10. Within Adult Social Care the majority of spend is against a fixed price financial arrangement (contract) for the delivery of services provided by the Integrated Care Organisation (ICO). As a result, no significant variance is being reported and there is just a small overspend relating to a historical payment to Health.

3.11. Within Community services there are two variances over £100k. Both of these underspends relate to optimising the use of external funding such as the Healthy Homes grant to fund expenditure expected to be funded from our general fund budget.

3.12. In previous years we have reported overspends within our Housing Options Service relating to increasing costs for homelessness prevention and the provision of Temporary Accommodation. Although there continues to be considerable demand within this service, increases in the 24/25 budget and actions taken to invest in purchasing our own properties have resulted in no significant overspends in this year.

Children's Services

3.13. Overall Children's Services underspent by **£492k**. The table below highlights the material variances.

| Service | Budget £m | Final Outturn £m | Variance £m | | Forecast at Q3 £m | Movement since Q3 £m |
|--|--------------|------------------------|----------------|--|-------------------------|----------------------------|
| Children's - Staffing/agency costs | 20.846 | 20.679 | (0.167) | | (0.092) | (0.075) |
| Children's – Section 17 | 0.480 | 0.695 | 0.215 | | 0.120 | 0.095 |
| Children's - Social care placements (excl. UASC) | 23.424 | 23.085 | (0.339) | | (0.410) | 0.071 |
| Children's - UASC | 0.921 | 0.602 | (0.319) | | (0.289) | (0.030) |
| Children's – Disabilities | 1.299 | 1.513 | 0.214 | | 0.175 | (0.039) |
| Other variances | - | - | (0.096) | | - | - |
| Outturn Position | | | (0.492) | | | |

3.14. There is an underspend across staffing and agency budgets of **(£167k)** as the Service has had success with recruitment and managed to reduce the dependency on agency placements wherever possible. This is positive news as there is increased salary expectations within the agency market and stiff competition from other Councils.

- 3.15. Expenditure relating to support for children in need under Section 17 of the Children Act 1989 ended up exceeding budget by **£215k**. This was down to increase in demand and covers areas such as housing support to ensure the Council meets its duty to safeguard children and promote their welfare.
- 3.16. The Service have managed to underspend against budget by **(£339k)** across our budgets for children social care placements. A significant shortage of suitable available placements has driven up costs within the market and £2.1m of growth funding was included as part of the 2024/25 budget setting process to recognise the high cost of Residential and Unregulated placements. There is also an underspend of **(£319k)** relating to Unaccompanied Asylum Seeking Children (UASC) as a result of funding being claimed from the Home Office be greater than expected.
- 3.17. A material overspend had previously been forecast on Home to School Transport budgets as a result of increasing fuel costs for transport providers, as well as children and young people needing more bespoke arrangements to get to and from school. However, mitigating actions within the Financial Sustainability Plan for this area have reduced the overspend to just £89k.
- 3.18. There is an overspend of **£214k** in relation to our budgets for Disabilities, due to an increase in demand for day services and placements.
- 3.19. Outside of Local Authority funded activities, the schools' higher needs block in the Dedicated Schools Grant (DSG) remains under financial pressure from continual referrals for assessment for higher needs support for children.
- 3.20. The Council is part of the Department for Education (DfE) Safety Valve programme, which supports councils in achieving future financial sustainability in this area. If the council continues to deliver on its recovery plan and achieve a balanced higher needs budget, all of the historic DSG deficit will be written off, through additional funding by DfE.
- 3.21. Torbay Council has already received £8.260m from the DfE in response to its recovery plan, without which the DSG cumulative deficit would have been £14.469 at the end of 24/25. The DSG overspend in 2024/25 was £1.713m, against the forecast deficit within the agreed safety valve plan of £481k. It is critical that the Council continues to deliver on its recovery plan and the Service continues to work with Schools and robustly monitors its position. Appendix 2 provides more detail on the year end position.

Corporate Services

3.22. Overall Corporate Services underspent by **£563k**. The table below highlights the material variances.

| Service | Budget £m | Final Outturn £m | Variance £m | | Forecast at Q3 £m | Movement since Q3 £m |
|----------------------------|--------------|------------------------|----------------|--|-------------------------|----------------------------|
| Corporate - Legal Services | 1.693 | 2.164 | 0.471 | | 0.515 | (0.044) |
| Corporate - Staffing | 1.133 | 1.243 | 0.110 | | 0.138 | (0.028) |
| Corporate - IT Services | 4.188 | 3.974 | (0.226) | | 0.027 | (0.253) |
| Other variances | - | -- | 0.164 | | - | - |
| Outturn Position | | | 0.563 | | | |

3.23. Legal Services position improved slightly on the quarter three forecast but still finished the year overspent by **£0.471m**. An additional £300k was added to the base budget for 2024/25 to reflect increasing demand for the service and difficulties in recruiting permanent staff. This is a national issue across the public sector, with difficulties competing with the salaries paid by other organisations (both within the private and public sector) resulting in the use of more expensive agency staff to continue delivering legal advice and support across the Council. A financial sustainability plan continues to be in place for this area and the application of increased additional market factors is starting to have an impact and improve the success in recruitment. However, high demand levels mean vacancies and absence need to be covered and spend levels have remained high.

3.24. There was an overspend of **£110k** on other Corporate Services staffing costs, mainly as a result of agency cover for long term sickness absence at Director level and additional project management support.

3.25. IT Services underspent across all its budgets by **(£226k)**. This was down to some unexpected savings on licences and within the networks service, along with some vacancies within staffing and operations.

3.26. The other variances mainly relate to increased costs on insurance premiums and an outstanding insurance reimbursement.

Financial Services

3.27. Overall Financial Services underspent by **£1.510m**. The table below highlights the material variances.

| Service | Budget £m | Final Outturn £m | Variance £m | | Forecast at Q3 £m | Movement since Q3 £m |
|--|--------------|------------------------|----------------|--|-------------------------|----------------------------|
| Finance – Investments and borrowing | 18.572 | 16.972 | (1.600) | | (1.400) | (0.200) |
| Finance – External Audit Fees | 0.319 | 0.599 | 0.280 | | 0 | 0.290 |
| Finance – Business rates retention surplus | (0.900) | (1.188) | (0.288) | | 0 | (0.280) |
| Other variances | - | - | 0.098 | | - | - |
| Outturn Position | | | (1.510) | | | |

3.28. The Finance budget area includes a wide variety of budgets including finance operations/teams, contingencies, treasury management and central grants such as Public Health and Social Care Grant. Changes have been made to simplify this in 2025/26 and move the grants to the relevant service areas.

3.29. There has been underspend of **£1.6m** across our Treasury Management budgets, a slightly improved position from Q3. This is mainly as a result of increased interest rates being secured meaning the Council has earned higher levels of interest on its cash investments than budgeted. We also have a saving on interest payable by the Council on the amounts borrowed as a result of managing borrowing requirements.

3.30. Our External Audit fees for the year exceeded budget by **£290k** due to the additional work undertaken in 24/25, following the national issue re the audit of Local Authority accounts.

3.31. Torbay Council also received (**£280k**) more income from the Devon-wide business rates retention pool than was budgeted, resulting from total business rate income across the pool membership exceeding expectations.

3.32. As part of setting the 2024/25 budget some central contingencies were held, as in previous years. These are mainly linked to pay/inflation and other risk areas, to be released to fund identified cost pressures within services. These budget virements have a net nil impact across the Council.

Investment Portfolio

3.33. The Council's Investment Portfolio has provided a net revenue contribution, after the use of the investment property reserve to cover lost rent, holding costs of vacant premises and landlord' works.

3.34. This means the Council's investment portfolio has contributed £4.1m towards Council activity, in line with budget, whilst also maintaining its Investment Fund Reserve to offset future pressures as and when they arise.

Pride of Place

3.35. Overall Financial Services underspent by **£1.376m**. The table below highlights the material variances.

| Service | Budget £m | Final Outturn £m | Variance £m | | Forecast at Q3 £m | Movement since Q3 £m |
|---|--------------|------------------------|----------------|--|-------------------------|----------------------------|
| Place – Torre Abbey | 0.381 | 0.517 | 0.136 | | 0.125 | 0.011 |
| Place – Waste collection and disposal | 4.832 | 5.029 | 0.197 | | 0.220 | (0.023) |
| Place - Highways – road closure income | (0.126) | (0.244) | (0.118) | | (0.100) | (0.018) |
| Place – Development Control and Planning - income | 0.269 | 0.686 | 0.417 | | 0.380 | 0.037 |
| Place – Building Control income | 0.127 | 0.240 | 0.113 | | 0.135 | (0.022) |
| Place – Concessionary Fares | 3.746 | 3.434 | (0.312) | | (0.275) | (0.037) |
| Place – rental and income shortfalls on Estate | 3.776 | 4.202 | 0.426 | | 0.306 | 0.120 |
| Place – Operational Property/Estates teams | 1.816 | 2.176 | 0.360 | | 0.000 | 0.360 |
| Other variances | - | - | 0.157 | | - | - |
| Outturn Position | | | 1.376 | | | |

3.36. The budgets for Torre Abbey overspent by **£136k**, a slight increase in the figure reported at Q3. This is due to increased expenditure pressures and income levels being below budget for a number of areas including the café and weddings. A Financial Sustainability Plan is being developed to cover this area and consider actions that can be taken to reduce the risk of overspends in future years.

3.37. Budgets across Waste disposal service overspent by **£197k**, a slight improvement on the quarter 3 forecast. The budget was reduced in 24/25 in line with 23/24 levels, but recent disposal volumes and associated costs have been significantly higher than last year. This also includes an overspend relating to garden waste, where uptake and income levels relating to the home collection service are still lower than the revised budget.

3.38. There was an underspend of **(£118k)** on the Highways budget, mainly as a result of income from road closures exceeding budget.

3.39. There was an overspend of **£380k** is forecast in relation to shortfalls of income in Development Control - planning applications (£350k) and planning land charges (£67k), where the fees are forecast to be below budgeted levels. In addition, an overspend of

£113k is forecast within the Building Control service, also as a result of reduced levels of fee income. The position for Building Control improved slightly in the last quarter, but all overspends reflect the challenging economic position of the country and the region. These budgets have been rebased in 2025/26, with an additional £350k of funding to adjust income budgets and the risk of future overspends.

- 3.40. The underspend against the Concessionary fares budget increased from the quarter 3 prediction to **£312k** is forecast. The base budget was increased by £200k in 2024/25, but costs linked to the number of users have been lower than estimated.
- 3.41. There is an overspend of **£426k** in relation to management of our Council estate. We have voids in a number of commercial properties, particularly Fleet Walk, which is resulting in lost income and additional costs are being incurred that would have been met by tenants. An additional £300k of funding for commercial property budgets was included within the 2025/26 budget to reduce these risks the following year. We are forecasting underspends across various utility and NNDR budgets, however other budgets are projected to overspend including Paignton Library Hub (non-staffing budget), and a shortfall in income from Town Hall bookings
- 3.42. There is no material net variance across Parking Services, with any shortfall in parking income offset by enforcement income in excess of budget.
- 3.43. There is an overspend of **£360k** in respect of the operational services previously commissioned by the Council from Torbay Development Agency (TDA). This has arisen due to an increased focus on internal work rather than to external clients and changes in charging arrangements to capital projects. An additional £300k was approved for 2025/26 to ensure these budgets more accurately reflect current demand levels.
- 3.44. Assets transferred from TDA to Torbay Council throughout the year, some not transferring until the early part of 2025/26. These delays have meant that net rental income expected in the Council has remained in TDA and will transfer at a later date. These costs have been met from a relevant earmarked reserve and will be replenished once the funds are recovered from TDA.

Public Health

- 3.45. Overall Public Health is reporting a balanced position within its ring-fenced grant. A significant amount of spend relates to the provision of 0-19 services, which is expected to see increased spending pressures in future years linked to inflation. There is a small underspend of **£10k** in relation to non-ringfenced activities.

4. One-off allocations and ring fenced reserves

- 4.1. Reserves have been used appropriately by the Chief Finance Officer, who also transferred a number of unspent “one off” budget allocations to reserves to be spent in future years. In addition, funds unspent from other earmarked or ring-fenced funding

streams were also carried forward such as funds held for Adult Social Care and Public Health.

4.2. The net 2024/25 underspend across the council enables the £0.351m outturn surplus to be transferred to reserves. It is proposed that

- ???

- ??

4.3. The Section 151 Officer provided a report on Reserves to Council, in February 2025, as part of the 2025/26 budget setting papers. These Reserves will continue to be reviewed through the year and ultimately feed into the budget setting process for 2026/27.

5. Collection Fund

5.1. Collection rates levels in 2024/25 do not have any impact on the 2024/25 financial year and the collection fund equalisation reserve is maintained to manage any impact of shortfalls in collection. No draw down was required in 2024/25 and a surplus was transferred into this reserve, pending a further review around risk and appropriate reserve levels.

5.2. In-year income collection rates for 24/25 were in line with budgeted levels, with Council Tax collection at 94% and business rates at 95%. We continue to explore opportunities to increase our overall collection rates, whilst supporting residents and businesses.

6. Wholly Owned Companies

6.1 SWISCo. continued to experience financial pressures in terms of operational delivery throughout 2024/25 - mainly due to higher material and fuel costs. Costs were also high in respect of repairs and maintenance on ageing vehicles and associated hire costs. The annual pay award again had a disproportionate percentage impact on SWISCo given the higher proportion of staff on below average salary rates. The Council has an agreement with SWISCo to fund any additional costs arising from pay awards and as a result provided additional funding specifically to meet the shortfall. Despite the additional pressures the company met its target to break even during the year.

6.2 TEDC staff returned into Council management in April 2024 and assets and contracts transferred at different times through the year. The company continues to operate and we are continuing to work through the company accounts for 2024/25.

6.3 Torbay Education Limited, which is run with an objective to breakeven, returned a small surplus of £6k for the year which is retained in the company's books.

6.4 More detailed financial reporting about the Council's wholly owned Companies will form part of the final statement of accounts, when presented to Audit Committee.

7. Statement of Accounts

- 7.1. As at the end of the 2024/25 financial year the Council had cleared the backlog of accounts which did not have an audit opinion.
- 7.2. The 2021/22 accounts were signed off at audit committee in July 2024. The Council utilised the 'backstop' option in respect of the 2022/23 accounts which were signed off at audit committee in November 2024, it should be noted that these accounts did not receive an audit and the external auditors issued a disclaimed opinion. The 2023/24 Statement of Accounts were signed off by the committee on 25 February 2025, which was in line with the revised date to published audited accounts (28 February 2025).
- 7.3. The audit of the 2024/25 Statement of accounts is scheduled to be undertaken between September and December 2025, with the aim of the accounts being signed off by audit committee in January 2026. The deadline for publication of audited accounts for 2024/25 is 27 February 2026.

8. Capital

- 8.1. In 2024/25 the Council spent £29.879m on capital projects, which is part of a wider 4-year capital programme approved as part of the 2025/26 budget setting process.
- 8.2. The spend for each project compared to budgets is shown in Appendix 1 to this report. The level of cost inflation on construction contracts remains high and along with supply chain issues have impacted on the "pace" of spend and capital expenditure for the year being less than forecast. The balance on unspent capital budgets will be transferred into future years.
- 8.3. The capital plan is amended quarterly in order to add the funding for projects which have been recommended at the Capital and Growth Board and subsequently approved by Council. The budget increased to £39.115m in quarter 1, reduced to £33.365m in quarter 2 and reduced to £32.613m in quarter 3 due to re-profiling of spend into future years.
- 8.4. The total budget for the period of the plan (2024-25 to 2027-28) changed from £34.565m to £88.136m (Q3 figure). Additional significant project budgets added to the capital plan during the year were:
- Oldway Mansion - £7.304m
 - Transport Capital Investment - £3.962m
 - Hotels to Homes - £3.000m
 - Schools Capital Programme (Various) – £2.905m
 - Victoria Centre - £2.958m
 - Union Square Acquisition & Development - £2.880m

- Station Square - £2.856m
- Torquay Strand Public Realm - £2.342m
- Paignton Picture House - £1.500m
- Crossways, Paignton - £1.300m
- Disabled Facilities Grants - £1.000m

8.5. The range of capital projects demonstrates the breadth and scale of the capital programme projects affecting services including highways, schools, housing and regeneration.

8.6. The Council were successful in its application for the third round of Levelling Up Funds (LUF3) to support the Brixham Port infrastructure and Paignton Technology Park projects. Subsequently, Torbay was awarded £20m, which has been allocated between these projects for delivery by March 2026. The total cost is estimated at £25.415m, with the Council required to match fund a total of £5.4m through supported borrowing, subject to an approved business case

8.7. Appendix 1 also shows that the funding of the capital spend on 2024/25 was broadly in line with forecasts - primarily funded from capital grants and unsupported borrowing. These were supplemented by capital receipts, revenue and external contributions such as s106 payments and the use of reserves. The Council, due to its cash flow did not borrow any additional funds during the year and remained within both its operational and authorised (borrowing) limits. Further detail will be included within a separate Treasury Management outturn report to Audit Committee.

9. Risks & Sensitivity

9.1. There are a number of financial risks facing the Council as shown below:

| Risk | Impact | Mitigation |
|---|--------|--|
| Financial sustainability and write-off of the DSG Deficit, given increasing spending challenges. | High | The Service continues to work closely with its schools and robustly manages and reports on its recovery plan approved with the Department for Education's Safety Valve programme. |
| Adult Social Care funding is not sufficient to meet forecast costs | High | A new five-year contract has been agreed from April 2025 and the Director of Adult Social Care continues to work closely with Health Trust colleagues and our third-party transformation partners on a range of intervention activity and savings plans, in collaboration with |
| Price increases from high inflation rates continue to have an impact on both revenue and capital costs. | Medium | The 24/25 base budget included a higher than usual allowance for inflationary pressures and appropriate contingencies/reserves are held for revenue and capital. |

| | | |
|---|--------|--|
| The “cost of living” economic impact on the Council’s residents from higher fuel and utility costs is likely to impact on both demand for council services and may result in reduced income from Council Tax. | Medium | The Council will continue to mitigate where possible the impact on council services and support/signpost residents to support. The Council will continue to administer payments under both the Household Support Fund and Council Tax Rebates, whilst also monitoring collection rates. |
| Unable to recruit staff and need to use agency staff. | High | Work continues to identify solutions to these challenges which seem to be on a national scale. Legal services staff continues to be a challenging area and the Financial Sustainability Plan will continue to be updated and reviewed. |
| Delivery of financial sustainability plans | Medium | Plans will be monitored at Directors’ meetings to assess progress and potential risks/issues and opportunities. |
| Investment Property Income changes | High | The Investment Board will continue to review future leases and manage any potential break clause implications – maintaining appropriate balances within the Investment Reserve |
| Voids in commercial properties and sites held pending development incur costs in excess of budget. | High | The 25/26 budget allocated £300k to help establish a reserve that can be used to offset unplanned costs. |
| Demands on the Council Repairs and Maintenance (R&M) budgets exceed funding available. | High | The R&M budget was increased by £200k in 24/25 and a further £400k in 25/26. |
| Temporary Accommodation – increasing demand and cost pressures within the local housing market. | Medium | Budgets have been increased over recent years and robust monitoring will continue, including assessing the impact from directly procuring and properties to increase the stability of accommodation options available to the Housing Options team |

10. Appendices

Appendix 1 – Capital Plan summary Outturn for 2024/25

Appendix 2 –Year end position 2024/25 – Dedicated Schools Grant (DSG)

Appendix 1 - 2024/25 Outturn Capital Plan

Summary

| Project Name | 2024/25 Budget & Spend | | | | |
|--|------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| Schools Capital Programme | 5,089 | 70 | 5,159 | 2,063 | 3,096 |
| Projects under Feasibility and Development | 7,561 | 5,426 | 12,987 | 9,069 | 3,918 |
| Economic Development / Regeneration | 4,652 | 220 | 4,872 | 4,895 | (23) |
| Housing Development / Investment | 3,802 | 1,300 | 5,102 | 4,024 | 1,078 |
| Environment / Climate Capital Investment | 2,805 | 20 | 2,825 | 1,861 | 964 |
| Transport Capital Investment | 3,942 | 2,136 | 6,078 | 4,561 | 1,517 |
| Coastal Defence / Flood alleviation | 1,410 | 0 | 1,410 | 704 | 706 |
| Sports, Leisure and Culture | 1,919 | 0 | 1,919 | 1,658 | 262 |
| | | | | | |
| Schools Closed Projects | 479 | 0 | 479 | 38 | 441 |
| Other Closed Projects | 954 | 6 | 960 | 669 | 291 |
| Other | 0 | 337 | 337 | 337 | (0) |
| Total | 32,613 | 9,515 | 42,128 | 29,879 | 12,249 |

Capital Plan Detail

Schools Capital Programme

| Project Name | 2024/25 Budget & Spend | | | | |
|--------------------------------------|------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| Capital Repairs and Maintenance | 662 | 0 | 662 | 196 | 466 |
| Education Review Projects | 720 | 0 | 720 | 60 | 660 |
| High Needs Capital Provision | 1,311 | 0 | 1,311 | 140 | 1,171 |
| Devolved Formula Capital | 280 | 0 | 280 | 244 | 36 |
| Paignton Academy STEPS Relocation | 1,170 | 0 | 1,170 | 889 | 281 |
| Foster Homes Adaptations | 0 | 0 | 0 | 0 | 0 |
| Acorn Centre (Youth Investment Fund) | 523 | 0 | 523 | 481 | 42 |
| Childcare Expansion | 199 | 0 | 199 | 18 | 181 |
| YMCA | 180 | 0 | 180 | 28 | 152 |
| Sherwell School Salix | 44 | 0 | 44 | 0 | 44 |
| Mayfield College Relocation | 0 | 70 | 70 | 7 | 63 |
| Total | 5,089 | 70 | 5,159 | 2,063 | 3,096 |

Schools Closed Projects

| Project Name | 2024/25 Budget & Spend | | | | |
|-----------------------------|------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| PCSA Expansion | 5 | 0 | 5 | 7 | (2) |
| St Cuthbert Mayne Expansion | 428 | 0 | 428 | 2 | 426 |
| St Cuthbert Mayne Phase 2 | 46 | 0 | 46 | 29 | 17 |
| Total | 479 | 0 | 479 | 38 | 441 |

Projects under Feasibility and Development

| Project Name | 2024/25 Budget vs Spend | | | | |
|--|-------------------------|---------------------|----------------|---------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Outturn | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| Crossways, Paignton - Regeneration | 885 | 0 | 885 | 767 | 118 |
| Extra Care Housing (Torre Marine) | 45 | 965 | 1,010 | 1,010 | 0 |
| Edginswell Railway Station | 210 | 0 | 210 | 161 | 49 |
| Union Square Acquisition & Development (Town Deal) | 1,000 | 1,330 | 2,330 | 2,330 | (0) |
| Debenhams Redevelopment | 653 | 753 | 1,406 | 891 | 515 |
| Torquay Town Deal - Pavilion | 65 | 0 | 65 | 141 | (76) |
| Torquay Town Deal - Core Area Public Realm | 45 | 0 | 45 | 0 | 45 |
| Torbay Road Paignton (High Streets Funding) | 50 | 0 | 50 | 48 | 2 |
| Station Square (High Streets Funding) | 300 | 0 | 300 | 229 | 71 |
| Victoria Centre (Paignton) (FHSF) | 1,600 | 317 | 1,917 | 1,917 | 0 |
| Oldway Mansion - phase 1 of Master-Plan | 2,198 | 0 | 2,198 | 460 | 1,738 |
| Brixham Square Public Realm (part of LUP £20m) | 75 | 750 | 825 | 3 | 822 |
| Brixham Central Car Park (part of LUP £20m) | 114 | 250 | 364 | 119 | 245 |
| Paignton Tech Park (Part of LUF £20m) | 85 | 0 | 85 | 84 | 1 |
| Brixham Port Infrastructure (Part of LUF £20m) | 171 | 370 | 541 | 158 | 383 |
| Peoples Parkfield - Community Infrastructure (part of £20m LUP funding) | 0 | 200 | 200 | 200 | 0 |
| Melville Square Public Realm - Community Infrastructure (part of LUP £20m) | 0 | 91 | 91 | 91 | 0 |
| CULTURAL INFRASTRUCTURE (LUP part of £20m) | 0 | 400 | 400 | 400 | 0 |
| Foxhole Play & Ecology Hub | 35 | 0 | 35 | 60 | (25) |
| Edginswell Business Park - Unit 3 | 30 | 0 | 30 | 0 | 30 |
| Total | 7,561 | 5,426 | 12,987 | 9,069 | 3,918 |

Economic Development / Regeneration

| Project Name | 2024/25 Budget vs Spend | | | | |
|---|-------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| Torquay Strand Public Realm (Town Deal Funding) | 3,461 | 0 | 3,461 | 3,486 | (25) |
| Paignton Picture House (High Streets Funding) | 925 | 220 | 1,145 | 1,145 | 0 |
| Paignton Picture House (Community Dev Fund) | 0 | 0 | 0 | 0 | 0 |
| Small Projects - UK Shared Prosperity Fund | 266 | 0 | 266 | 264 | 2 |
| Total | 4,652 | 220 | 4,872 | 4,895 | (23) |

Housing Development / Investment

| Project Name | 2024/25 Budget vs Spend | | | | |
|--|-------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| Disabled Facilities Grants | 1,054 | 0 | 1,054 | 1,141 | (87) |
| Enhancement of Development sites | 545 | 0 | 545 | 130 | 415 |
| St Kilda's, Brixham - Affordable Housing | 1,703 | 0 | 1,703 | 1,485 | 218 |
| Hotels to Homes - Scheme 1 | 500 | 0 | 500 | 288 | 212 |
| Hotels to Homes - Scheme 2 | 0 | 1,300 | 1,300 | 980 | 320 |
| Total | 3,802 | 1,300 | 5,102 | 4,024 | 1,078 |

Environment / Climate Capital Investment

| Project Name | 2024/25 Budget vs Spend | | | | |
|--|-------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| SWISCO Loan - Vehicle & Equipment Replacement | 265 | 0 | 265 | 897 | (632) |
| Tor Park Road Site Improvements | 1,120 | 0 | 1,120 | 135 | 985 |
| Grant Payment to SWISCO, Food Waste Collection Grant | | 20 | 20 | 120 | (100) |
| Car Park Investment | 301 | 0 | 301 | 150 | 151 |
| Climate Change Initiatives | 387 | 0 | 387 | (74) | 461 |
| Green Waste Bins | 0 | 0 | 0 | 17 | (17) |
| Local Electric Vehicle Infrastructure | 0 | 0 | 0 | 0 | 0 |
| Changing Places Toilets | 61 | 0 | 61 | 60 | 1 |
| Solar Farm, Brokenbury (EGF) | 103 | 0 | 103 | 52 | 51 |
| Solar Farm, Nightingale Park (EGF) | 226 | 0 | 226 | 32 | 194 |
| Paignton Library Heat Decarbonisation | 142 | 0 | 142 | 338 | (196) |
| Tor Hill House Lighting Upgrade | 200 | 0 | 200 | 134 | 66 |
| Total | 2,805 | 20 | 2,825 | 1,861 | 964 |

Transport Capital Investment

| Project Name | 2024/25 Budget vs Spend | | | | |
|---|-------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| Transport Highways Structural Maintenance | 2,272 | 0 | 2,272 | 2,077 | 195 |
| Transport Integrated Transport Schemes | 1,375 | 0 | 1,375 | 348 | 1,027 |
| Transport - Torquay Gateway Road Improvements | 30 | 0 | 30 | (25) | 55 |
| Transport - Western Corridor | 150 | 0 | 150 | 0 | 150 |
| Shiphay Lane (Active Travel Fund) | 100 | 0 | 100 | 25 | 75 |
| Zero Emission Buses Grant | | 2,136 | 2,136 | 2,136 | 0 |
| Babbacombe Beach Road | 15 | 0 | 15 | 0 | 15 |
| Total | 3,942 | 2,136 | 6,078 | 4,561 | 1,517 |

Coastal Defence / Flood alleviation

| Project Name | 2024/25 Budget vs Spend | | | | |
|------------------------------------|-------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| Flood Alleviation - Cockington | 4 | 0 | 4 | 13 | (9) |
| Flood Alleviation - Monksbridge | 56 | 0 | 56 | 17 | 39 |
| Paignton Coastal Defence Scheme | 1,000 | 0 | 1,000 | 494 | 506 |
| Flood Alleviation - Torquay | 100 | 0 | 100 | 8 | 92 |
| Paignton Flood Alleviation | 42 | 0 | 42 | 22 | 20 |
| Brixham Flood Alleviation | 26 | 0 | 26 | 26 | 0 |
| Collaton St Mary Flood Alleviation | 182 | 0 | 182 | 124 | 58 |
| Total | 1,410 | 0 | 1,410 | 704 | 706 |

Sports, Leisure and Culture

| Project Name | 2024/25 Budget vs Spend | | | | |
|--|-------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| Haldon & Princess Pier | 23 | 0 | 23 | 1 | 22 |
| Princess Pier - Structural repair | 0 | 0 | 0 | 0 | 0 |
| Torre Valley North Sports Facilities | 373 | 0 | 373 | 367 | 6 |
| Armada Park Refurbishment | 130 | 0 | 130 | 138 | (8) |
| Torre Abbey Gatehouse/SW Wing | 664 | 0 | 664 | 531 | 133 |
| Torre Abbey SE Wing/Courtyard/Tower | 424 | 0 | 424 | 424 | 0 |
| Torre Abbey Renovation - Phase 3 | 136 | 0 | 136 | 28 | 108 |
| Grants to Plainmoor and Admiral Swimming Pools | 170 | 0 | 170 | 169 | 1 |
| Total | 1,919 | 0 | 1,919 | 1,658 | 262 |

Closed Projects

| Project Name | 2024/25 Budget vs Spend | | | | |
|---|-------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| The Pines (TCCT) | 75 | 0 | 75 | 0 | 75 |
| Maidencombe Beach CP (TCCT) | 45 | 0 | 45 | 0 | 45 |
| Claylands Redevelopment | 20 | 0 | 20 | 0 | 20 |
| Edginswell Business Park Unit 1 | 188 | 0 | 188 | 123 | 65 |
| Edginswell Enabling Works (LEP GBF) | 109 | 0 | 109 | 107 | 2 |
| Harbour View Hotel Development | 186 | 0 | 186 | 128 | 58 |
| Temporary Accommodation | 39 | 0 | 39 | 37 | 2 |
| Lymington Rd Business Centre (LEP GBF/EGF) | 260 | 0 | 260 | 260 | 0 |
| Torquay Town Dock - Infrastructure Improvements | 0 | 6 | 6 | 6 | 0 |
| RICCO Improvements - Backlog Repairs | 32 | 0 | 32 | 8 | 24 |
| Total | 954 | 6 | 960 | 669 | 291 |

Other

| Project Name | 2024/25 Budget vs Spend | | | | |
|----------------------------------|-------------------------|---------------------|----------------|--------------|--------------------|
| | Q3 Approved Budget | Q4 Budget Revisions | Revised Budget | Actual Spend | Variance to Budget |
| | £000's | £000's | £000's | £000's | £000's |
| Corporate IT Developments | 0 | 32 | 32 | 32 | 0 |
| Capital Expenditure from Revenue | 0 | 160 | 160 | 160 | 0 |
| Schools Capital from Revenue | 0 | 143 | 143 | 143 | 0 |
| Youth Justice Serv-Unit 1 THH | 0 | 2 | 2 | 2 | 0 |
| Total | 0 | 337 | 337 | 337 | 0 |

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Dedicated Schools Grant (DSG) - Outturn Position 2024/25

The following table details the main areas of both over and under spends.

| Budget Heading | Budget | Final Spend | Over / (Under) Spend |
|---|----------|-------------|----------------------|
| Early Years – under 2's and 2, 3 & 4 yr old payments – PVI's, Schools & Academies | £10.831m | £10.690m | (£141k) |
| Estimated clawback from DfE for changes in Early Years pupil numbers between Jan 24 and Jan 25 pupil counts | | | £192k |
| Early Years – Pupil Premium | £129k | £103k | (£26k) |
| Early Years – Disability Access Fund | £123k | £50k | (£73k) |
| Early Years – Retained element | £427k | £323k | (£104k) |
| ALFI - Reversal of High Needs Contribution | 0 | (£100k) | (£100k) |
| Joint Funded Placements | £200k | £187k | (£13k) |
| Recovery of funding from schools for Excluded Pupils, MTS and Elective Home Education | (£150k) | (£135k) | £15k |
| Contribution from Health towards EHCP's | (£100k) | (£238k) | (£138k) |
| South Devon College Placements | £1.000m | £1.316m | £316k |
| Independent Special School Placements | £2.392m | £2.779m | £387k |
| Education other than at School (EOTAS) packages for EHCP pupils and SEND personal budgets | £1.699m | £2.863m | £1.164m |
| Payments to / recoupment from other authorities for mainstream and Special School places | (£362k) | (£404k) | (£42k) |
| Medical Tuition Service | £970k | £869k | (£101k) |
| Virtual School / Hospital Tuition / Vulnerable Students Team | £560k | £489k | (£71k) |
| School contingencies (Planned pupil growth, NQT induction etc) | £137k | £149k | £12k |
| EHCP in-year adjustments (see separate paper for details) | £500k | £595k | £95k |
| Special Schools / High Needs in-year adjustments (see separate paper for details) | £350k | £295k | (£55k) |
| School Intervention / Commissioning | £13k | (£7k) | (£20k) |
| Business Support / Business Intelligence | £262k | £251k | (£11k) |
| Senior Management, Central Recharges, Admissions, EAL / Travellers, SACRE, SEND reform staffing | £659k | £613k | (£46k) |
| Visually impaired / Hearing impaired / Advisory Teachers | £181k | £173k | (£8k) |
| Deficit DSG budget set for 24/25 | (£481k) | £0k | £481k |
| Total – Final Position 24/25 | | | £1.713m |

Cumulative overspend before Safety Valve payments C/Fwd from 23/24 £12.756m

Cumulative overspend before SV payments at end of 24/25 £14.469m

Total Safety Valve payments at end of 24/25 (£8.260m)

Net overspend at end of 24/25 after Safety Valve payments £6.209m

Remaining SV payments due from DfE in 25/26 & 26/27 (£4.650m)

End of initial SV period (excluding additional 25/26 & 26/27 overspends) £1.559m

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