

**Meeting:** Overview and Scrutiny/Cabinet/Council

**Date:** 3/9 June & 23 July 2026.

**Wards affected:** All Wards

**Report Title:** Budget Monitoring – Revenue and Capital Outturn 2025/26 Quarter 4

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

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## **1. Purpose and Introduction**

- 1.1. This report provides a summary of the Council's revenue and capital position for the financial year 2025/26. The year end outturn figures are based on spend and financial information at the end of the financial year, with variances against the approved budget.
- 1.2. The Council has delivered a year end underspend of £0.174m against its revenue budget, an improvement of £0.873m on the position projected at quarter 3 (Q3). The report highlights the areas where material variances have occurred, the reasons for them and treatment of the underspend.
- 1.3. An updated Capital Investment Plan is shown as Appendix 1 and highlights spend against a total revised capital budget of £131.083m for the period up to 2028/29 and a revised budget of £46.072m for 2025/26. This spend is funded from capital receipts, grants and contributions, reserves, revenue budget contributions, and long-term borrowing.

## **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 £0.174m year-end underspend.
- 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 considers the recommendations of the Overview and Scrutiny Board and recommends to Council:

- a. that Council notes the revenue outturn position.
- b. That Council approved the transfer of the £0.174m year-end surplus into a specific reserve to be allocated across priority initiatives, to be determined by Cabinet, with consideration given to areas identified through the 2026/27 budget setting consultation responses and December 2025 resident's survey results.
- c. That Council approves the revisions to the Capital Investment Plan, as set out in Appendix 1 to the submitted report.

### 3. 2025/26 Budget Summary – as at 31 March 2026

3.1. Across the Council there was a total underspend at the end of the 2025/26 financial year of (£0.174m).

3.2. The table below provides a summary across Council Service Directorates.

Service	Final Budget £m	Final Outturn £m	Year end Variance £m	Forecast at Q3 £m
Adults and Community Services	48.994	48.730	-0.264	-0.137
Children's Services	45.545	48.081	2.536	2.210
Corporate Services	15.417	15.831	0.414	0.402
Financial Services	13.045	10.128	-2.917	-1.857
Investment Portfolio	-4.134	-4.134	0.000	0.000
Pride in Place Services	28.620	28.687	0.067	0.081
Public Health Services	0.016	0.006	-0.010	0.000
<b>Revenue sub-total</b>	<b>147.503</b>	<b>147.329</b>	<b>-0.174</b>	<b>0.699</b>
Sources of Finance	147.503	147.503	0.000	0.000
<b>Revenue Over/ (Under) spend</b>	<b>0.000</b>	<b>-0.174</b>		

3.3. The significant overspend within Children's Services is due to increased spend on Childrens Social Care placements, which is detailed later in the report. This has been offset by underspends elsewhere within Childrens Services and the Council, particularly within Treasury Management budgets. Some areas of overspend have been addressed through the 2026/27 budget setting process, however, whilst over £2m additional funding was allocated to Children Social Care, this will not be sufficient if current spend levels continue – hence further action will be required, as detailed within the Financial Sustainability Plans.

3.4. The overall outturn position for the Council in 2025/26 has improved compared with the £699k overspend forecast 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 2026/27.

3.5. Financial Sustainability Plans relating to key financial risks and opportunity areas continue to be developed and maintained by each Director, overseen collectively by the Chief Executive and Directors. These include:

- Adult Social Care – Transformation programme
- Adult Social Care – Market management
- Children’s Social Care placements
- Home to School Transport
- Children’s Locality Model and oversight of Safety Valve
- Prevention and relief of homelessness
- Legal Services – staffing and agency costs
- Revenue and Benefits (Council Tax and NNDR collection rates)
- Management of Heritage Assets (Cockington, Oldway, Torre Abbey and Pavilion)
- Optimisation of Council Assets
- Planning, Building Control and Land Charges income targets
- Council Use of Artificial intelligence and Overarching Plan (being developed)

3.6. Action taken in respect of these plans have had a positive impact in mitigating cost pressures although, as in Childrens Placements, a small number of complex and costly placements may result in costs far exceeding budgets and projections. In other areas such as Legal Services, we have seen the forecast overspend reduce through the year.

3.7. The Dedicated Schools Budget, and particularly the Higher Needs Block, is not currently shown within the table above. Spend has continued to be monitored as part of our Safety Valve agreement in order to facilitate the write-off of accumulated deficits, totalling £18.031m at the end of 2025/26. Achieving the targets outlined and agreed within the Safety Valve Plan has proved increasingly challenging with a final year end overspend on the DSG budgets of £3.563m for 2025/26. A summary of the position is detailed in para 3.22.

## Service Budgets

3.8. The table below summarises the most material variances (over circa £0.100m), which are explained further within the service sections of the report.

Service	Current Budget £m	Final Outturn £m	Outturn Variance £m	Projected variance at Q3 £m
Adults and Community - Environmental Protection	0.898	0.715	-0.183	0.308
Childrens - Home to School transport	4.107	4.215	0.108	0.079
Children's - Social care placements (excl. UASC)	23.559	27.392	3.833	2.828
Children's – Staff costs (including agency)	22.228	21.630	-0.598	-0.605
Children's - Family Group Decision making and Therapeutic Team	0.583	0.183	-0.400	0.000
Children's - Preventative Services	0.150	0.022	-0.128	0.000
Children's – Adopt South West Service	0.688	0.798	-0.110	-0.090
Corporate – Legal Services	2.085	2.387	0.302	0.428
Corporate – IT Services	2.641	2.484	-0.157	-0.079
Corporate – Coroners Service	0.428	0.581	0.153	0.000
Finance – Investments and borrowing	18.572	16.448	-2.124	-1.100
Finance – Unused central pay contingency	0.757	0.000	-0.757	-0.757
Place – TCCT	0.315	0.555	0.240	0.000
Place - Highways – road closure income	(0.130)	(0.304)	-0.174	-0.100
Place – Concessionary Fares	3.656	3.474	-0.182	-0.140
Place – Resort Services	(0.139)	(0.011)	0.128	0.074
Place – Car Parking	(5.985)	(6.433)	-0.448	-0.450
Place - SWISCO	18.028	18.524	0.496	0.300

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

### **Adult and Community Services**

3.9. Overall Adult Services are forecasting an underspend of **(£0.137m)**, which relates to Community Services rather than to Adult Social Care.

3.10. There was an overall underspend at year end of **(£0.183m)** across environmental protection services. This was mainly due to vacancies, but increased over the amount forecast at Q3 as a result of the optimisation of grant funding to offset spend.

3.11. In previous years we have experienced overspends and pressures within our Housing Options Service relating to increasing costs for homelessness prevention and the provision of Temporary Accommodation. A combination of increases in the 2024/25 and 2025/26 budget, alongside management actions such as the purchase of our own properties has resulted in no significant overspends being projected in this financial year. A Financial Sustainability Plan remains in place, which will continue to be monitored closely.

## Children's Services

3.12. Overall Children's Services had a total overspend at year end of **£2.536m**, an increase on the £2.2m overspend forecast at Q3. The table below highlights the material variances.

Service	Budget £m	Outturn £m	Variance £m	Q3 Forecast £m
Childrens - Home to School transport	4.107	4.215	0.108	0.079
Children's - Social care placements (excl. UASC)	23.559	27.392	3.833	2.828
Children's – Staff costs (including agency)	22.228	21.630	-0.598	-0.605
Family Group Decision making and Therapeutic Team	0.583	0.183	-0.400	0.000
Preventative Services	0.150	0.022	-0.128	0.000
Children's – Adopt South West Service	0.688	0.798	-0.110	-0.090
Other variances	-	-	(0.169)	0.002
Outturn Position	-	-	2.536	2.210

3.13. The overspend is mainly due to pressures within budgets for Childrens social care placements, where there is a total overspend of **£3.833m**. This is attributable to high cost placements for children with complex needs, children not moving on to other low cost arrangements as planned and increases in weekly placement costs, which can lead to large variances against budgets and projections. These reasons plus challenges in projecting costs relating to unregulated placements, has resulted in the above variances.

3.14. There is a national sufficiency issue in respect of placements, affecting both fostering and residential children's homes. This challenge is further compounded by the requirement for post-16 placements to be Ofsted registered. These factors are causing significant disruptions in the market, with private providers substantially increasing their costs.

3.15. In practical terms, this means that for each available placement, there are a large number of local authority referrals. Despite receiving expressions of interest and attending matching meetings, providers often select children who are easier to place, leaving our more complex children, who may have dis-regulation issues or Deprivation of Liberty Safeguards (DoLS), struggling to find suitable placements. As a result, we are increasingly relying on unregulated provision, which is not only on the rise nationally but also comes at a significantly higher cost.

3.16. A financial sustainability plan remains in place as we strive to navigate these challenging circumstances and mitigate the risk to 2026/27 budgets and onwards.

- 3.17. There was an underspend of **(£0.598m)** in relation to staffing budgets (including agency), which has helped to offset the financial challenges highlighted above. This is due to the new staffing structure being implemented from 1st September 2025, where vacant posts were filled. Also, the use of agency staff continues to be reduced wherever possible.
- 3.18. The unplanned use of grant funding to meet costs within Family Group Decision Making and Therapeutic Team **(£0.400m)** and Preventative Services budgets (£0.128m) have also helped reduce the overspend and the total movement from Q3 projections.
- 3.19. The Home to School Transport budgets overspent by **£0.108m**, a slight increase on the projection at Q3. Actions taken within the Financial Sustainability Plan have managed to mitigate pressures through the year, but increasing requirements for more bespoke arrangements to get to and from school has resulted in costs exceeding budgets.
- 3.20. Outside of Local Authority funded activities, the schools' higher needs block in the Dedicated Schools Grant (DSG) remains under financial pressure from continual referrals and assessment for higher needs support for children. It has become increasingly challenging to keep costs within budget and an overspend has occurred on the DSG budgets in 2025/26 totaling £3.563m
- 3.21. The Council has been part of the Department for Education (DfE) Safety Valve programme, which supports councils in achieving future financial sustainability in this area. The Government's support will be replaced from 2026/27 with alternative arrangements whereby 90% of Councils' deficits will be funded on agreement of new SEND Reform Plans. For 2025/26 however, the DfE has provided additional funding in line with the Councils recovery plan, reducing the Council's cumulative DSG deficit.
- 3.22. Torbay Council has already received £9.810m from the DfE in response to its recovery plan, without which the DSG cumulative deficit at the end of 2025/26 would have been £18.031m. A summary of the year end position on the DSG is shown below:

## Summary of Children's Services year end position 25/26

	DSG Over / (Under) Spend £
Special School / High Needs in-year adjustments	565,419
EHCP - In-year adjustments for Primary & Secondary Schools	564,565
No formal agreement with Health for their contributions towards EHCP costs	150,000
South Devon College placements	270,735
Independent Special School Placements	851,255
Recoupment between other Local Authorities for our pupils in their provision and vice versa	73,160
Education Other than at School - Bespoke Packages / Alternative Provision / SEND Direct Payments	1,639,190
Education element of Joint Funded Cared for Children Placements	(64,546)
Staff costs in-year vacancy savings	(106,861)
Medical Tuition Service - Contract Refund and savings from service coming back in-house from Sept 25	(351,611)
Vulnerable Children - including, Hospital Tuition & EAL	(66,063)
Other DSG	37,487
<b>Totals</b>	<b>3,562,730</b>

## Corporate Services

3.23. Overall Corporate Services are forecasting an overspend of **£0.414m**, similar to the figure reported at Q3. The table below highlights the material variances

Service	Budget £m	Outturn £m	Variance £m	Q3 Forecast £m
Corporate – Legal Services	2.085	2.387	0.302	0.428
Corporate – IT Services	2.641	2.484	-0.157	-0.079
Corporate – Coroners Service	0.428	0.581	0.153	0.000
Other variances	-	-	0.116	0.053
Outturn position	-	-	0.414	0.402

3.24. The Legal Services budget overspent by **£0.302m**, an improvement on the £0.428m overspend forecast at Q3 and evidence that mitigating actions through the Financial Sustainability Plan has had an impact. The service has continued to experience financial challenges through 2025/26 due to increasing demand for services 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, particularly within the private sector. Market factors have been reviewed to improve recruitment, but high demand levels mean vacancies and absences have been covered by agency staff and consequently spend levels have remained high.

3.25. The underspend for IT services projected at Q3 increased to **(£0.157m)** by year end. This was mainly due to vacancy savings and some planned non-staffing spend not materialising as expected in year.

3.26. The Coroners Service overspent by **£0.153m** at year end. This includes an estimated accrual for an charge based on a prudent approach. We are still awaiting mortuary bill apportionment figures and service costs, including overhead charges, which are in dispute with the provider.

## Financial Services

3.27. Overall Financial Services are forecasting an underspend of (**£2.917m**), a larger figure than reported at Q3. The table below highlights the material variances:

Service	Budget £m	Outturn £m	Variance £m	Q3 Forecast £m
Finance – Investments and borrowing	18.572	16.468	-2.104	-1.100
Finance – Unused central pay contingency	0.757	0.000	-0.757	-0.757
Other variances	-	-	0.056	0.000
Outturn position	-	-	-2.917	-1.857

3.28. An underspend of (**£2.104m**) occurred across our Treasury Management budgets – an increase on the Q3 figure due to a prudent approach taken to projections. 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.

3.29. As part of setting the 2025/26 budget a central contingency was held to mitigate the risk from staff pay awards being higher than budgeted. This has not been required in 2025/26 and an underspend of (**£0.757m**) is being reported.

## Investment Portfolio

3.30. The Council’s Investment Portfolio is forecast to provide a net revenue contribution, after the use of the investment property reserve, to cover lost rent, holding costs of vacant premises and landlord’s works.

3.31. The Council’s investment portfolio continues to contribute £4.134m towards Council activity, in line with the budget, whilst also maintaining its Investment Fund Reserve to offset future pressures as and when they arise.

## Pride of Place

3.32. Overall Pride of Place services are projecting an overspend of **£0.067m**. The table below highlights the material variances.

Service	Budget £m	Outturn £m	Variance £m	Q3 Forecast £m
Place – TCCT	0.315	0.555	0.240	0.000
Place - Highways – road closure income	(0.130)	(0.304)	-0.174	-0.100
Place – Concessionary Fares	3.656	3.474	-0.182	-0.140
Place – Resort Services	(0.139)	(0.011)	0.128	0.074
Place – Car Parking	(5.985)	(6.433)	-0.448	-0.450
Place – SWISCO	18.028	18.524	0.496	0.300
Other variances	-	-	0.007	0.316
Outturn position	-	-	0.067	0.081

- 3.33. The budget relating to the Torbay Coast and Countryside Trust (TCCT) has overspent this year by **£0.240m**. This is a result of the Trust going into liquidation and having to take back and resume management of the land and buildings owned by the Council and previously leased back to the Trust. The Council incurred full year contractual costs with TCCT as well as costs with SWSICO to provide services during the later part of the year. The overspend relates to one-off costs and do not present a risk to the 2026/27 budget.
- 3.34. There is an underspend of (**£0.174m**) against Highways budgets, an increase on the year end projection made at Q3. This is mainly as a result of income from road closures continuing to exceed the annual budget.
- 3.35. The Concessionary fares budget underspent by (**£0.182m**) this year, a slight increase on Q3 figures. The costs are linked to the number of service users and figures for the year have been lower than estimated within the budget.
- 3.36. A over spend of **£0.128m** is forecast within our Resort Services budget, mainly due to one-off additional repair and maintenance costs, primarily due to weather damage.
- 3.37. The final underspend on budgets for Car Parking is (**£0.448m**), as forecast at Q3. This is due to income exceeding budgets both from off street car parks and car parking enforcement. The warm weather during the summer months had a positive impact with increased demand for off street car parks in particular.
- 3.38. SWISCO's finished the 2025/26 financial year with an overspend of **£0.496m**, an increase on the £300k projected at Q3. This mainly relates to agency staffing and insurance costs exceeding budget plus the projected level of enforcement income being much lower than budgeted.

## **Public Health**

3.39. Public Health is reporting a balanced position within its ring-fenced grant. There is a small underspend of £0.010m against Council budgets.

## **4. Collection Fund**

- 4.1. Collection rates in 2025/26 do not have any impact on the current financial year with the Collection Fund equalisation reserve being maintained to manage any impact of shortfalls.
- 4.2. In-year income collection rates for 2025/26 were in broadly line with budgeted levels with no draw down from reserves required. A surplus was transferred into the equalisation reserve pending a further review around risk and appropriate reserve levels.

## **5. Wholly Owned Companies**

- 5.1. As highlighted above SWISCo has experienced a number of financial pressures relating to operational delivery throughout 2025/26. A previous report provided for an additional loan to support a phased replacement of an ageing fleet of vehicles, to mitigate the additional costs associated with increased repairs and maintenance costs and associated hire costs, however these still had an impact during this financial year. SWISCO have also experienced increased insurance costs this year as well as agency staff costs that are much higher than budgeted due to the need to cover for various sickness and other absence in order to minimise service impact.
- 5.2. SWISCO also had a significant shortfall in enforcement income compared with the annual budget. An approach is now taken that focuses much more on education and community engagement rather than issuing penalty notices. This is working well but having an impact on the level of income collected.
- 5.3. TEDC staff returned to Council management in April 2024 and assets and contracts transferred at different times throughout the last year, with further transfers of assets taking place through this year. It is still necessary for the company to be in existence, until all assets are transferred, however we do not anticipate any material impact on the Council's accounts.

## **6. Capital**

- 6.1. In 2025/26 the Council spent £46.072 on capital projects, which is part of a wider 4 year capital programme approved as part of the annual budget setting process
- 6.2. 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.

6.3. 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 £52.239m in quarter 1, increased to £73.771m in quarter 2 and reduced to £57.637m in quarter 3 due to re-profiling of spend into future years.

6.4. Details of the budget revisions, budget reprofiles and proposed budget carry forwards (variance to budget) are included in Appendix 1 and are summarised in the table below.

Project Name	Total Spend Previous Years £000's	2025/26 Budget and Spend					
		Approved Budget	Budget Revisions	Budget Reprofiled	Revised Budget	Actual Spend	Variance to Budget
		£000's	£000's	£000's	£000's	£000's	£000's
Schools Capital Programme	54	4,663	65	339	5,067	2,918	(2,149)
Projects under Feasibility and Development	25,256	17,631	766	119	18,516	13,350	(5,166)
Economic Development / Regeneration	2,799	1,750	0	30	1,780	1,736	(44)
Housing Development / Investment	3,122	15,013	30	153	15,196	11,832	(3,364)
Environment / Climate Capital Investment	2,602	3,298	0	374	3,672	1,725	(1,947)
Transport Capital Investment	479	8,232	0	980	9,212	8,547	(665)
Coastal Defence / Flood alleviation	1,499	5,401	3,332	364	9,097	5,595	(3,502)
Sports, Leisure and Culture	635	205	12	0	217	190	(27)
Schools Closed Projects	7,325	767	0	0	767	128	(639)
Other Closed Projects	60,226	677	0	0	677	50	(627)
<b>Total</b>	<b>103,998</b>	<b>57,637</b>	<b>4,205</b>	<b>2,359</b>	<b>64,202</b>	<b>46,072</b>	<b>(18,130)</b>

The table below highlights the changes and provides a reconciliation from the approved budget to the revised budget.

Project Name	Amount	Comments
<b>Revised Budget 2025/26</b>	<b>£57,637,000</b>	<b>Approved in February 2026</b>
<b><u>Additions to the Capital Plan</u></b>		
Torbay Road, Paignton	£126,000	<p>Budget increase as per the project exception report presented to March CGB, required for the works to enhance the street scene on Torbay Road.</p> <p><b>Link to CGB Project Exception Report:</b> <a href="#">Torbay Road, Paignton</a></p> <p><b>Source of Funding:</b> Future High Street Fund</p>
Torquay Flood Alleviation Scheme	£1,410,000	<p>Funding required to enter into a contract to deliver the Property Flood Resilience element of the Torquay Flood Alleviation Scheme.</p> <p><b>Link to CGB Project Exception Report:</b> <a href="#">Torquay Flood Alleviation Scheme</a></p> <p><b>Source of Funding:</b> Environment Agency Flood Defence Grant in Aid</p>

Paignton Flood Alleviation Scheme	£977,000	Funding required to enter into a contract to deliver the Paignton Flood Alleviation Scheme  <b>Link to CGB Full Business Case:</b> <a href="#">Brixham &amp; Paignton Flood Alleviation Schemes</a>  <b>Source of Funding:</b> Environment Agency Flood Defence Grant in Aid
Brixham Flood Alleviation Scheme	£847,100	Funding required to enter into a contract to deliver the Paignton Flood Alleviation Scheme  <b>Link to CGB Business Case:</b> <a href="#">Brixham &amp; Paignton Flood Alleviation Schemes</a>  <b>Source of Funding:</b> Environment Agency Flood Defence Grant in Aid
Brixham Port Infrastructure	£640,000	Funding in respect of a further tranche of pre-construction activity to obtain planning consent and create further certainty on scheme viability.  <b>Link to CGB Strategic Business Case:</b> <a href="#">Brixham Port Infrastructure Project</a>  <b>Source of Funding:</b> Local Regeneration Fund
<b>2025/26 Other Budget Adjustments</b>		
Various Project Budgets	£205,000	<b>Funding Source:</b> Various
<b>Revised Budget before reprofiling</b>	<b>£61,842,100</b>	
<b><u>Budgets Reprofiled from future years</u></b>		
Schools Capital Programme	£339,000	Budgets reprofiled from years based on spend profile in respect of projects (Detailed in Appendix 1)
Projects under Feasibility and Development	£119,000	
Economic Development /Regeneration	£30,000	
Housing Development	£153,000	
Environment / Climate Capital Investment	£374,000	
Transport Capital Investment	£980,000	
Coastal Defence / Flood alleviation	£364,000	
<b>2025/26 Quarter 4 Revised Budget</b>	<b>£64,201,100</b>	

6.5. Projects have been moved from feasibility and development to fully approved projects throughout the period on completion and approval of robust business cases. The business cases for these projects are reviewed by the Capital and Growth Board who recommend projects and funding for approval by Council.

6.6. 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.

6.7. The balance on unspent capital budgets is proposed to be transferred into future years. For 2025/26, this balance is £18.130m which is variance to budget column detailed in the table in 6.4 and the table below.

6.8. Further details of the projects that have an underspend at year end, and which the budget is proposed to be carried forward, are included in Appendix 1.

<b>2025/26 Quarter 4 Revised Budget</b>	<b>£64,201,100</b>	
<b><u>Budgets Reprofiled to future years</u></b>		
Schools Capital Programme	(£2,149,000)	Budgets reprofiled to future years based on spend profile in respect of projects (Detailed in Appendix 1)
Projects under Feasibility and Development	(£5,166,000)	
Economic Development /Regeneration	(£44,000)	
Housing Development	(£3,364,000)	
Environment / Climate Capital Investment	(£1,947,000)	
Transport Capital Investment	(£665,000)	
Coastal Defence / Flood alleviation	(£3,502,000)	
Sports, Leisure & Culture	(£27,000)	
Schools Closed Projects	(£639,000)	
Other Closed Projects	(£627,000)	
<b>2025/26 Proposed Budget Carry Forward</b>	<b>(£18,130,000)</b>	
<b>2025/26 Final Budget (after budget carry Forwards)</b>	<b>£46,072,000</b>	

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

## 7. Risks & Sensitivity

7.1. 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. It is finalizing its SEND Reform Plan to meet new Government requirements replacing the Safety Valve.
Adult Social Care funding is not sufficient to meet forecast costs	High	Although notice has now been given on the contract 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 the Trust.

Price increases from high inflation rates continue to have an impact on both revenue and capital costs.	Medium	The 2025/26 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 continue to be monitored at Directors’ meetings to assess progress and potential risks/issues and opportunities. New plans are formulated as new risks and opportunities are identified.
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

## Appendices

Appendix 1 – Capital Plan Summary for Outturn 2025/26  
Appendix 2 – Write-offs over £5k - EXEMPT