**Meeting:** Overview and Scrutiny/Cabinet/Council **Date:** 11 Nov/24 Nov/10 Dec 2026

**Wards affected:** All Wards

**Report Title:** Budget Monitoring – Revenue and Capital Outturn 2026/27 Quarter 2

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

**Cabinet Member Contact Details:** Councillor Alan Tyerman, Cabinet Member for Finance alan.tyerman@torbay.gov.uk

**Supporting Officer Contact Details:** Ian Rowswell, Deputy Director of Finance, ian.rowswell@torbay.gov.uk,

## 1. Purpose and Introduction

1.1. This report provides a high-level budget summary of the Council's revenue and capital position for the financial year 2026/27, reviewing budgets and considering year-end forecasts. These forecasts are based on the levels of spend and financial information at the end of quarter 2 (Q2), up to 30 September 2026.

1.2. The Council is currently projecting a year-end overspend of £1.941m against its revenue budget, an increase of £0.494m on the overspend projected at quarter 1. The report highlights the areas where material variances have occurred, the reasons for them and any mitigating actions underway.

1.3. An updated forward looking Capital Investment Plan was included within the 2026/27 budget papers and an updated Plan is shown as Appendix 1. This highlights spend against a total revised capital budget of £162.421m for the period up to 2029/30 and a revised budget of £78.958m for 2026/27. 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 latest position and revisions to the Revenue Budget and the Capital Investment Plan and makes any comments and/or recommendations to the Cabinet.

### Recommendations for Cabinet/Council

2.2. That the Cabinet considers the recommendations of the Overview and Scrutiny Board and notes the revisions to the Capital Investment Plan, as set out in Appendix 1 to the submitted report.

## 3. 2026/27 Budget Summary – as at 30 Sept 2026

3.1. Across the Council a total overspend is projected for the end of the 2026/27 financial year of **£1.941m.**

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

| Service | Initial (Digest) Budget £m | Current Budget £m | Projected Outturn £m | Projected Variance Q2 £m | *Projected Variance Q1 £m* |
|---|---|---|---|---|---|
| Adults and Community Services | 80.168 | 80.249 | 80.251 | 0.002 | *-0.021* |
| Children's Services | 61.936 | 61.377 | 65.882 | 4.505 | *3.747* |
| Corporate Services | 16.993 | 16.930 | 17.342 | 0.412 | *0.405* |
| Financial Services | 25.996 | 26.922 | 24.322 | -2.600 | *-2.200* |
| Investment Portfolio | -4.134 | -4.134 | -4.134 | 0.000 | *0.000* |
| Place Services | 22.169 | 22.151 | 21.773 | -0.378 | *-0.484* |
| Regeneration and Place Delivery | 2.186 | 2.186 | 2.186 | 0.000 | *0.000* |
| Public Health Services | 0.016 | 0.016 | 0.016 | 0.000 | *0.000* |
| **Revenue sub-total** | **205.330** | **205.697** | **207.638** | **1.941** | *1.447* |
| Sources of Finance | 205.330 | 205.697 | 205.697 | 0.000 | *0.000* |
| **Revenue Over/ (Under) spend** | **0.000** | **0.000** | **1.941** | | |

3.3. The significant overspend projected within Children's Services is due to the increasing costs of Childrens Social Care placements, which is detailed later in the report. Although some of this has been offset by underspends elsewhere across the Council, particularly within Treasury Management budgets, an overall overspend at year end is currently projected, which has increased from the quarter 1 projections.

3.4. Robust financial management and control continues and all services across the Council have been asked to mitigate current and emerging spending pressures and help offset the significant pressure within Children's Services. Directors have been asked to formulate recovery plans for reducing costs within 26/27, in order to mitigate pressures and reduce the projected overspend.

3.5. Financial Sustainability Plans relating to key financial risks and opportunity areas already exist and continue to be 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. 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 our arrangements with Central Government, required to facilitate the write-off of accumulated deficits. Achieving the targets outlined and agreed within previous Safety Valve Plans proved increasingly challenging and this is expected to continued through 2026/27, against the new SEND Reform Plan. An overspend is projected against the DSG budgets for 2026/27 totaling £5.8m, of which Central Government would fund 90%. A summary of the position is detailed below in the Children's section.

## Service Budgets

3.7. 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 | Projected Outturn £m | Projected Variance Q2 £m | *Projected Variance Q1 £m* |
|---|---|---|---|---|
| Children's - Home to School transport | 4.115 | 4.217 | 0.102 | *0.102* |
| Children's Disabilities- day services/overnight breaks/domiciliary care | 0.857 | 0.981 | 0.124 | *0.124* |
| Children's – CAMHS/wellbeing service | 0.140 | 0.035 | -0.105 | *-0.105* |
| Children's – Young Parents Support service | 0.123 | 0.000 | -0.123 | *0.000* |
| Children's - Social care placements (excl. UASC) | 24.855 | 28.198 | 4.631 | *3.343* |
| Children's - Various SEND and Preventative services | 0.229 | 0.389 | 0.160 | *0.000* |
| Corporate – HR Service | 1.056 | 1.189 | 0.133 | *0.118* |
| Corporate – Payroll Services | 0.166 | 0.269 | 0.103 | *0.103* |
| Corporate – Coroners Service | 0.429 | 0.623 | 0.194 | *0.100* |
| Finance – Investments and borrowing | 10.489 | 8.489 | -2.000 | *-2.000* |
| Finance – Unused central pay contingency | 0.600 | 0.000 | -0.600 | *-0.200* |
| Place - Highways – road closure income | 3.713 | 3.563 | -0.150 | *-0.100* |
| Place - Car Parking | -6.224 | -6.974 | -0.750 | *-0.450* |
| Place - SWISCO | 19.393 | 19.893 | 0.500 | *0.000* |
| Total of variances over £100k | - | - | **2.275** | |

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

### Adult and Community Services

3.8. Overall Adult Services are currently forecasting an overspend at year end of **£0.002m,** which relates to a number of variances across Community Services rather than to Adult Social Care.).

| Service | Current Budget £m | Projected Outturn £m | Projected Variance Q2 £m |
|---|---|---|---|
| Community - Other | - | - | 0.002 |
| Total | - | - | 0.002 |

3.9. Pressures have emerged within the Temporary Accommodation since quarter 1, with three families requiring accommodation as a result of mortgage repossessions. Fixed period (3-5 year) mortgages taken out on low rates are now coming to an end and

current interest rates and associated costs are now significantly higher and unaffordable for some homeowners.

3.10. The Renters Rights Act (RRA) is also causing an impact. There are fewer properties available due to landlords selling up and those that are available are unaffordable. We have also seen households who were served notice before the RRA changes now beginning to require temporary accommodation as their possession orders are starting to coming through the court system.

3.11. Mitigations to control spend remain in place including, pro-active attempts at preventative action, sign-posting and collaborative working to address support needs including links with citizens advice and other partners to address debt issues and maximise income.

3.12. The Rough Sleeping Programme for 2026/27 was approved in October 2026 with total funding of £442 million over three years. Torbay Council has been allocated an additional £0.367m revenue funding in 2026/27, to provide immediate support to those sleeping rough, including accommodation and intensive wraparound support for those with the most severe and long-term experiences of rough sleeping. This has increased our Sources of Finance budget and the expenditure budget within Community Services.

3.13. 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).

**Children's Services**

3.14. Overall Children's Services is forecasting a total overspend at year end of **£4.505m.** The table below highlights the material variances.

| Service | Current Budget £m | Projected Outturn £m | Projected Variance Q2 £m |
|---|---|---|---|
| Childrens - Home to School transport | 4.115 | 4.217 | 0.102 |
| Childrens Disabilities- day services/overnight breaks/domicillary care | 0.857 | 1.037 | 0.180 |
| Childrens – CAMHS/wellbeing service | 0.140 | 0.035 | -0.105 |
| Childrens – Young Parents Support service | 0.123 | 0.000 | -0.123 |
| Children's - Social care placements (excl. UASC) | 24.855 | 29.486 | 4.631 |
| Childrens - Various SEND and Preventative services | 0.229 | 0.389 | 0.160 |
| Increased use of Public Health Grant | - | - | -0.316 |
| Other variances | - | - | 0.064 |

| | | | |
|---|---|---|---|
| Total | - | - | 4.505 |

3.15. The overspend is mainly due to pressures within the budgets for Children's social care placements, where there is a projected overspend of **£4.631m** - an increase of £1.288m from the Q1 projection. This is attributable to high-cost placements for children with complex needs, particularly for older children in care. We have also been unable to move children on to other lower cost arrangements as planned and a general increase in weekly placement costs, which is resulting in large variances against budgets and projections.

3.16. 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.

3.17. 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.

3.18. A financial sustainability plan remains in place and we are continually looking at ways to improve sufficiency of placements, as we strive to navigate these challenging circumstances and mitigate the risk to 2026/27 budgets and onwards.

3.19. Mitigating actions are being taken to reduce staffing (including agency) costs and the overspend of forecast at Q1 in relation to staffing budgets. We are now projecting spend at year end to be in line with budget as a result of actions including freezing and reviewing vacant posts and the further reduction of agency costs where possible.

3.20. The Home to School Transport budget is projected to overspend by **£0.102m**, a similar level to the overspend last year. A Financial Sustainability Plan remains in place but increasing requirements for more bespoke arrangements to get to and from school is resulting in costs continuing to exceed budgets.

3.21. An overspend of **£0.180m** is projected against our Disabilities service budgets relating to additional demand for day services, short overnight breaks and domiciliary care.

3.22. An overspend of **£0.160m** is projected across preventative services, including the VITA system and care experienced App and costs of an independent SEND Chair.

3.23. Underspends within the Young Parents Support service of **(£123k)** within the CAMHS/wellbeing service of **(£105m)** due to ongoing challenges in securing services are helping to reduce the overall overspend.

3.24. To further help mitigate the increasing placement costs, Children's services are working closely with Public Health to identify services and activity that can be funded

from the Public Health Grant – meeting the necessary grant requirements. Initial investigation and conversations have estimated savings of **£316k** relating to services such as substance misuse support.

3.25. 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 is projected against the DSG budgets for 2026/27 totalling £5.800m, an increase of £1.4m over the projection at Q1. A summary is included within Appendix 2.

3.26. The Council has been part of the Department for Education (DfE) Safety Valve programme, which supported councils in achieving future financial sustainability across SEND. The Government's support has been replaced from 2026/27 with alternative arrangements whereby 90% of Councils' deficits will be funded on agreement of new SEND Reform Plans. Funds were moved into a reserve as part of the 2026/27 budget to meet the estimated costs of the remaining 10% of the DSG deficit.

3.27. 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. This leaves a current deficit at the end of 2025/26 of £8.221m. The DfE have now confirmed payment of their 90% share to Councils with approved SEND Reform Plans, which is only £6.418m lower than expected as they have only funded 90% of all previous deficit funding. This means we have had to meet the balance of £1.8m - funded from earmarked reserves set aside within the 2026/27 budget.

**Corporate Services**

3.28. Overall Corporate Services are forecasting an overspend of **£0.412m,** similar to the figure reported at Q3. The table below highlights the material variances

| Service | Current Budget £m | Projected Outturn £m | Projected Variance Q2 £m |
|---|---|---|---|
| Corporate – Legal Services | 2.310 | 2.376 | 0.066 |
| Corporate – HR Service | 1.056 | 1.189 | 0.133 |
| Corporate – Payroll Services | 0.166 | 0.269 | 0.103 |
| Corporate – Coroners Service | 0.429 | 0.623 | 0.194 |
| Other variances | - | - | -0.084 |
| Outturn position | - | - | 0.412 |

3.29. The Legal Services was forecasting an overspend of £0.168 at Q1 but the projection has now reduced to **£0.066m.** A Financial Sustainability Plan remains in place and the service continue to manage its challenging staffing budget due to increasing demand for services and difficulties in recruiting permanent staff.

3.30. Overspend are currently projected for both the HR service **£0.133m** and Payroll Service **£0.103m.** This is mainly due to reductions in traded income or grant contributions that are forecasts to be short of budged levels and also increases in staffing costs.

3.31. The Coroners Service is forecasting an overspend of **£0.194m** at year end. This is an increase on the Q1 projection and is a result of further information received on mortuary bill apportionments and service costs, including overhead charges. Discussions are continuing with the provider.

3.32. An initial investigatory piece of work was undertaken by Triple Value Impact (TVI) to identify innovative digital solutions that could help deliver savings across the Council. It was subsequently agreed to fund their support in the preparation of business cases to understand the key areas proposed in more detail and ensure benefits could be realized. One of the projects relates to the use of digital marketing to help find foster carers – improving outcomes for vulnerable children whilst reducing placement costs. Benefits include reducing the use of Independent Fostering Agencies (IFA) placements, supporting transition from residential placements to fostering. This work is continuing but will need to be funded from a drawdown from our CSR invest to save reserve.

**Financial Services**

3.33. Overall Financial Services are forecasting an underspend of (**£2.600m).** The table below highlights the material variances:

| Service | Current Budget £m | Projected Outturn £m | Projected Variance Q2 £m |
|---|---|---|---|
| Finance – Investments and borrowing | 10.489 | 8.489 | -2.000 |
| Finance – Unused central pay contingency | 0.600 | 0.000 | -0.600 |
| Other variances | - | - | 0.000 |
| Outturn position | - | - | -2.600 |

3.34. An underspend of **(£2.000m)** is projected across our Treasury Management budgets – a similar level to the previous year. 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.

3.35. As part of setting the 2026/27 budget a central contingency was held to mitigate the risk from staff pay awards being higher than budgeted. As this years pay award was in not materially different from budget estimates no further transfer from contingency is required and therefore an increased underspend of **(£0.600m)** is now being reported at Q2.

**Investment Portfolio**

3.36. 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.

3.37. The Council's investment portfolio continues to contribute £4.1m 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**

3.38. Overall Pride of Place services are projecting an underspend of (**£0.378m)**. The table below highlights the material variances.

| Service | Current Budget £m | Projected Outturn £m | Projected Variance Q2 £m |
|---|---|---|---|
| Place - Highways – road closure income | 3.713 | 3.563 | -0.150 |
| Place – Car Parking | -6.224 | -6.974 | -0.750 |
| SWISCO – operating costs | 19.393 | 19.893 | 0.500 |
| Other variances | - | - | 0.022 |
| Outturn position | - | - | -0.378 |

3.39. An underspend of (**£0.150m)** is projected within Highways budgets. This is mainly as a result of income from road closures continuing to exceed the annual budget.

3.40. An underspend is projected across budgets relating to Car Parking totalling (**£0.750m),** a much improved position to the projection at Q1. Income at year end is expected to exceed budgets for off-street car parks and also car parking enforcement. The extended warm weather during the summer and autumn months has had a positive impact on visitors with increased demand for off street parking in particular.

3.41. SWISCO is experiencing significant financial pressures in relation to its operating costs and is now projecting a deficit at year end of **£500k**, after mitigating actions. The phased replacement of an ageing fleet of vehicles continues to mitigate the additional costs associated with increased repairs and maintenance costs and associated hire costs. However, the ongoing global conflict in the middle east and subsequent impact on fuel prices has caused a significant spending pressure. The average price of diesel in Oct 2027 is now 40% higher than Oct 2026 and this has resulted in a total pressure for 2026/27 estimated at £675k - from increased costs within the fleet, higher waste disposal

costs, increases in cost of material/supplies and recyclable costs. Increase waste collection costs during the summer has also created a material pressure, particularly as a result of the baler mechanical breakdown.

**Public Health**

3.42. Public Health is reporting a balanced position within its ring-fenced grant and associated budgets.

3.43. Public Health funding is used each year to support relevant service delivery within other parts of the Council. The associated budgets have now been updated to reflect these contributions from Public Health.

**Regeneration and Place Delivery**

3.44. No significant variances are currently forecast at Q2.

## 4. Collection Fund

4.1. Collection rates in 2026/27 do not have any impact on the current financial year with the Collection Fund equalisation reserve continuing to be maintained to manage any impact of shortfalls.

## 5. Capital

5.1. In 2026/27 the Council plans to spend £78.958m on capital projects, which is part of a wider 4 year capital programme approved as part of the annual budget setting process

5.2. 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.

5.3. 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 £67.761m in quarter 1 due to re-profiling of spend into future years. Due to errors in addition, the Q1 budget has been revised to £67.757m

5.4. Details of the budget revisions and budget reprofiles are included in Appendix 1 and are summarised in the table below.

| Project Name | Total Spend Previous Years £000's | 2026/27 Budget Approved Budget £000's | Budget Revisions £000's | Budget Reprofiled £000's | Revised Budget £000's |
|---|---|---|---|---|---|
| Schools Capital Programme | 570 | 5,208 | 244 | 0 | **5,452** |
| Projects under Feasibility and Development | 38,211 | 20,006 | 42,316 | (37,587) | **24,735** |
| Economic Development / Regeneration | 4,535 | 4,584 | 434 | 0 | **5,017** |
| Housing Development / Investment | 13,702 | 10,493 | 6,374 | (1,300) | **15,567** |
| Environment / Climate Capital Investment | 4,087 | 5,499 | (416) | 0 | **5,083** |
| Transport Capital Investment | 4,483 | 8,342 | 1,721 | 0 | **10,063** |
| Coastal Defence / Flood alleviation | 7,093 | 12,445 | (173) | 0 | **12,272** |
| Sports, Leisure and Culture | 824 | 32 | 283 | 0 | **315** |
| Schools Closed Projects | 7,890 | 862 | (543) | 0 | **319** |
| Other Closed Projects | 60,775 | 286 | (152) | 0 | **134** |
| **Total** | **142,171** | **67,757** | **50,088** | **(38,887)** | **78,958** |

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

| Project Name | Amount | Comments |
|---|---|---|
| **Quarter 1 Approved Budget**<br>Revisions due to addition errors<br>**Updated Quarter 1 Budget** | **£67,761,000**<br>**(£400,000)**<br>**£67,757,000** | **Approved in August 2026** |
| **Additions to the Capital Plan** | | |
| Crossways, Paignton | £45,852,000 | Final Business Case for the scheme, which includes the full and final build cost and projects costs.<br><br>**Link to Cabinet Report – 21 July 2026:**<br>Redevelopment of Crossways Shopping Centre, Paignton for Delivery of Extra Care Housing<br><br>**Source of Funding**: Various external grants, reserves, S106 Funding and Capital Receipts<br><br>See business case for specific details |
| Union Square Acquisition & Development | (£2,543,000) | Funding reallocated to Strand Redevelopment Project. |
| Station Square | (£2,257,000) | Funding reallocated to Crossways Redevelopment Project. |
| Torbay Tech Park | £1,150,000 | Added to increase to the total project budget as per Sept CGB report<br><br>**Link to CGB Report – Sept 2026**<br>Torbay Tech Park (TTP) – Phase 1 |

| | | |
|---|---|---|
| | | **Source of Funding:** Local Regeneration Fund (LRF) Grant |
| Affordable Housing – Project 4 | £2,139,000 | Approved budget for acquisition and linked redevelopment for Projects 4 and 5 of the Accommodation Repurposing Programme (ARP), comprising land acquisition and construction contracts<br><br>**Link to Cabinet Report – 21 July 2026:**<br>Acquisition and redevelopment of Project 4 of the Accommodation Repurposing Programme<br><br>**Source of Funding**: Homes England Grant, Prudential Borrowing (supported by rental income) |
| Affordable Housing – Project 5 | £4,192,000 | Approved budget for acquisition and linked redevelopment for Project 5 of the Accommodation Repurposing Programme (ARP), comprising land acquisition and construction contracts<br><br>**Link to Cabinet Report – 21 July 2026:**<br>Acquisition and redevelopment of Project 5 of the Accommodation Repurposing Programme<br><br>**Source of Funding**: Homes England Grant, Prudential Borrowing (supported by rental income) |
| | | |
| **2026/27 Other Budget Adjustments**<br>Schools Capital Programme<br>Projects under Feasibility and Development<br>Economic Development / Regeneration<br>Housing Development<br>Environment / Climate Capital Investment<br>Transport Capital Investment<br>Coastal Defence / Flood Alleviation<br>Sports, Leisure & Culture<br>Closed Projects | <br>£244,000<br>£114,000<br>£434,000<br>£43,000<br>(£416,000)<br>£1,721,000<br>(£173,000)<br>£283,000<br>(£695,000) | **Funding Source**: Various |
| **Revised Budget before reprofiling** | **£117,845,000** | |
| **Budgets Reprofiled from future years**<br><br>Projects under Feasibility and Development | <br>(£37,587,000) | Crossway redevelopment reprofiled to future years based on spend profile. |
| Housing Development | (£1,300,000) | St Boniface project budget reprofiled to future years based on projected spend |
| **2026/27 Quarter 2 Revised Budget** | **£78,958,000** | |

5.5. 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.

5.6. Confirmed government grant allocations have been incorporated into the Capital Plan for 2027/28 to 2029/30 to support the delivery of the Council's transport-related capital programme. The inclusion of these allocations provides funding certainty for future years.

5.7. The Capital Plan has been updated to reflect the confirmed funding profile and associated expenditure requirements across the 3-year period. The increases in respect of specific transport schemes are detailed below:

| **Project Name** | **2027/28 £000's** | **2028/29 £000's** | **2029/30 £000's** | **Total £000's** |
|---|---|---|---|---|
| Transport Highways Structural Maintenance | 1,433 | 1,716 | 2,255 | **5,404** |
| Transport Integrated Transport Schemes | 918 | 1,654 | 2,391 | **4,963** |
| Bus Improvement Plans | 1,241 | 1,265 | 1,290 | **3,796** |
| **Total** | **3,592** | **4,635** | **5,936** | **14,163** |

5.8. 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. Risks & Sensitivity

6.1. 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 (SEND Reform Plan) recently approved with the Department for Education. Reserves have been earmarked to meet the estimated 10% contribution required form the Council. |
| Adult Social Care funding is not sufficient to meet forecast costs | High | Although notice has now been given on the contract the Council is working closely with the Health Trust to understand costs and manage the transition of services and clients to the Council. |
| Escalating cost of Children’s social care placements and associated service/staffing costs. | High | The Financial Sustainability Plan will continue to be updated and reviewed with further work to understand any further mitigating opportunities that could be taken. |

| | | |
|---|---|---|
| | | Work underway to hold costs across the Council in recognition of this risk. |
| Price increases from high inflation rates continue to have an impact on both revenue and capital costs. | Medium | The recent pay award was in line with the rates budgeted but fuel prices continue to be significantly over budget and have had a particular impact on SWISCO. Services are trying to find savings elsewhere to offset these pressures. Reserves are maintained at reasonable levels to assist with exceptional costs. |
| 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.<br>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 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 | Medium | The Investment Board will continue to review future leases and mange 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 budget agreed reserves that could be used to offset unplanned costs. |
| Demands on the Council Repairs and Maintenance (R&M) budgets exceed funding available. | High | The annual R&M budget was increased by £600k in recent years.<br>Significant costs have arising from storm damage that are exceptionally high and will be funded from our general reserves. |
| 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 properties to |

| | | |
|---|---|---|
| | | increase the stability of accommodation options available to the Housing Options team |

## Appendices

Appendix 1 – Capital Plan Summary for Q2 2026/27
Appendix 2 – Write-offs over £5k - EXEMPT