

Wednesday, 3 September 2025

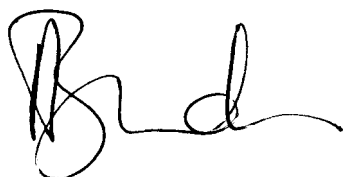
Meeting of the Council

Dear Member

I am pleased to invite you to attend a meeting of Torbay Council which will be held in **The Forum, Riviera International Conference Centre, Chestnut Avenue, Torquay, TQ2 5LZ** on **Thursday, 11 September 2025** commencing at **5.30 pm**

The items to be discussed at this meeting are attached.

Yours sincerely,



Anne-Marie Bond
Chief Executive

(All members are summoned to attend the meeting of the Council in accordance with the requirements of the Local Government Act 1972 and Standing Orders A5.)

A Healthy, Happy and Prosperous Torbay

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June Gurry, Town Hall, Castle Circus, Torquay, TQ1 3DR

Email: governance.support@torbay.gov.uk - www.torbay.gov.uk

Meeting of the Council Agenda (Revised)

1. **Opening of meeting**

2. **Apologies for absence**

3. **Minutes**

(Pages 5 - 10)

To confirm as a correct record the minutes of the meeting of the Council held on 24 July 2025.

4. **Declarations of interests**

- (a) To receive declarations of non pecuniary interests in respect of items on this agenda

For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

- (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda

For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(Please Note: If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)

5. **Communications**

To receive any communications or announcements from the:

- Civic Mayor, including an update from the Armed Forces Champion on the Armed Forces Covenant;
- Leader of the Council;
- Overview and Scrutiny Co-ordinator; or
- Chief Executive.

6. **Public question time**

(Pages 11 - 12)

To hear and respond to any written questions or statements from members of the public which have been submitted in accordance with Standing Order A24.

7. **Members' questions** (Pages 13 - 16)
To respond to the submitted questions asked under Standing Order A12.
8. **Budget Monitoring - Revenue and Capital Outturn 2025/26 Quarter 1** (Pages 17 - 42)
To consider the recommendations of the Cabinet and the submitted report that provided a high-level budget summary of the Council's revenue and capital position for the financial year 2025/26, reviewing budgets and considering year-end forecasts.
9. **Treasury Management Outturn 2024/25 Report** (Pages 43 - 62)
To note a report that provides an annual report on the treasury management activities undertaken during the year 2024/25, which is compared to the 2024/25 Treasury Management Strategy.

Live Streaming

To encourage more people to engage in our public meetings the Council is live streaming our Council meetings on our YouTube channel in addition to recording the meetings and publishing the recording on our website. To watch the meeting live please visit <https://www.youtube.com/user/torbaycouncil>.

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Minutes of the Council (Council decisions shown in bold text)

24 July 2025

-: Present :-

The Worshipful The Mayor of Torbay (Councillor Barbara Lewis) (In the Chair)
Deputy Civic Mayor of Torbay (Councillor Foster)

Councillors Amil, Billings, Brook, Bryant, Bye, Carter, Cowell, George Darling, Mandy Darling, Steve Darling, Douglas-Dunbar, Fellows, Fox, Johns, Law, Chris Lewis, Long, Maddison, Penny, Pentney, Spacagna, Stevens, Strang, David Thomas, Jacqueline Thomas, Tolchard, Tranter, Twelves, Tyerman and Virdee

19 Opening of meeting

The meeting was opened with a prayer.

Following the opening, Members observed a minute's silence as a mark of respect in memory of former Councillor and Mayor of Torbay, Jenny Faulkner, serving member of staff, Steve Checkley, and SWISCo worker, Sam Evans, all of whom had recently passed away.

20 Apologies for absence

Apologies for absence were received from Councillors Atiya-Alla, Harvey, Hutchings and Nicolaou.

Councillor Law joined later in the meeting and during Minute 22.

21 Minutes

The Worshipful The Mayor of Torbay proposed and Councillor Foster seconded a motion, which was agreed by the Council as set out below:

that the Minutes of the Annual meeting of the Council and Adjourned Annual meeting of the Council, held on 15 May 2025 were confirmed as a correct record and signed by The Worshipful The Mayor of Torbay.

22 Declarations of interests

No interests were declared.

23 Communications

The Worshipful the Mayor of Torbay thanked all those who attended her Civic Garden Party, held at Rowcroft Hospice on 19 July 2025, and for providing support for her Mayoral charities.

24 Members' questions

Members received a paper detailing questions, notice of which had been given in accordance with Standing Order A12. The paper also contained the answers to the questions which had been prepared by Councillors Billings, Bye, Chris Lewis, David Thomas, Jacqueline Thomas, Tranter and Tyerman, and was circulated prior to the meeting.

Supplementary questions were put and answered by Councillors Billings, Bye, Chris Lewis, David Thomas, Jacqueline Thomas and Tyerman, arising from their responses to the questions in respect of questions 4, 7, 9, 10, 11, 15, 17, 19, 22, 23 and 25.

25 Acquisition of four properties to deliver Local Authority Housing Fund Round 3

The Council considered the recommendation of the Cabinet (as set out in the Cabinet's Record of Decision and the submitted report) in respect of the funding to acquire four properties as part of the Local Authority Housing Fund Round 3.

Councillor Tyerman proposed and Councillor Cowell seconded a motion, which was agreed (unanimously) by the Council as set out below:

that the Capital Programme be uplifted by a maximum of £1,301,500 to acquire the four properties, part-funded by a grant of £551,500 from the Ministry of Housing, Communities and Local Government. The remaining balance of £750,000 to be funded by a combination of: prudential borrowing; revenue savings from existing Temporary Accommodation budgets; or any other relevant internal subsidy or receipts that may be appropriate. With delegated authority to the Director of Finance, in consultation with the Cabinet Member for Housing and Finance to agree the precise balance of funding sources to be deployed.

26 Budget Monitoring 2024/2025 Quarter 4 Outturn

The Council received the submitted report setting out a high-level budget summary of the Council's revenue and capital position for the financial year 2024/2025 based on the final outturn position for the year ending 31 March 2025, along with proposed revisions to the Capital Investment Plan and the year-end surplus. The Council also considered the recommendations of the Cabinet on the allocation of the year-end surplus for priority initiatives.

Councillor Tyerman proposed and Councillor David Thomas seconded a motion as set out below:

1. that Council notes the revenue outturn position and approves the use of £0.351m year-end surplus to be transferred into a specific reserve to be allocated across the following indicative priority initiatives:
 1. updated condition surveys of Community Centres circa £10,000;
 2. better Resident Communications circa £50,000;
 3. accelerate Adult Social Care Customer Management System – Paris replacement circa £50,000;
 4. support voluntary, community and social enterprise youth provision transitional arrangements (pending procurement) circa £50,000;
 5. events – ice skating rink circa £40,000;
 6. Operation Brighter Bay circa £81,000;
 7. Operation Town Centre – improving CCTV circa £40,000; and
 8. Enterprise Fund (Town Centre) £30,000; and
2. that Council approves the revisions to the Capital Investment Plan, as set out in Appendix 1 to the submitted report.

During the debate Councillor Long proposed and Councillor Cowell seconded an amendment to the motion as follows:

1. that Council notes the revenue outturn position and approves the use of £0.351m year-end surplus to be transferred into a specific reserve to be allocated across the following indicative priority initiatives:
 1. updated condition surveys of Community Centres circa £10,000;
 - ~~2. better Resident Communications circa £50,000;~~
 23. accelerate Adult Social Care Customer Management System – Paris replacement circa £50,000;
 34. support voluntary, community and social enterprise youth provision transitional arrangements (pending procurement) circa £50,000;
 - ~~45.~~ events – ice skating rink circa £40,000;

56. Operation Brighter Bay circa £81,000, to include £15,000 for the Sannox project at Babbacombe;
 7. ~~Operation Town Centre – improving CCTV circa £40,000; and~~
 68. Enterprise Fund (Town Centre) £30,000;
 7. Brixham public realm £15,000 to be identified in consultation with Brixham ward councillors (Torbay Council);
 8. Refresh of the Playing Pitch Strategy, development of feasibility studies and support for Park Plans £25,000;
 9. CCTV coverage for Castle Circus £10,000;
 10. Grant to Torbay Community Partnerships for an administrator to support Community Partnerships £20,000;
 11. Advertisement of Torbay Council news in community magazines £20,000; and
2. that Council approves the revisions to the Capital Investment Plan, as set out in Appendix 1 to the submitted report.

A recorded vote was taken on the amendment. The voting was taken by roll call as follows: For: Councillors Amil, Carter, Cowell, George Darling, Mandy Darling, Steve Darling, Douglas-Dunbar, Fox, Johns, Law, Long, Maddison, Penny, Pentney and Virdee (15); Against: Councillors Billings, Brook, Bryant, Bye, Fellows, Foster, Barbara Lewis, Chris Lewis, Spacagna, Stevens, Strang, David Thomas, Jacqueline Thomas, Tolchard, Tranter, Twelves and Tyerman (17); and Absent: Councillors Atiya-Alla, Harvey, Hutchings and Nicolaou (4). The amendment was declared lost.

Councillor Tyerman's and Councillor David Thomas' original motion was then considered by the Council which was agreed, as set out below:

1. **that Council notes the revenue outturn position and approves the use of £0.351m year-end surplus to be transferred into a specific reserve to be allocated across the following indicative priority initiatives:**
 1. **updated condition surveys of Community Centres circa £10,000;**
 2. **better Resident Communications circa £50,000;**
 3. **accelerate Adult Social Care Customer Management System – Paris replacement circa £50,000;**

4. support voluntary, community and social enterprise youth provision transitional arrangements (pending procurement) circa £50,000;
 5. events – ice skating rink circa £40,000;
 6. Operation Brighter Bay circa £81,000;
 7. Operation Town Centre – improving CCTV circa £40,000; and
 8. Enterprise Fund (Town Centre) £30,000; and
2. that Council approves the revisions to the Capital Investment Plan, as set out in Appendix 1 to the submitted report.

27 Torbay Council Pensions Discretions

The Council considered the recommendations of the Cabinet and the submitted report on proposed amendments to pension discretionary policies in order to introduce a Shared Cost Additional Voluntary Contribution arrangement.

Councillor Tyerman proposed and Councillor Cowell seconded a motion, which was agreed (unanimously) by the Council as set out below:

that the amended Employers Pensions Discretions as set out in Appendix 1, to the submitted report, which now include the Shared Cost Additional Voluntary Contribution Scheme be approved.

28 Review of Political Balance

The Council considered the submitted report on a review of political balance on committees and working parties following Councillor Hutchings becoming an independent member.

Councillor David Thomas proposed and Councillor Chris Lewis seconded a motion, which was agreed (unanimously) by the Council as set out below:

1. that the overall political balance of the committees as set out at Appendix 1 to the submitted report be approved; and
2. that it be noted that the political balance of Council appointed Working Parties, the Adult Social Care and Health and Children and Young People's Overview and Scrutiny Sub-Boards of the Overview and Scrutiny Board and the Harbour Appointments Sub-Committee of the Harbour Committee remain unchanged.

The Worshipful The Mayor of Torbay

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Meeting of the Council, Thursday, 11 September 2025 Public Question Under Standing Order A24

Public Question 1

Shaan Ellor to the Cabinet Member for Children's Services (Councillor Bye)

Earlier this year, OFSTED found that “too many children and young people with Special Educational Needs and Disabilities (SEND) in Torbay have poor experiences and outcomes due to the lack of access to the right provision and support at the right time.”

Families hoped this would be a turning point, that it would lead to real action and improvements. Instead, to the shock of many, provision has actually deteriorated further since the inspection.

A new Education Other Than at School (EOTAS) Pathway was introduced this September. It moves children away from their individualised alternative provisions onto a standardised timetable of alternative provisions.

Families in the group ‘Mums Supporting Better Futures’ have raised the following serious concerns about the new EOTAS Pathway.

First: there was no genuine consultation with children and families.

A consultation meeting held, in October 2024, was attended by just four parents and did not include the parent carer forum SFVT or SENDIASS, the local SEND information advice and support service. It was about “what works well” and “what could be better.” The details of the proposed pathway were not presented. Parents were told that if changes did happen, existing provision would not be removed unless families agreed, especially where it was working well. Yet that is exactly what has happened.

Second: communication has been extremely poor. Some parents were left off mailing lists altogether. They only found out about the new arrangements from caseworkers or current providers, as late as June and July of this year. Timetables were sent out at half past three on the very last day of term, leaving no time for questions or support. Families were told that the new timetables were “subject to change,” and indeed they were, with more amendments issued over the summer. Some timetables were still not confirmed a week before term began.

Third: the new timetables are not individualised. This directly breaches the law. Emergency EHCP reviews were not offered. Some families who requested one were refused or ignored. As a result, many children have started September with an EHCP that does not match their current provision. This does not comply with the SEND Code of Practice, which clearly states that provision must be detailed, specific, and quantified. To make matters worse, health provisions that educate or train, which children are legally entitled to are not included in their timetable at all.

Fourth: families are being pushed into applying for personal budgets. When timetables offered don't meet needs, parents have been told they need to apply for personal budgets and arrange their own provision. Many families have found this overwhelming. For some applications for personal budgets have been rejected. Others are stuck in appeals. The result is delay, crisis, and huge stress for families already under strain.

Fifth: there has been no meaningful transition. Children were moved from one provision to another without proper planning or handover. This is deeply concerning, especially for children who struggle with change and rely on trusted relationships. Minimal transition plans were promised over the summer but often never happened. Some parents have now been told this may happen across the autumn term, but again, with no clear plan.

And finally: provision outside of Torbay. Some of the provisions included in new timetables are not even in Torbay. The only core curriculum provider is based in Totnes. Families cannot understand why local services were not prioritised, not only for accessibility, but also to support the local economy and reduce transport costs. In some cases, timetables require travel between Newton Abbot in the morning and Totnes in the afternoon, a clear example of impractical planning.

Taken together, you can see that this is yet another example of changes being imposed on children and families rather than being developed with children and families. Additionally, these issues show that the new EOTAS Pathway has not been introduced to give children the right support at the right time. Families can only conclude that the real aim is to reduce costs. But the law is clear: a local authority cannot use financial pressures as a reason to deny a child appropriate education.

So, I end with How does Torbay Council justify these actions, and what urgent steps will be taken to rebuild trust, improve communication, and ensure children receive the individualised support they are legally entitled to? How will Torbay Council measure the educational attainment and wellbeing of children on the EOTAS Pathway and will this evidence be used to review and, if necessary, change the way the pathway operates in the future?

Meeting of the Council, Thursday, 11 September 2025

Members' Questions Under Standing Order A12

A member may only submit three questions for consideration at each Council Meeting. Each member will present their first question in turn, when all the first questions have been dealt with the second and third questions may be asked in turn. The time for member's questions will be limited to a total of 30 minutes.

First Round

Question 1

Councillor Carter to the Cabinet Member for Pride in Place, Transport and Parking (Councillor Billings)

Can the Cabinet Member for Pride in Place, Transport and Parking advise how the local authority (both members and officers) have been supporting the Torbay Rail Line Users Group in the last 2 years?

Question 2

Councillor Long to the Cabinet Member for Pride in Place, Transport and Parking (Councillor Billings)

Residents have been advising that some drivers are ignoring the new 20mph speed limits in the new 20mph zones. How have the Council been working with the Police to ensure that there is enforcement for the new 20mph zones?

Question 3

Councillor Pentney to the Cabinet Member for Pride in Place, Transport and Parking (Councillor Billings)

The paper recycling bank has been removed from Brunswick Square car park in Torquay. Residents have contacted me enquiring when it will be returned. Can the Cabinet member advise when it will return?

Second Round

Question 4

Councillor Carter to the Leader of the Council (Councillor David Thomas)

Can the council please confirm which elected member is appointed to support the Torbay Rail Line Users Group?

Question 5**Councillor Pentney to the Cabinet Member for Place Development and Economic Growth (Councillor Chris Lewis)**

We have been through an entire summer season where Fleet Walk remains hampered by broken lifts and escalators that have been out of action for months. With no repairs in sight, local shoppers, residents and businesses are being let down. Why has the administration failed to act, and what is being done to urgently address this?

Question 6**Councillor Long to the Cabinet Member for Pride in Place, Transport and Parking (Councillor Billings)**

Across Torbay residents have been advising for months about weeds and overgrown bushes. Areas include (but are not limited to) Audley Park (Tormohun) Barton Road (Tormohun) Barton Hill Way (Barton with Watcombe), Brownsbridge Road (Barton with Watcombe) Fore Street (Barton with Watcombe), Southern Close (Barton with Watcombe), Shorton Valley Road (Preston), Portland Road (Babbacombe in St Marychurch) the list could go on and on. When will the Council be in a position to deal with the weeds and overgrown bushes epidemic?

Third Round

Question 7**Councillor Carter to the Cabinet Member for Pride in Place, Transport and Parking (Councillor Billings)**

I understand Groundwork South were successfully awarded £250,000 by the Heritage Lottery Fund to help deliver a three-year project for local families to engage with Westerland Valley country park in educational and cultural and environmental activities and biodiversity improvement. I understand this was awarded in August 2023. However, after significant delay from the local authority who chose not to engage with this opportunity, the £250,000 heritage lottery fund had to be returned. Can the local authority explain why this money was not put to good use to support our communities in Paignton?

Urgent Question Accepted by The Worshipful Mayor of Torbay in accordance with Council Standing Order A13.2(ii)

Question 8

Councillor George Darling to the Cabinet Member for Place Development and Economic Growth (Councillor Chris Lewis)

Could the Cabinet Member for Place Development and Economic Growth advise as to why the Retail Unit Improvement Grant aspect of the Enterprise Fund is limited to only the town centres. Many retailers in our village-highstreets could benefit from this grant, would the cabinet member consider extending the scheme to allow these retailers to apply?

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Record of Decisions

Budget Monitoring - Revenue and Capital Outturn 2025/26 Quarter 1

Decision Taker

Cabinet on 19 August 2025.

Decision

1. that the forecasted revenue outturn position and amendments made to the published 2025/26 Capital Investment Plan be noted.
2. that, subject to Council approving the additional capital as set out in paragraph 2.6 of the submitted report, the Director of Finance be given delegated authority to agree appropriate terms and grant a capital loan up to £2.5m to SWISCo for fleet modernisation; and

Recommends to Council:

3. that Council approves the revisions to the Capital Investment Plan, as per Appendix 1;
4. that Council approve the additional borrowing of up to £2.5m to facilitate a capital loan to SWISCo to enable them to modernise their fleet; and
5. that Council approves an update to the Capital Programme of up to £3m allocated from Levelling Up Round 3 (LUF3) grant to acquire the required land for the delivery of the Torbay Tech Park.

Reason for the Decision

To ensure the Council operates in a prudent manner and works to maintain a balanced budget.

Implementation

The decision in respect of 1. and 2. will come into force and may be implemented on 2 September 2025 unless the call-in procedure is triggered (as set out in the Standing Orders in relation to Overview and Scrutiny). The decisions in respect of 3. to 5. will be considered at the Council meeting on 11 September 2025.

Information

The Budget Monitoring 2025/26 report set out a high-level budget summary of the Council's revenue and capital position based on the levels of spend and financial information at the end of quarter 1 (Q1), up to 30 June 2025.

The Overview and Scrutiny Board considered the Budget Monitoring 2025/26 report on 13 August 2025 and did not make any recommendations. At the Cabinet meeting, Councillor Tyerman proposed and Councillor Jackie Thomas seconded a motion that was agreed unanimously, as set out above.

Alternative Options considered and rejected at the time of the decision

None

Is this a Key Decision?

No

Does the call-in procedure apply?

Yes

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None

Published

22 August 2025

Signed: _____ Date: _____
Deputy Leader of Torbay Council on behalf of the Cabinet

Meeting: Council **Date:** 11 September 2025

Wards affected: All Wards

Report Title: Budget Monitoring – Revenue and Capital Outturn 2025/26 Quarter 1

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 Rowsell, Deputy Director of Finance,
ian.rowsell@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 2025/26, reviewing budgets and considering year-end forecasts. These forecasts are based on the levels of spend and financial information at the end of quarter 1 (Q1), up to 30 June 2025.
- 1.2. The Council is currently projecting an overspend of £785k by the end of the year. The report highlights the areas where material variances are being projected, the reasons for them and mitigating action being taken.
- 1.3. An updated forward looking Capital Investment Plan was included within the 2025/26 budget papers. An updated Plan is shown as Appendix 1 and highlights a total revised capital budget of £76.643m for the period up to 2027/28 with £52.239m planned spend in 2025/26.

2. Recommendations

Recommendations for Cabinet

- 2.1. That the Cabinet notes the forecasted revenue outturn position and amendments made to the published 2025/26 Capital Investment Plan.
- 2.2. That, subject to Council approving the additional capital as set out in paragraph 2.4 below, the Director of Finance be given delegated authority to agree appropriate terms and grant capital loans up to £2.5m to SWISCo for fleet modernisation.

Recommendations for Council

- 2.3. That Council approves the revisions to the Capital Investment Plan, as set out in Appendix 1 to the submitted report;
- 2.4. That Council approve the additional borrowing of £2.5m to facilitate capital loans to SWISCO to enable them to modernise their fleet; and
- 2.5. That Council approves an update to the Capital Programme of up to £3m allocated from Levelling Up Round 3 (LUF3) grant to acquire the required land for the delivery of the Torbay Tech Park.

3. 2025/26 Budget Summary – as at 30 June 2025

3.1. The Council are currently projecting an overspend of **£0.785m** for the end of 2025/26.

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

Service	Budget £m	Projected Outturn £m	Variance £m
Adults and Community Services	49.282	49.252	-0.030
Children's Services	46.026	46.584	0.558
Corporate Services	15.397	16.113	0.716
Financial Services	12.356	11.856	-0.500
Investment Portfolio	-4.134	-4.134	0.000
Pride in Place Services	28.560	28.601	0.041
Public Health Services	0.016	0.016	0.000
Revenue sub-total	147.503	148.288	0.785
Sources of Finance	147.503	147.503	0.000
Revenue Over/ (Under) spend	0.000	0.785	0.785

3.3. Robust financial management and control continues to be required from all services across the Council in order to mitigate current and emerging spending pressures to ultimately achieve a breakeven position by the year end.

3.4. The two areas where significant overspends are being forecast are Children's Social Care Placements and Legal Services, which total £986k. These will be referred to later in the report.

3.5. Financial Sustainability Plans are being maintained by each Director, which are overseen collectively by the Chief Executive and Directors in respect of the following key risk areas. These will continue to be reviewed and updated:

- 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)
- Events
- 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 will continue to have a positive impact, mitigating costs or pressures that otherwise would emerge and helping to reduce any projected 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. Achieving the targets outlined and agreed within Safety Valve Plan continues to be challenging and an overspend of £943k is now being forecast for 2025/26. A summary of the position is shown in Appendix 2.

Service Budgets

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

Service	Current Budget £m	Projected Outturn £m	Outturn Variance £m
Children's – Section 17 costs	0.580	0.680	0.100
Children's - Social care placements (excl. UASC)	23.559	24.002	0.443
Children's – Disabilities	0.804	0.903	0.099
Corporate – Legal Services	2.085	2.628	0.543
Corporate – HR and Payroll Services	0.970	1.065	0.095
Finance – Investments and borrowing	18.572	17.872	-0.700
Finance – External Audit Fees	0.319	0.519	0.200
Place – Torre Abbey	0.416	0.516	0.100
Place - Highways – road closure income	(0.130)	(0.230)	-0.100
Place – Concessionary Fares	3.656	3.536	-0.120
Place – Bus subsidies	0.220	0.315	0.095
			-0.755

(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 are not forecasting any material variances as at Q1.

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).

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 and the purchase of our own properties has resulted in no significant overspends being projected so far in this year. A Financial Sustainability Plan remains in place which will continue to be monitored closely.

Children's Services

3.12. Overall Children's Services are forecasting an overspend at Q1 of **£558k**. The table below highlights the material variances.

Service	Budget £m	Projected Outturn £m	Variance £m
Children's – Section 17	0.580	0.680	0.100
Children's - Social care placements (excl. UASC)	23.559	24.002	0.443
Children's – Disabilities	0.804	0.903	0.099
Other variances	-	-	(0.084)
Outturn Position	-	-	(0.558)

3.13. Expenditure relating to support for children in need under Section 17 of the Children Act 1989 is forecast to exceed budget by **£100k**. This is due to ongoing increases in demand, particularly in areas such as housing support, to ensure the Council meets its duty to safeguard children and promote their welfare.

3.14. The Service is currently projecting an overspend of **£443k** across our budgets for children social care placements. A shortage of suitable available placements continues to drive up costs within the market and we have recently had to make some high-cost residential placements. A financial sustainability plan remains in place and work continues within the Service to manage these pressures and limit any adverse impact on the budget.

3.15. An overspend of **£99k** is currently being forecast in relation to our budgets for Disabilities, due to an increase in demand for day services and placements.

3.16. 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.

3.17. 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.

3.18. Torbay Council has already received £8.777m from the DfE in response to its recovery plan, without which the DSG cumulative deficit would have been £14.469 at the end of 25/26. 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. We are currently projecting an overspend on the DSG budgets in 2025/26 totaling £0.943m, with further breakdown shown below:

	DSG Over / (Under) Spend £
Special School / High Needs in-year adjustments	50,000
Independent Special School Placements	358,000
Education Other than at School - Bespoke Packages / SEND Direct Payments	782,500
Joint Funded Placements	(57,000)
Staff costs in-year vacancy savings	(41,490)
Medical Tuition Service - Contract Refund	(100,000)
Vulnerable Children - including, Hospital Tuition & EAL	(34,000)
Other DSG	(14,869)
Totals	943,141

Corporate Services

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

Service	Budget £m	Projected Outturn £m	Variance £m
Corporate - Legal Services	2.085	2.628	0.543
Corporate – HR and Payrol	0.970	1.065	0.095
Other variances	-	-	-0.075
Outturn Position	-	-	0.563

3.20. The Legal Services budget is projecting an overspend of **£543k**. The service continues to experience financial challenges despite significant budget increases in recent years 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, 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. A financial sustainability plan remains in place for this area with a review brought forward and prioritised to take place prior to the Q2 budget monitoring report.

3.21. HR and Payroll services are forecasting an overspend of **£95k**. This relates to additional staffing costs, mainly interim support for various projects across the council.

3.22. The Council set a budget of £80k in 2025/26 in recognition of additional costs anticipated as a result of the Local Government Review process. The work required to support this process and work effectively with other Councils has required additional staff

resource and external support. It is planned to drawdown £200k from our Comprehensive Spending Review reserve to provide additional funding to support these activities, so no variance is being projected within the figures above.

- 3.23. It has been identified that the budget for the main Libraries contract has not been increased for inflation since 2023/24 and spend this year was projected to be £0.138m over the budget. We will transfer funds across from our inflation contingency to address this within this current year and rebase for 2026/27.
- 3.24. Within the other variances figure there is (£95k) insurance reimbursement relating to a yacht fire in a previous year.

Financial Services

- 3.25. Overall Financial Services is forecasting an underspend of **(£500k)**. The table below highlights the material variances.

Service	Budget £m	Projected Outturn £m	Variance £m
Finance – Investments and borrowing	18.572	17.872	(0.700)
Finance – External Audit Fees	0.319	0.519	0.200
Other variances	-	-	0.000
Outturn Position			(0.500)

- 3.26. An underspend of **£500k** across our Treasury Management budgets, 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.
- 3.27. Our External Audit fees for the year are expected to exceed budget by **£200k** in 2025/26, due to increase in costs and follows on from the national issue relating to the backlog of audits for Local Authority accounts.
- 3.28. As part of setting the 2025/26 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

- 3.29. 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' works.

3.30. This means the Council's investment portfolio would continue 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

3.31. Overall Pride of Place services are projecting an overspend of **£0.041m**. The table below highlights the material variances.

Service	Budget £m	Projected Outturn £m	Variance £m
Place – Torre Abbey	0.416	0.516	0.100
Place - Highways – road closure income	(0.130)	(0.230)	(0.100)
Place – Concessionary Fares	3.656	3.536	(0.120)
Place – Bus subsidies	0.220	0.315	0.095
Other variances	-	-	0.066
Outturn Position	-	-	0.041

3.32. The budgets for Torre Abbey are forecast to overspend by **£100k** by the year end. This pressure also emerged last year and 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 finalised to cover this area and identify actions that can be taken to manage spend, optimise income and reduce the overspend.

3.33. An underspend of **(£100k)** is projected on the Highways budget, mainly as a result of income from road closures continuing to exceed the budget.

3.34. The Concessionary fares budget is forecast to underspend by **(£120k)** this year. The costs linked to the number of users are expected to be lower than estimated within the budget.

3.35. A over spend of **£95k** is forecast within our bus subsidy budget in order to continue operating agreed routes. This is based on estimated increases in the subsidies provided to suppliers exceeding those budgeted.

3.36. No material net variance is currently being forecast across Parking Services, with any shortfall in parking income offset by enforcement income in excess of budget. We are also not currently projecting any overspends across our building control and planning services, following budget adjustments in 2025/26.

Public Health

- 3.37. Overall Public Health is reporting a balanced position within its ring-fenced grant.

4. Collection Fund

- 4.1. Collection rates levels in 2025/26 do not have any impact on the 2025/26 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.
- 4.2. In-year income collection rates for 2025/26 are expected to be in line with budgeted levels.

5. Wholly Owned Companies

- 5.1. SWISCo is experiencing some financial pressures in terms of operational delivery throughout 2025/26. A significant contributing factor is the increase in repairs and maintenance costs of ageing vehicles and associated hire costs required to ensure services can continue to be delivered.
- 5.2. SWISCO are currently repaying a loan for the purchase of fleet, where there was an approved business case for purchasing vehicles rather than leasing. A further business case has been prepared and reviewed by Finance, which would provide an additional loan to support a phased replacement of ageing vehicles in order to avoid expensive repairs and hire costs. SWISCo are now wishing to embark on the first phases of replacement which will entail the draw down of loans as required over the next 30 months, up to a maximum value of £ 2.5 million. SWISCO will repay the loans, including interest from their revenue budget over a 7 year period from each drawdown. The newer vehicles will be more environmentally friendly and provide savings in fuel cost as well as contributing to carbon reduction.
- 5.3. TEDC staff returned into Council management in April 2024 and assets and contracts transferred at different times through the year, with some further transfers of assets planned as soon as legally possible. Consequently it is still necessary for the company to be in existence, however we do not anticipate any material impact on the Council's accounts.
- 5.4. More detailed financial reporting about the Council's wholly owned Companies forms part of the Councils statement of accounts.

6. Capital

- 6.1. The 2025/26 Capital Plan budget of £32.606m was approved in February 2025 as part of the annual budget setting process. The budget papers included an updated forward looking capital programme, estimating the spend over the next 3-year capital programme (2025/26-2027/28).

6.2. The revised budget at quarter 1 is £52.239m and reflects the latest position within capital projects and the reviews that have taken place at Capital and Growth Board. Details of the budget revisions are included in Appendix 1 to this report and are summarised below.

Project Name	2025/26 Budget		
	Approved Budget	Q1 Budget Revisions	Revised Budget
	£000's	£000's	£000's
Schools Capital Programme	1,751	3,093	4,844
Projects under Feasibility and Development	10,019	4,433	14,452
Economic Development / Regeneration	575	(23)	552
Housing Development / Investment	7,242	3,857	11,099
Environment / Climate Capital Investment	534	5,056	5,590
Transport Capital Investment	5,252	1,517	6,769
Coastal Defence / Flood alleviation	7,177	708	7,885
Sports, Leisure and Culture	56	260	316
Schools Closed Projects	0	442	442
Other Closed Projects	0	290	290
Total	32,606	19,633	52,239

6.3. The majority of the increases to the 2025/26 budget for the period relate to underspends on 2024/25 project budgets with other changes being in respect of recommended funding increases from the Capital and Growth board.

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

Project Name	Amount	Comments
Approved Budget 2025/26	£32,606,000	As approved in February 2025
<u>Additions to the Capital Plan</u>		
SWISCO – Fleet modernisation	£4,000,000	Capital loan to modernise fleet and avoid increasing repairs and maintenance and hire costs Source of Funding: Prudential borrowing - funded by repayments by SWSICO
Hotels to Homes – Scheme 2	£3,100,000	Budget increase to accelerate the delivery of the scheme, see 6.11 to 6.13 for further details. The £3.1m includes the carry forward of the 2024/25 budget underspend (£0.320m). Source of Funding: Mix of Homes England grant, CCA grant and Prudential Borrowing, to be determined by the Director of Finance once the final business case is approved.
Pavilion, Torquay	£515,000	As per Record of Officer Decision - Capital Plan Updates – April 2025. Budget approval to enable the project to progress with the delivery of the opening up works Source of Funding: Town Deal Grant
Mayfield College Relocation	£30,000	As per Record of Officer Decision - Capital Plan Updates – May 2025. Budget increase funded from the ringfenced Higher Needs SEND capital allocations, to enable the project to progress and capture necessary condition works required for imminent occupation Source of Funding: Higher Needs SEND capital allocations
<u>2024/25 Budget Carry Forwards</u>		
Various Project Budgets	£11,990,000	Budget Carry Forward and other adjustments, summary below: Schools Capital Programme - £3.063m Projects under Feasibility & Development - £3.919m Housing Development / Investment - £0.757m Environment / Climate Capital Investment - £1.057m Transport Capital Investment - £1.517m Coastal Defence / Flood Alleviation - £0.707m Sports, Leisure & Culture – 0.261m Other Closed Projects - £0.290m Schools Closed Projects - £0.442m Other Schemes (less than £0.100m) – (£0.023m) Funding Source: The funding for these schemes approved when originally added to the Capital Plan. No additional funding required

2025/26 Quarter 1 Revised Budget	£52,239,000	
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- 6.4. In addition, further projects will be 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.
- 6.5. 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, £11.99m of unspent budget is proposed to be carried forward from 2024/25 to 2025/26 (see ‘Various Project Budgets’ in the table above).
- 6.6. The range of capital projects demonstrates the breadth and scale of the capital programme projects affecting services including highways, schools, housing and regeneration.
- 6.7. The Council were successful in 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. 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.

Hotels to Homes – Scheme 2

- 6.8. The Seabury Hotel project is progressing, with demolition complete and the site returned to the Council in preparation for development. At the point of acquisition, officers anticipated redesigning the site to secure a greater number of homes within the same footprint; however, this would delay the programme by approximately 12 months, whereas members have stated their ambition to speed up delivery.
- 6.9. On balance, officers therefore now recommend proceeding to build out the existing planning consent, which significantly reduces the Council’s risk profile, speeds up delivery, and avoids additional cost for minimal gain. To expedite this, it is necessary to allocate additional budget to the project from the approved affordable housing prudential borrowing headroom, to enable officers to go out to tender and secure cost certainty.
- 6.10. The spend to date and commitments to the project have been in respect of the purchase, demolition and site security and also includes the cost of the recently procured specialist project manager.
- 6.11. A budget increase is required from £1.3m to £4.4m to enable officers to accelerate delivery by going out to tender.
- 6.12. The final cost of construction, along with the overall scheme funding package (which will be eligible for Homes England grant in due course, once construction costs are known through the tender exercise) will still require normal Full Business Case approval, which is anticipated to be in early 2026.

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.
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 the Trust.
Price increases from high inflation rates continue to have an impact on both revenue and capital costs.	Medium	The 2024/25 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

8. Overview and Scrutiny Board

- 8.1 At its meeting held on 13 August 2025, the Overview and Scrutiny Board considered the original report (see [Budget Monitoring Revenue and Capital Outturn 2025 26 Quarter 1.pdf](#)) which proposed additional borrowing to facilitate capital loans to SWISCO, to enable them to modernise their fleet, of up to £4m together with a revised officer recommendation reducing this to £2.5m. This had arisen following conversations with the Cabinet Member for Finance, who had raised concern about increasing the Councils borrowing levels beyond the 1 April 2028 – given the uncertainty of Local Government reorganisation. This would currently be the case with the original proposed fleet replacement taking place over the next 6 years. It was therefore felt more appropriate to restrict replacement purchases to the next 30 months, up until 31 March 2028, reducing the amount of loan required. The Overview and Scrutiny Board supported these changes and this revised report has been updated to reflect this.

Appendices

Appendix 1 – Capital Plan summary as at Q1 2025/26

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Appendix 1 - 2025/26 - Quarter 1

Project Name	2025/26 Budget			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Schools Capital Programme	1,751	3,093	4,844	4,844	1,692	1,400	7,936
Projects under Feasibility and Development	10,019	4,433	14,452	14,452	3,376	398	18,226
Economic Development / Regeneration	575	(23)	552	552	0	0	552
Housing Development / Investment	7,242	3,857	11,099	11,099	1,000	1,000	13,099
Environment / Climate Capital Investment	534	5,056	5,590	5,590	0	0	5,590
Transport Capital Investment	5,252	1,517	6,769	6,769	3,284	3,121	13,174
Coastal Defence / Flood alleviation	7,177	708	7,885	7,885	6,900	2,233	17,018
Sports, Leisure and Culture	56	260	316	316	0	0	316
Schools Closed Projects	0	442	442	442	0	0	442
Other Closed Projects	0	290	290	290	0	0	290
Total	32,606	19,633	52,239	52,239	16,252	8,152	76,643

Capital Plan Detail

Schools Capital Programme

Project Name	2024/25 Budget & Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Capital Repairs and Maintenance	250	466	716	716	200	200	1,116
Education Review Projects	670	658	1,328	1,328	660	368	2,356
High Needs Capital Provision	750	1,141	1,891	1,891	750	750	3,391
Devolved Formula Capital	0	36	36	36			36
Paignton Academy STEPS Relocation	0	281	281	281			281
Foster Homes Adaptations	81	0	81	81	82	82	245
Acorn Centre (Youth Investment Fund)	0	42	42	42			42
Childcare Expansion	0	180	180	180			180
YMCA	0	152	152	152			152
Shewell School Salix	0	44	44	44			44
Mayfield College Relocation	0	93	93	93			93
Total	1,751	3,093	4,844	4,844	1,692	1,400	7,936

Schools Closed Projects

Project Name	2024/25 Budget & Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
PCSA Expansion	0	(2)	(2)	(2)			(2)
St Cuthbert Mayne Expansion	0	427	427	427			427
St Cuthbert Mayne Phase 2	0	17	17	17			17
Total	0	442	442	442	0	0	442

Projects under Feasibility and Development

Project Name	2024/25 Budget vs Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Crossways, Paignton - Regeneration	665	118	783	783			783
Extra Care Housing (Torre Marine)	0	0	0	0			0
Edginswell Railway Station	0	49	49	49			49
Union Square Acquisition & Development (Town Deal)	2,192		2,192	2,192			2,192
Debenhams Redevelopment	33	515	548	548			548
Torquay Town Deal - Pavilion	856	439	1,295	1,295			1,295
Torquay Town Deal - Core Area Public Realm	0	45	45	45			45
Torbay Road Paignton (High Streets Funding)	134	2	136	136			136
Station Square (High Streets Funding)	1,200	71	1,271	1,271	1,000	398	2,669
Victoria Centre (Paignton) (FHSF)	1,959	0	1,959	1,959			1,959
Oldway Mansion - phase 1 of Master-Plan	2,980	1,738	4,718	4,718	2,376		7,094
Brixham Square Public Realm (part of LUP £20m)	0	822	822	822			822
Brixham Central Car Park (part of LUP £20m)	0	245	245	245			245
Paignton Tech Park (Part of LUF £20m)	0	1	1	1			1
Brixham Port Infrastructure (Part of LUF £20m)	0	383	383	383			383
Foxhole Play & Ecology Hub	0	(25)	(25)	(25)			(25)
Edginswell Business Park - Unit 3	0	30	30	30			30
Total	10,019	4,433	14,452	14,452	3,376	398	18,226

Economic Development / Regeneration

Project Name	2024/25 Budget vs Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Torquay Strand Public Realm (Town Deal Funding)	0	(25)	(25)	(25)			(25)
Paignton Picture House (High Streets Funding)	575	0	575	575			575
Small Projects - UK Shared Prosperity Fund	0	2	2	2			2
Total	575	(23)	552	552	0	0	552

Housing Development / Investment

Project Name	2024/25 Budget vs Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Disabled Facilities Grants	1,000	(87)	913	913	1,000	1,000	2,913
Enhancement of Development sites	0	415	415	415			415
St Kilda's, Brixham - Affordable Housing	3,742	218	3,960	3,960			3,960
Hotels to Homes - Scheme 1	2,500	212	2,712	2,712			2,712
Hotels to Homes - Scheme 2	0	3,100	3,100	3,100			3,100
Total	7,242	3,857	11,099	11,099	1,000	1,000	13,099

Environment / Climate Capital Investment

Project Name	2024/25 Budget vs Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
SWISCO Loan - Vehicle & Equipment Replacement	0	3,368	3,368	3,368			3,368
Tor Park Road Site Improvements	0	985	985	985			985
Grant Payment to SWISCO, Food Waste Collection Grant	0	(100)	(100)	(100)			(100)
Car Park Investment	0	151	151	151			151
Climate Change Initiatives	0	461	461	461			461
Green Waste Bins	0	(17)	(17)	(17)			(17)
Solar Farm, Brokenbury (EGF)	0	51	51	51			51
Solar Farm, Nightingale Park (EGF)	0	194	194	194			194
Paignton Library Heat Decarbonisation	534	(103)	431	431			431
Tor Hill House Lighting Upgrade	0	66	66	66			66
Total	534	5,056	5,590	5,590	0	0	5,590

Transport Capital Investment

Project Name	2024/25 Budget vs Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Transport Highways Structural Maintenance	2,946	195	3,141	3,141	2,050	2,050	7,241
Transport Integrated Transport Schemes	1,570	1,027	2,597	2,597	1,071	1,071	4,739
Transport - Torquay Gateway Road Improvements	310	55	364	364			364
Transport - Western Corridor	300	150	450	450	163		613
Shiphay Lane (Active Travel Fund)	122	75	197	197			197
Babbacombe Beach Road	4	15	19	19			19
Total	5,252	1,517	6,769	6,769	3,284	3,121	13,174

Coastal Defence / Flood alleviation

Project Name	2024/25 Budget vs Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Flood Alleviation - Cockington	0	(9)	(9)	(9)			(9)
Flood Alleviation - Monksbridge	0	40	40	40			40
Paignton Coastal Defence Scheme	6,929	506	7,435	7,435	6,900	2,233	16,568
Flood Alleviation - Torquay	106	92	198	198			198
Paignton Flood Alleviation	101	21	121	121			121
Brixham Flood Alleviation	42	(0)	41	41			41
Collaton St Mary Flood Alleviation	0	58	58	58			58
Total	7,177	708	7,885	7,885	6,900	2,233	17,018

Sports, Leisure and Culture

Project Name	2024/25 Budget vs Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Haldon & Princess Pier	56	22	78	78			78
Torre Valley North Sports Facilities	0	6	6	6			6
Armada Park Refurbishment	0	(8)	(8)	(8)			(8)
Torre Abbey Gatehouse/SW Wing	0	132	132	132			132
Torre Abbey Renovation - Phase 3	0	108	108	108			108
Total	56	260	316	316	0	0	316

Closed Projects

Project Name	2024/25 Budget vs Spend			Revised 4-Year Plan			
	Approved Budget	Q1 Budget Revisions	Revised Budget	2025/26 Total Revised Budget	2026/27	2027/28	Total for Plan Period
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
The Pines (TCCT)	0	75	75	75			75
Maidencombe Beach CP (TCCT)	0	45	45	45			45
Claylands Redevelopment	0	20	20	20			20
Edginswell Business Park Unit 1	0	65	65	65			65
Edginswell Enabling Works (LEP GBF)	0	1	1	1			1
Harbour View Hotel Development	0	58	58	58			58
Temporary Accommodation	0	2	2	2			2
RICC Improvements - Backlog Repairs	0	24	24	24			24
Total	0	290	290	290	0	0	290

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Meeting: Audit Committee/Council

Date: 8 and 11 September 2025

Wards affected: All Wards in Torbay

Report Title: Treasury Management Outturn 2024/25 Report

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

Director/Assistant Director Contact Details: Malcolm Coe, Director of Finance Malcolm.coe@torbay.gov.uk and Andrew Sherry, Head of Treasury andrew.sherry@torbay.gov.uk

1. Purpose of Report

- 1.1 This report is to provide members with an annual report on the treasury management activities undertaken during the year 2024/25, which is compared to the 2024/25 Treasury Management Strategy.

2. Reason for Proposal and its benefits

- 2.1 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report.

3. Recommendation(s) / Proposed Decision

That the Audit Committee recommends to Council:

That the Treasury Management decisions made during 2024/25, as set out in the submitted report be noted.

Appendices

Appendix 1: Arlingclose Economic Commentary on the External Context for Treasury Management Activity – May 2025

Appendix 2: Borrowing and Investment Portfolio

Background Documents

Treasury Management Strategy 2024/25

Supporting Information

1. Introduction

- 1.1 In March 2023 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.
- 1.2 The Council's treasury management strategy for 2024/25 was approved by Council at a meeting on 22 February 2024. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

2. External Context

- 2.1 An economic commentary for the year provided by the Council's treasury management advisors, Arlingclose, is provided at Appendix 1 to this report.
- Inflation continued to stay above the 2% Bank of England target in the later part of 2024/25 (2.8% February 2025).
 - Bank Rate began at 5.25% with rate cuts in August and November 2024 and February 2025, which took Bank Rate to 4.50% at the end of the financial year.
 - Financial market sentiment was reasonably positive over most of the period, but economic, financial and geopolitical issues meant the trend of market volatility remained.
 - The 10-year UK benchmark gilt yield started the period at 3.94% and ended at 4.69%, having reached a low of 3.76% in September and a high of 4.90% in January.

3. Local Context

- 3.1 On 31st March 2025, the Council had net borrowing of £301m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), which represents the amount of capital expenditure that is not funded from capital receipts, government grants, third party contributions or revenue, while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary (subject to finalisation and audit)

	31.3.25 Actual £m
Total CFR	437
Less: *Other debt liabilities	(14)
Borrowing CFR	423
External borrowing	351
Internal borrowing	72
Less: Balance Sheet resources (usable reserves, working capital and other cash backed items)	(122)
Net treasury position	287

* PFI liabilities that form part of the Council's total debt

- 3.2 The Council pursued its strategy of keeping borrowing and investments well below their maximum permitted levels (i.e. using internal cash resources in place of borrowing), sometimes known as internal borrowing, to strike an appropriate low risk balance between securing low interest rates and achieving cost certainty over the periods for which funds are required. The Authority's borrowing strategy continues to address the key metric of affordability without compromising the longer-term stability of the debt portfolio.
- 3.3 The treasury management position on 31st March 2025 and the change during the year is shown in Table 2 below. A further breakdown of long-term investments is added at Table 2.1 and a list of loans and investments is detailed at Appendix 2.

Table 2: Treasury Management Summary

	31.3.24 Balance £m	Movement £m	31.3.25 Balance £m	31.3.25 Rate %
Long-term borrowing	359	(13)	346	2.86%
Short-term borrowing	0	5	5	4.38%
Total borrowing	359	(8)	351	2.88
Long-term investments*	(15)	(10)	(25)	4.75
Short-term investments	(34)	(4)	(38)	4.93
Cash and cash equivalents	(1)	0	(1)	3.25
Total investments	(50)	(14)	(64)	4.85
Net position	309	(22)	287	2.50

*Long term investments include the CCLA Property Fund, Supranational and Corporate Bonds investments at market valuation and fixed deposits with over 1 year to maturity

Table 2:1 Breakdown of Long-Term Investments

	31.3.24 Balance £m	Movement £m	31.3.25 Balance £m
Fixed Deposits	(5)	5	0
CCLA LA Property Fund	(5)	0	(5)
Supranational and Corporate Bonds	(5)	(10)	(15)
Total Long-Term Investments	(15)	(5)	(20)

4. Borrowing Update

- 4.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield.
- 4.2 The Council has reviewed its capital programme in light of changes to the CIPFA Prudential Code and PWLB lending arrangements to ensure that borrowing to invest primarily for commercial return is no longer undertaken.
- 4.3 At 31st March 2025 the Council held £351m of loans, (a decrease of £8m to the 31st March 2024 position) as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31st March are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.24 Balance £m	Net Movement £m	31.3.25 Balance £m	31.3.25 Weighted Average Rate %	31.3.25 Weighted Average Maturity (years)
Public Works Loan Board	349.0	(8)	341.0	2.830	26.1
Banks (LOBO)	5.0	-	5.0	4.700	55.6
Banks (fixed-term)	5.0	-	5.0	4.395	51.5
Total borrowing	359.0	(8)	351.0	2.880	26.1

- 4.5 In keeping with these objectives, no new borrowing was undertaken, while £7.7m of existing loans matured without replacement
- 4.6 Early repayment of £5m of PWLB loans for the purpose of realigning the borrowing portfolio with revised capital plans over the medium term was undertaken in March 2024.
- 4.7 These measures enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 4.8 LOBO loans: The Council continues to hold a £5m LOBO (Lender's Option Borrower's Option) loan where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The lenders option does not become due until 2028.

5. Other Debt Activity

- 5.1 Private Finance Initiative liabilities remained at around £14m on 31st March 2025, taking total debt to £365m

6. Treasury Investment Activity

- 6.1 The CIPFA Treasury Management Code now defines treasury management investments as investments that arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 6.2 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £42 million and £94 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.24 Balance £m	Net Movement £m	31.3.25 Balance £m	2024/25 Income Return %	2024/25 Weighted Average Maturity days
Banks & building societies (unsecured)	0.3	0.8	1.1	3.25	1
Local Authorities	35.0	7.0	42.0	4.96	197
DMO (Govt) Deposits	0.0	0.0	0.0		
Government Bonds	2.0	0.0	2.0	4.44	1,417
Corporate bonds	3.3	10.2	13.5	4.50	5,513
Money Market Funds	4.5	(3.5)	1.0	4.91	1
Other Pooled Funds:					
- <i>Cash plus fund</i>	0.0	0.0	0.0	-	
- <i>Property fund</i>	4.4	0.0	4.4	5.68	
Total investments	49.5	14.5	64.0	4.56	

- 6.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 6.4 Bank Rate reduced from 5.25% to 5.00% in August 2024, again to 4.75% in November 2024 and again to 4.5% in February 2025 with short term interest rates largely being around these levels. Rates on the Council's Money Market Funds were between 4.43% and 5.27%, with the average return being 4.91%.
- 6.5 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

At 31st March 2025	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
Torbay Council	4.47	AA-	2%	1,446	4.95
17 English Unitaries	4.97	A+	72%	107	5.36
121 LA Average	4.77	A+	64%	8	4.80

- 6.6 At the commencement of the year £35 million of the investment portfolio was locked into fixed deposits with local authorities on varying maturities and at rates ranging from 4.20% to 5.95%. All of these matured during the year and included within new deals were £55m of short-term deals maturing within 1-year deals at rates between 4.75% and 5.60%, and one 3-year loan with a yield of 4.6% maturing in 2027. At year-end LA deposits stood at £42m.
- 6.7 As part of a more diversified portfolio, we acquired £10m in investment-grade supra-national bonds with maturities between 2029 and 2044, giving a total bond investment at the year-end of £15m. The published yields of these bonds range from 4.118% to 4.802%. These investments give security of return over the longer term; however, the short term traded prices of these securities can fall below the nominal value and at the year end the indicative value in total was £14.6m. Since these investments are held to provide secure income and not to be actively traded, they are valued at cost in our Treasury Management Statements.
- 6.8 Throughout the year funds not required on a daily basis were placed in short term deals with the UK governments' DMADF facility and in liquid overnight Money Market Funds to earn income and to remain available to assist the delivery of internal council borrowing for capital funding and for proposed strategic investments.
- 6.9 **Externally Managed Pooled Funds:** £5m of the Council's investments are invested in an externally managed strategic pooled property fund where short-term value and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated an income return of £0.25m (5.68%). There was no significant unrealised gain or loss for the year.

7. Non-Treasury Investments

- 7.1 The definition of investments in CIPFA's Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) or for commercial purposes (made primarily for financial return).

- 7.2 The outturn position of the Council's non-treasury investments will form part of the Statement of Accounts 2024/25 and will be reported with the usual level of detail within the Treasury Management 2025/26 mid-year review.

8. Treasury Performance

- 8.1 The financial performance of the Council's direct treasury management activities in terms of its impact on the revenue budget is shown in table 6 below.

Table 6: Performance

As at 31st March 2025	Budget 2024/25	Outturn 2024/25	Variation
	£M	£M	£M
Investment Income	(1.9)	(3.7)	(1.8)
Interest Paid on Borrowing	13.4	11.5	(1.9)
Net Position (Interest)	11.5	7.8	(3.7)
Minimum Revenue Provision (excl. PFI)	6.9	7.6	0.7
Gross premium/(discount) on PWLB repayment	0.0	(0.5)	(0.5)
Net Position (Other)	6.9	7.1	0.2
Net Position Overall	18.4	14.9	(3.5)

9. Compliance

- 9.1 The Chief Finance Officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

Compliance with specific limits is demonstrated in table 7 below.

Table 7: Investment Limits

	2024/25 Maximum	31.3.25 Actual	2024/25 Limit	Complied? Yes/No
Any single organisation, except the UK Government	£9m	£5m	£15m	Yes
Unsecured investments with banks and building societies	£5m	-	£6m	Yes
Money Market Funds – per fund	£9m		£15m	Yes
Total held across all MM funds at y/e		£4m		
Strategic pooled funds	£5m	£5m	£10m	Yes

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 8 below.

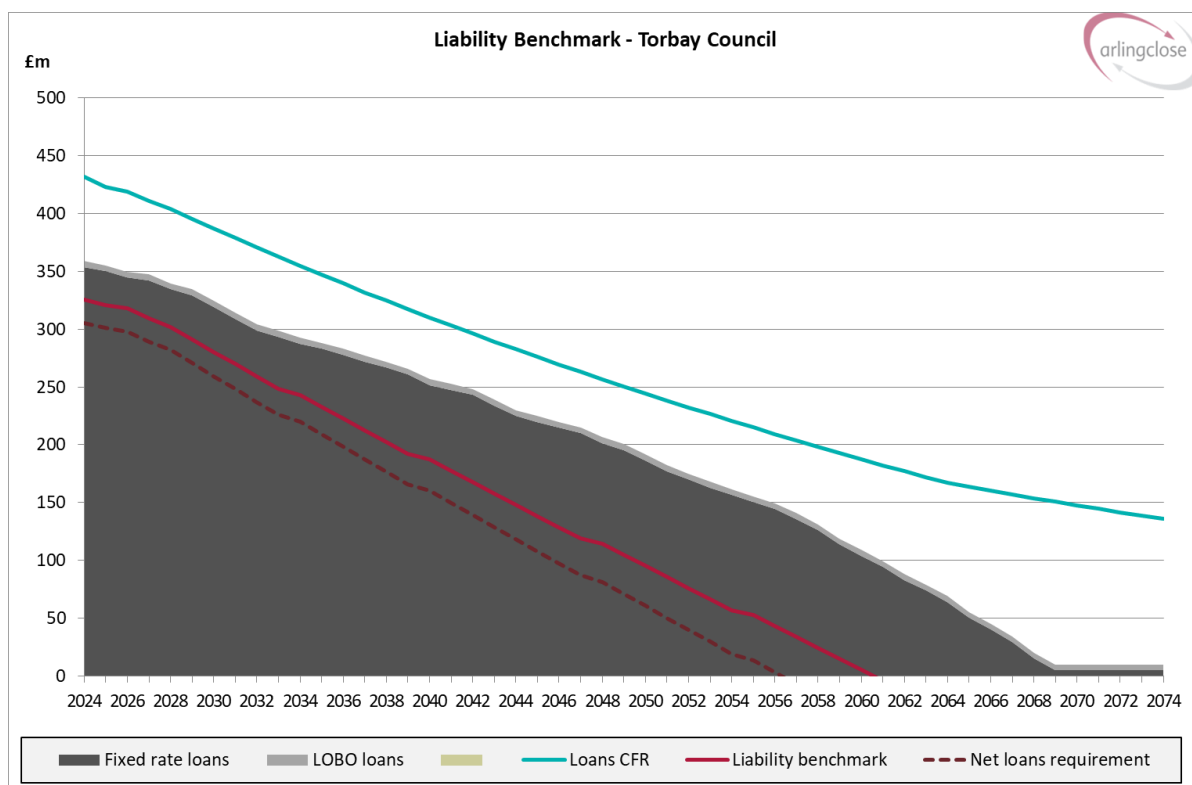
Table 8: Debt Limits

	2024/25 Maximum	31.3.25 Actual	2024/25 Operational Boundary	2024/25 Authorised Limit	Complied? Yes/No
Borrowing	£359m	£351m	£430m	£480m	Yes
PFI & Finance Leases	£14m	£14m	£20m	£20m	Yes
Total Debt	£373m	£365m	£450m	£500m	Yes

9.2 **Treasury Management Indicators:** The Council measures and manages its exposures to treasury management risks using the following indicators.

Liability Benchmark This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

The latest estimate of the Liability Benchmark is illustrated in the graph below demonstrating maturing borrowing levels remaining above the benchmark over the long term with scope for future treasury management decisions to reduce the margin.



Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating/credit score of its investment portfolio. The Council understands that credit ratings are good, but not perfect predictors of investment default. Regard is also given to other available sources of information on the credit quality of the organisations in which it invests, including default swap process, financial statements and reports in the quality financial press, amongst others. The credit score is calculated by applying a value to each investment (AAA=1, AA+=2, A=6 etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.3.25 Actual	2024/25 Target	Complied?
Portfolio average credit rating (score)	AA- (4)	A (6)	Yes

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one-month period, without additional borrowing.

	31.3.25 Actual	2024/25 Target	Complied?
Total cash available within one month	£10M	£10M	Yes

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.3.25 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	1%	40%	0%	Yes
12 months - within 24 months	1%	40%	0%	Yes
24 months and within 5 years	6%	30%	0%	Yes
5 years and within 10 years	10%	40%	0%	Yes
10 years and within 20 years	19%	50%	0%	Yes
20 years and within 30 years	20%	60%	0%	Yes
30 years and within 40 years	27%	50%	0%	Yes
40 years and over	16%	50%	0%	Yes

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2024/25	2025/26	2026/27
Actual principal invested beyond year end	£15m	£15m	£15m
Limit on principal invested beyond year end	£40m	£40m	£40m
Complied?	Yes	Yes	Yes

10. Other

- 10.1 **Statutory override:** Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1st April 2029 for investments already in place before 1st April 2024. The override will not apply to any new investments taken out on or after 1st April 2024.

The Authority has reserves available to mitigate the impact of the statutory override not being extended after 1st April 2029. The Council's investment which is impacted by the override is the £5m investment in the CCLA Property Fund. This investment was made before 1st April 2024 meaning it falls within the parameters of the extension of the override to 1st April 2029.

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Appendix 1

Economic Commentary (Provided by Arlingclose, May 2025)

Economic background: Both the UK and US elected new governments during the period, whose policy decisions impacted the economic outlook. The Chancellor of the Exchequer delivered her Spring Statement in March 2025, following her Budget in October 2024. Based on the plans announced, the Office for Budget Responsibility downgraded its predictions for UK growth in 2025 to 1% from 2%. However, it upgraded its predictions for the four subsequent years. Inflation predictions for 2025 were pushed up, to 3.2% from 2.6%, before seen as falling back to target in 2027. The market reaction to the Spring Statement was more muted compared to the Budget, with very recent market turbulence being driven more by US trade policy decisions and President Trump.

After revising its interest rate forecast in November following the Budget, the council's treasury management advisor, Arlingclose, maintained its stance that Bank Rate will fall to 3.75% in 2025.

UK annual Consumer Price Index (CPI) inflation continued to stay above the 2% Bank of England (BoE) target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices at 2.8% in February 2025, down from 3.0% in the previous month and below expectations. Core CPI also remained elevated, falling slightly in February to 3.5% from 3.7% in January, just below expectations for 3.6% but higher than the last three months of the calendar year.

The UK economy Gross Domestic Product (GDP) grew by 0.1% between October and December 2024, unrevised from the initial estimate. This was an improvement on the zero growth in the previous quarter, but down from the 0.4% growth between April and June 2024. Of the monthly GDP figures, the economy was estimated to have contracted by 0.1% in January, worse than expectations for a 0.1% gain.

The labour market continued to cool, but the ONS data still require treating with caution. Recent data showed the unemployment rate rose to 4.4% (3mth/year) in the three months to January 2025 while the economic inactivity rate fell again to 21.5%. The ONS reported pay growth over the same three-month period at 5.9% for regular earnings (excluding bonuses) and 5.8% for total earnings.

The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.5% at its March 2025 meeting, having reduced it in February. This follows earlier 0.25% cuts in November and August 2024 from the 5.25% peak. At the March MPC meeting, members voted 8-1 to maintain Bank Rate at 4.5%, with the one dissenter preferring another 25 basis points cut. The meeting minutes implied a slightly more hawkish tilt compared to February when two MPC members wanted a 50bps cut. In the minutes, the Bank also upgraded its Q1 2025 GDP forecast to around 0.25% from the previous estimate of 0.1%.

The February Monetary Policy Report (MPR) showed the BoE expected GDP growth in 2025 to be significantly weaker compared to the November MPR. GDP is forecast

to rise by 0.1% in Q1 2025, less than the previous estimate of 0.4%. Four-quarter GDP growth is expected to pick up from the middle of 2025, to over 1.5% by the end of the forecast period. The outlook for CPI inflation showed it remaining above the MPC's 2% target throughout 2025. It is expected to hit around 3.5% by June before peaking at 3.7% in Q3 and then easing towards the end of the year, but staying above the 2% target. The unemployment rate was expected to rise steadily to around 4.75% by the end of the forecast horizon, above the assumed medium-term equilibrium unemployment rate of 4.5%.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would continue to fall throughout 2025. From the cuts in August and November 2024 and February 2025, which took Bank Rate to 4.50%, May is considered the likely month for the next reduction, with other cuts following in line with MPR months to take Bank Rate down to around 3.75% by the end of 2025.

The US Federal Reserve paused its cutting cycle in the first three months of 2025, having reduced the Fed Funds Rate by 0.25% to a range of 4.25%-4.50% in December, the third cut in succession. Fed policymakers noted uncertainty around the economic outlook but were anticipating around 0.50% of further cuts in the policy rate in 2025. Economic growth continued to rise at a reasonable pace, expanding at an annualised rate of 2.4% in Q4 2024 while inflation remained elevated over the period. However, growth is now expected to weaken by more than previously expected in 2025, to 1.7% from 2.1%. The uncertainty that President Trump has brought both before and since his inauguration in January is expected to continue.

The European Central Bank (ECB) continued its rate cutting cycle over the period, reducing its three key policy rates by another 0.25% in March, acknowledging that monetary policy is becoming meaningfully less restrictive. Euro zone inflation has decreased steadily in 2025, falling to 2.2% in March, the lowest level since November 2024. Over the current calendar year, inflation is expected to average 2.3%. GDP growth stagnated in the last quarter of the 2024 calendar year, after expanding by 0.4% in the previous quarter. For 2025, economic growth forecasts were revised downwards to 0.9%.

Financial markets: Financial market sentiment was reasonably positive over most of the period, but economic, financial and geopolitical issues meant the trend of market volatility remained. In the latter part of the period, volatility increased and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy impacted financial markets. Yields in the UK and US started to diverge in the last month of the period, with the former rising around concerns over the fiscal implications on the UK government from weaker growth, business sentiment and higher rates, while the latter started falling on potential recession fears due to the unpredictable nature of policy announcements by the US President and their potential impact.

The 10-year UK benchmark gilt yield started the period at 3.94% and ended at 4.69%, having reached a low of 3.76% in September and a high of 4.90% in January in between. While the 20-year gilt started at 4.40% and ended at 5.22%, hitting a low

of 4.27% in September and a high of 5.40% in January. The Sterling Overnight Rate (SONIA) averaged 4.90% over the period.

The period in question ended shortly before US President Donald Trump announced his package of 'reciprocal tariffs', the immediate aftermath of which saw stock prices and government bond yields falling and introduced further uncertainty over the economic outlook.

Credit review: In October, Arlingclose revised its advised recommended maximum unsecured duration limit on most banks on its counterparty list to six months. Duration advice for the remaining five institutions, including the newly added Lloyds Bank Corporate Markets, was kept to a maximum of 100 days. This advice remained in place at the end of the period.

Fitch revised the outlook on Commonwealth Bank of Australia (CBA) to positive from stable while affirming its long-term rating at AA-, citing its consistent strong earnings and profitability.

Other than CBA, the last three months of the period were relatively quiet on the bank credit rating front, with a small number of updates issued for a number of lenders not on the Arlingclose recommended counterparty list.

On local authorities, S&P assigned a BBB+ to Warrington Council, having previously withdrawn its rating earlier in 2024, and also withdrew its rating for Lancashire County Council due to the council deciding to stop maintaining a credit rating. However, it still holds a rating with Fitch and Moody's. Moody's withdrew its rating of Cornwall Council after it chose to no longer maintain a rating.

Credit default swap prices generally trended lower over the period but did start to rise modestly in March, but not to any levels considered concerning. Once again, price volatility over the period remained generally more muted compared to previous periods.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

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Appendix 2

Borrowing and Investment Portfolio at 31st March 2025

Long Term Borrowing

Name	Principal £	Interest Rate	Start Date	Maturity Date
Barclays Bank PLC (NRFB)	5,000,000	4.700%	24/09/2004	24/09/2074
Dexia Credit Local	5,000,000	4.395%	05/11/2008	07/11/2078
Public Works Loan Board	5,000,000	4.390%	10/05/2010	15/07/2025
Public Works Loan Board	1,560,207	1.420%	08/08/2002	08/03/2027
Public Works Loan Board	3,000,000	4.875%	10/08/2009	15/04/2027
Public Works Loan Board	1,190,477	2.160%	22/02/2017	15/05/2027
Public Works Loan Board	266,591	2.260%	02/12/2002	30/09/2027
Public Works Loan Board	4,000,000	4.010%	24/11/2017	31/03/2028
Public Works Loan Board	5,000,000	1.530%	06/10/2017	15/09/2028
Public Works Loan Board	5,000,000	2.360%	13/10/2009	15/06/2029
Public Works Loan Board	5,000,000	1.520%	17/09/2019	31/03/2030
Public Works Loan Board	5,000,000	2.430%	21/07/2017	30/09/2030
Public Works Loan Board	5,000,000	2.400%	23/09/2019	31/03/2031
Public Works Loan Board	5,000,000	4.250%	03/02/2020	30/09/2031
Public Works Loan Board	5,000,000	4.250%	26/07/2017	30/09/2031
Public Works Loan Board	5,000,000	4.750%	24/08/2009	24/08/2032
Public Works Loan Board	410,581	2.510%	21/11/2005	21/09/2032
Public Works Loan Board	207,974	4.750%	11/03/2004	11/09/2033
Public Works Loan Board	5,000,000	4.950%	24/11/2017	30/09/2033
Public Works Loan Board	410,581	4.400%	01/04/2004	01/03/2034
Public Works Loan Board	410,581	4.500%	08/07/2004	08/03/2034
Public Works Loan Board	2,000,000	2.320%	19/07/2006	15/11/2034
Public Works Loan Board	2,000,000	2.380%	27/11/2007	15/01/2035
Public Works Loan Board	2,000,000	4.450%	25/03/2019	31/03/2036
Public Works Loan Board	3,000,000	4.350%	12/03/2019	31/03/2036
Public Works Loan Board	2,000,000	4.400%	14/07/2006	14/08/2036
Public Works Loan Board	4,000,000	4.430%	19/07/2006	15/11/2036
Public Works Loan Board	2,337,000	4.400%	02/08/2006	15/05/2037
Public Works Loan Board	410,582	4.150%	21/01/2008	21/09/2037
Public Works Loan Board	2,000,000	2.280%	11/08/2006	15/12/2037
Public Works Loan Board	3,000,000	4.420%	03/11/2006	15/06/2038
Public Works Loan Board	3,000,000	1.860%	30/05/2019	31/03/2039
Public Works Loan Board	2,000,000	2.410%	24/01/2008	15/03/2040
Public Works Loan Board	5,000,000	4.420%	23/09/2019	31/03/2040
Public Works Loan Board	2,000,000	2.420%	25/03/2019	31/03/2040
Public Works Loan Board	2,000,000	4.300%	07/01/2008	15/03/2041
Public Works Loan Board	2,000,000	4.100%	25/03/2019	31/03/2041
Public Works Loan Board	410,581	4.100%	13/04/2006	13/09/2041
Public Works Loan Board	2,000,000	2.290%	28/09/2006	15/12/2041
Public Works Loan Board	2,000,000	4.350%	03/11/2006	15/12/2041
Public Works Loan Board	2,980,393	2.240%	26/07/2017	30/09/2042
Public Works Loan Board	4,000,000	4.350%	25/01/2007	15/10/2042
Public Works Loan Board	5,000,000	4.150%	11/03/2020	31/03/2043

Name	Principal £	Interest Rate	Start Date	Maturity Date
Public Works Loan Board	4,000,000	4.100%	02/03/2007	15/07/2043
Public Works Loan Board	5,000,000	2.140%	08/07/2019	31/03/2044
Public Works Loan Board	3,000,000	4.480%	10/08/2009	15/04/2044
Public Works Loan Board	2,000,000	2.350%	27/03/2019	31/03/2045
Public Works Loan Board	3,000,000	4.150%	13/12/2005	14/02/2046
Public Works Loan Board	2,000,000	2.350%	27/03/2019	31/03/2046
Public Works Loan Board	5,000,000	2.540%	10/07/2018	31/03/2047
Public Works Loan Board	410,581	4.200%	23/05/2006	30/09/2047
Public Works Loan Board	5,000,000	2.520%	05/06/2018	15/01/2048
Public Works Loan Board	3,000,000	4.450%	31/01/2007	15/03/2048
Public Works Loan Board	6,000,000	2.610%	24/11/2017	31/03/2049
Public Works Loan Board	4,000,000	4.300%	08/03/2007	15/07/2049
Public Works Loan Board	5,000,000	1.720%	05/09/2019	31/03/2050
Public Works Loan Board	2,000,000	4.300%	08/03/2007	15/07/2050
Public Works Loan Board	2,000,000	4.050%	23/12/2005	14/02/2051
Public Works Loan Board	410,581	4.100%	19/12/2005	19/03/2051
Public Works Loan Board	5,000,000	2.210%	11/03/2020	31/03/2051
Public Works Loan Board	615,872	4.200%	19/09/2006	19/09/2051
Public Works Loan Board	410,581	4.050%	29/09/2006	29/09/2051
Public Works Loan Board	410,581	4.200%	31/08/2006	30/09/2051
Public Works Loan Board	410,581	4.400%	28/04/2006	30/09/2051
Public Works Loan Board	4,000,000	4.100%	07/12/2006	15/01/2052
Public Works Loan Board	1,231,744	4.250%	16/01/2007	16/03/2052
Public Works Loan Board	2,000,000	4.500%	20/08/2007	15/09/2052
Public Works Loan Board	5,000,000	2.530%	24/11/2017	31/03/2053
Public Works Loan Board	1,231,744	4.400%	29/06/2006	29/09/2053
Public Works Loan Board	5,000,000	1.950%	17/09/2019	31/03/2054
Public Works Loan Board	410,581	4.500%	11/04/2007	11/09/2054
Public Works Loan Board	410,581	3.900%	11/01/2006	11/03/2055
Public Works Loan Board	5,000,000	2.760%	03/02/2020	31/03/2055
Public Works Loan Board	410,581	4.150%	13/12/2005	13/09/2055
Public Works Loan Board	205,291	4.250%	19/07/2006	19/09/2055
Public Works Loan Board	615,872	4.250%	25/08/2006	25/09/2055
Public Works Loan Board	5,000,000	1.810%	23/09/2019	31/03/2056
Public Works Loan Board	8,000,000	2.570%	16/11/2017	31/03/2057
Public Works Loan Board	5,000,000	1.850%	16/09/2019	31/03/2058
Public Works Loan Board	4,000,000	2.550%	16/11/2017	31/03/2058
Public Works Loan Board	3,000,000	4.380%	10/09/2008	15/04/2058
Public Works Loan Board	6,000,000	2.900%	06/12/2019	31/03/2059
Public Works Loan Board	5,000,000	2.580%	25/09/2017	15/11/2059
Public Works Loan Board	5,000,000	2.500%	19/10/2017	15/12/2059
Public Works Loan Board	5,000,000	2.500%	19/10/2017	15/12/2060
Public Works Loan Board	5,000,000	2.370%	15/08/2017	31/03/2061
Public Works Loan Board	5,000,000	2.540%	22/02/2017	15/05/2061
Public Works Loan Board	6,000,000	2.510%	16/11/2017	31/03/2062
Public Works Loan Board	5,000,000	2.480%	28/02/2017	15/05/2062
Public Works Loan Board	2,000,000	2.540%	26/09/2017	15/11/2062

Name	Principal £	Interest Rate	Start Date	Maturity Date
Public Works Loan Board	2,000,000	2.360%	26/02/2019	31/03/2063
Public Works Loan Board	5,000,000	2.350%	12/04/2017	15/05/2063
Public Works Loan Board	5,000,000	1.900%	13/08/2019	31/03/2064
Public Works Loan Board	5,000,000	2.270%	19/04/2017	15/06/2064
Public Works Loan Board	3,000,000	2.520%	27/09/2017	15/11/2064
Public Works Loan Board	6,000,000	2.490%	16/11/2017	31/03/2065
Public Works Loan Board	5,000,000	2.280%	26/06/2017	15/08/2065
Public Works Loan Board	2,000,000	2.520%	27/09/2017	15/11/2065
Public Works Loan Board	3,000,000	2.370%	21/02/2019	31/03/2066
Public Works Loan Board	6,000,000	2.490%	16/11/2017	30/09/2066
Public Works Loan Board	5,000,000	2.440%	26/07/2017	30/09/2066
Public Works Loan Board	5,000,000	2.500%	06/10/2017	15/09/2067
Public Works Loan Board	5,000,000	2.150%	06/06/2019	31/03/2068
Public Works Loan Board	4,000,000	2.250%	28/05/2019	31/03/2068
Public Works Loan Board	5,000,000	1.740%	23/09/2019	31/03/2069
Public Works Loan Board	5,000,000	1.730%	19/08/2019	31/03/2069
	350,780,724			

Long Term Investments

Name	Principal £	Interest Rate	Start Date	Maturity Date
European Investment Bank	3,000,000	4.439%	20/03/2024	15/04/2039
BNG Bank INV	2,000,000	4.284%	20/03/2024	15/05/2024
European Investment Bank	5,000,000	4.500%	03/06/2024	07/03/2044
International Bank for Reconstruction & Development	3,000,000	5.750%	18/07/2024	07/06/2032
European Investment Bank	2,000,000	4.500%	18/07/2024	07/03/2044
Borough of Kingston Upon Hull	5,000,000	4.600%	06/11/2024	08/11/2027
CCLA Property Fund	5,000,000	5.027%	n/a	n/a
	25,000,000			

Short Term Investments

Name	Principal £	Interest Rate	Start Date	Maturity Date
Medway Council	5,000,000	4.200%	24/02/2023	04/04/2025
London Borough of Waltham Forest	5,000,000	4.850%	20/08/2024	20/05/2025
Aberdeen City Council	2,000,000	5.150%	07/06/2024	06/06/2025
Blackpool Council	5,000,000	4.850%	30/08/2024	30/06/2025
North Northamptonshire Council	5,000,000	5.600%	09/01/2025	09/07/2025
Newport City Council	5,000,000	4.800%	09/09/2024	08/09/2025
Ashford Borough Council	5,000,000	5.550%	11/12/2024	11/09/2025
Chorley Borough Council	5,000,000	4.750%	30/09/2024	29/09/2025
Goldman Sachs Money Market Fund	1,000,000	4.433%	n/a	n/a
CCLA Public Sector Deposit Fund	50,000	5.218%	n/a	n/a
Aviva Investors Money Market Fund	50,000	4.568%	n/a	n/a
Legal & General Money Market fund	50,000	4.506%	n/a	n/a
	38,150,000			

Cash & Cash Equivalents

Name	Principal £	Interest Rate	Start Date	Maturity Date
National Westminster Bank	267,859	3.250%	n/a	n/a
	267,859			

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