

Report to: Cabinet



Date of Meeting 4 March 2026

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## Finance Report: month 10 monitoring update

### Report summary:

This report gives a summary of the Council's overall financial position for 2025/26 at the end of month ten (31 January 2026).

Current monitoring indicates that:

- The General Fund Balance is currently projected to be materially in line with budget; therefore, no action is recommended for members consideration.
- The Housing Revenue Account (HRA) budget strategy follows the Sustainability plan which required the restoration of the HRA Balance to £3.1m in £250k annual increments. This is set to be achieved, with any surplus used as an additional contribution to capital to reduce borrowing and the resultant interest burden.
- Capital in both the General Fund and Housing workstreams are significantly below budget expectations resulting in slippage into 2026/27.

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

The variances identified as part of the Revenue and Capital Monitoring process up to Month 10 be acknowledged

### Reason for recommendation:

The report updates Members on the overall financial position of the Authority at set periods and includes recommendations where corrective action is required for the remainder of the financial year.

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Portfolio(s) (check which apply):

- Assets and Economy
- Communications and Democracy
- Council, Corporate and External Engagement
- Culture, Leisure, Sport and Tourism
- Environment - Nature and Climate
- Environment - Operational

- Finance
- Place, Infrastructure and Strategic Planning
- Sustainable Homes and Communities

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Low Risk;

**Links to background information -**

**Link to [Council Plan](#)**

Priorities (check which apply)

- A supported and engaged community
  - Carbon neutrality and ecological recovery
  - Resilient economy that supports local business
  - Financially secure and improving quality of services
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## **Report in full**

### **Introduction**

The purpose of this monitoring report is to update members of Cabinet on the overall financial position of the Authority following the end of January 2026. The report considers expenditure to date and projections on year-end spend to determine if the Council will maintain its spending within budget and maintain the General Fund Balance and the Housing Revenue Account Balance at the approved levels.

The report contains the following sections:

- Section 2 General Fund Position
- Section 3 Housing Revenue Account
- Section 4 Capital Programme
- Section 5 Treasury Management

### **General Fund Position as at Month 10 – January 2026**

It is currently anticipated for the General Fund to outturn materially in line with budget (£86k favourable position), this is a prudent calculation particularly around income areas and interest. The following tables provide analysis and commentary on both the budgetary movements in year as well as the anticipated outturn against these revised budgets. The two main reasons for the budget changes are;

- Restructure – the most material impact being the transfer of Car Parks out of the Finance Portfolio.
- Earmarked Reserves – additional use or contribution to the service's reserves as result in large part to additional external funding on significant projects.

| Portfolio Budget - Net Expenditure | Including Capital Charges |                   |                |           | Capital Charges  |                  |          | Excluding Capital Charges |                   |                |           | NOTES |
|------------------------------------|---------------------------|-------------------|----------------|-----------|------------------|------------------|----------|---------------------------|-------------------|----------------|-----------|-------|
|                                    | 2025/26 Outturn           |                   |                |           | 2025/26 Outturn  |                  |          | 2025/26 Outturn           |                   |                |           |       |
|                                    | Actuals                   | Budget            | Surp/Def       | %age      | Actuals          | Budget           | Surp/Def | Actuals                   | Budget            | Surp/Def       | %age      |       |
| Corporate Business                 | 113,226                   | 140,281           | -27,056        | -19%      | 0                | 0                | 0        | 113,226                   | 140,281           | -27,056        | -19%      | 1     |
| Corporate Services                 | 1,309,478                 | 674,186           | 635,292        | 94%       | 0                | 0                | 0        | 1,309,478                 | 674,186           | 635,292        | 94%       | 2     |
| Economy And Regenrtn Portfolio     | -2,228,648                | -2,481,202        | 252,554        | -10%      | 268,430          | 268,430          | 0        | -2,497,078                | -2,749,632        | 252,554        | -9%       | 3     |
| Environment Portfolio              | 6,792,547                 | 6,745,297         | 47,251         | 1%        | 1,246,390        | 1,246,390        | 0        | 5,546,157                 | 5,498,907         | 47,251         | 1%        | 4     |
| Finance                            | 2,832,554                 | 2,801,390         | 31,164         | 1%        | 0                | 0                | 0        | 2,832,554                 | 2,801,390         | 31,164         | 1%        | 5     |
| Strategic Development & P'Ship     | 4,851,057                 | 5,359,855         | -508,798       | -9%       | 0                | 0                | 0        | 4,851,057                 | 5,359,855         | -508,798       | -9%       | 6     |
| Street Scene Portfolio             | 16,259,590                | 16,144,493        | 115,098        | -1%       | 2,167,650        | 2,167,650        | 0        | 14,091,940                | 13,976,843        | 115,098        | -2%       | 7     |
| Sustainable Homes & Communitie     | 2,552,813                 | 2,643,603         | -90,789        | -3%       | 42,750           | 42,750           | 0        | 2,510,063                 | 2,600,853         | -90,789        | -3%       | 8     |
| <b>Portfolio Totals</b>            | <b>32,482,617</b>         | <b>32,027,902</b> | <b>454,715</b> | <b>1%</b> | <b>3,725,220</b> | <b>3,725,220</b> | <b>0</b> | <b>28,757,397</b>         | <b>28,302,682</b> | <b>454,715</b> | <b>2%</b> |       |
| Reversal of Capital Charges        | -3,725,220                | -3,725,220        | 0              | 0%        | -3,725,220       | -3,725,220       | 0        | 0                         | 0                 | 0              | 0%        |       |
| <b>Portfolio Totals</b>            | <b>28,757,397</b>         | <b>28,302,682</b> | <b>454,715</b> | <b>2%</b> | <b>0</b>         | <b>0</b>         | <b>0</b> | <b>28,757,397</b>         | <b>28,302,682</b> | <b>454,715</b> | <b>2%</b> |       |

### Capital Charges Variations to Budget

The Capital charges, which have 0 impact on the General Fund Balance, are currently as budgeted. This is due to the Capital charge information only being available after the year end once the asset revaluation program has been completed and the councils Fixed Asset Register is updated. The above is an estimate of depreciation, the required accounting treatment of which is a CR against the Asset (B/S), the above DR/cost to the service (CIES/MIRS), a CR in the Movement in Reserves statement (CIES/MIRS) and a DR to the Capital Adjustment Account Unusable Reserve (B/S), hence 0 impact on the General Fund Balance.

### Budget Variations

The budget for the portfolios above when compared to the Budget Book for 2025/26 looks completely different. The below table compares the value provided in the budget book with the budget currently being reported with an explanation against each line as to why the variation has occurred for the material budget movements. The below shows, with Earmarked Reserves included the movements are either restructures or Budget changes v Earmarked Reserve.

| Portfolio Budget - Net Expenditure | 2025/26 Outturn   |                   |                  | Variation Explanation                                                                          |
|------------------------------------|-------------------|-------------------|------------------|------------------------------------------------------------------------------------------------|
|                                    | Original          | Revised           | Variation        |                                                                                                |
| Corporate Business                 | 140,281           | 140,281           | 0                | No material variations                                                                         |
| Corporate Services                 | 255,489           | 674,186           | 418,697          | Organisational Development & IT Service's increases versus reserve plus new Governance Mgmt CC |
| Economy And Regenrtn Portfolio     | 904,248           | -2,481,202        | -3,385,450       | RESTRUCTURE -£3.4m Car Parks Budget moved into Portfolio from Finance                          |
| Environment Portfolio              | 6,622,456         | 6,745,297         | 122,841          | Various budget variations v reserve included Sports Centres, Arts Dev and AONB/Countryside     |
| Finance                            | -862,223          | 2,801,390         | 3,663,613        | Car Parks plus Financial Assistance Budget increase v Reserve                                  |
| Strategic Development & P'Ship     | 3,760,773         | 5,359,855         | 1,599,082        | Heat Distribution Project & New Community Delivery budget applied v Reserves - £1.6m total     |
| Street Scene Portfolio             | 16,139,104        | 16,144,493        | 5,389            | No material variations                                                                         |
| Sustainable Homes & Communitie     | 2,643,602         | 2,643,603         | 1                | No material variations                                                                         |
| <b>Portfolio Totals</b>            | <b>29,603,730</b> | <b>32,027,902</b> | <b>2,424,172</b> |                                                                                                |
| Cont to/(from) Earmarked Reserves  | -373,455          | -2,804,456        | -2,431,001       |                                                                                                |
|                                    | <b>29,230,275</b> | <b>29,223,446</b> | <b>-6,829</b>    |                                                                                                |

## Portfolio Revenue Commentary - Excluding Capital Charges

## 1 Corporate Business

No significant variances

## 2 Corporate Services

The shortfall on the National Insurance grant received from MHCLG versus the calculated budgeted impact of the percentage employers contribution increase, from 13.8% to 15% from the 6th April 2025, has resulted in a deficit of circa £0.3m which is to be charged to the General Fund balance. This is currently held centrally in the General Fund Finance adjustment/control cost centre. Also, within this cost centre are the budgeted recoverable salary costs for vacant posts across the General Fund establishment. The estimate made and included in 2025/26 was increased from the prior year by £50k to a deficit contribution of £0.45m. The £0.75m total impact has been partially offset by less material surplus variations across Corporate Services. Both of these adverse impacts will be reallocated to the services at the year end with the allocation process to be conducted monthly in 2026/27.

## 3 Economy And Regentn Portfolio

Car Park Income is forecast to deliver a £0.2m adverse impact in 2025/26. The quantum of the positive impact of the recent changes to winter charges versus the negative impact that the adverse weather conditions has had on volumes remains unknown and unpredictable, with the end of January year to date income showing at just under 93% of the profiled budget. The forecast used has considered internal transfers to be delivered and on budget, the remainder of the income lines have been projected forward using the average of the prior 3 months, so hopefully overly prudent. In addition, the Building control fee earning income is currently and predicted to end up lower than expectations, contributing an additional £0.1m to the deficit within the Service.

## 4 Environment Portfolio

There are no cost centres which are showing material variances that warrant individual comment. The portfolio as a whole is predicted to return a surplus of approximately £0.13m from savings within the Employment related accounts. This has been offset by marginal overspends in Premises costs, predominantly maintenance related, combined with the requirement for additional external support from Consultants/Contractors within supplies and services which are spread across the portfolio. There is a significant difference in the forecast value of £0.38m compared with the current year to date expenditure of £60k for Grants Payable as the material items are calculated as part of the year end close down process once all income and expenditure is known.

## 5 Finance

No significant variances on which to comment at the cost centre level. Government grant funding & other contributions have been estimated to outturn marginally lower than the set budget. This deficit is reduced by a small surplus across the portfolio in Employment related costs.

## 6 Strategic Development &amp; P'Ship

Throughout 24/25, planning fees were considerably lower than expectations. Fee income has picked up markedly in 25/26 as volumes have increased, combined with a few larger applications that have materialised and contributed significant sums. Income from Planning Performance Agreements (PPAs) has also contributed to the significant surplus in Development Management. These project management tools have been encouraged by Central Government and are used to agree timescales, actions and resources for handling and setting out an efficient and transparent process for large scale or more complex planning applications.

## 7 Street Scene Portfolio

The vast majority of the underspend in Street Scene is the result of vacant posts throughout the year as recruitment and retention has been challenging at the beginning of the financial year, however, the year to date figures compared with the outturn based upon the prior month projected forward suggests a much more stable current position from a budgetary perspective. The Refuse and Recycling related cost centres are continually reviewed with the most up to date overspend prediction being a £0.35m adverse variance.

## 8 Sustainable Homes &amp; Community

The surplus is primarily driven by the savings in Staffing costs within the Housing and General Health Group, notably the Technical Officer and Sampling Officer positions. The Homelessness Cost Centre is expected to achieve a significant surplus at the year end, circa £0.15m or above, however, this has not been included as a contribution to the General Fund balance as there are plans in place to reserve this amount to add to the temporary accommodation owned and utilised by the council. This is of particular importance since the conditions around the Homelessness Prevention Grant no longer allow the funding to be used on temporary accommodation as this must be funded through the Revenue Support Grant which in effect impacts the general fund balance when required. Home safeguard is under review to ensure expenditure is correctly allocated to the revenue cost centre and all digital project expenditure is included within capital.

|                                  |            |            |         |
|----------------------------------|------------|------------|---------|
| Portfolio Totals Carried Forward | 28,757,397 | 28,302,682 | 454,715 |
|----------------------------------|------------|------------|---------|

| Revenue Financing & Funding                    | 2025/26 Outturn    |                    |                 |
|------------------------------------------------|--------------------|--------------------|-----------------|
|                                                | Actuals            | Budget             | Surp/Def        |
| Net Interest Income                            | -2,098,897         | -1,837,083         | -261,814        |
| PWLB Financing Cost                            | 20,890             | 341,790            | -320,900        |
| Principal Repayment Provision                  | 684,640            | 684,640            | 0               |
| <b>Financing Total</b>                         | <b>-1,393,367</b>  | <b>-810,653</b>    | <b>-582,714</b> |
| New Homes Bonus Grant                          | -685,037           | -685,040           | 3               |
| Funding Floor/Guarantee Grant                  | -2,097,873         | -2,096,870         | -1,003          |
| EPR Grant                                      | -1,101,000         | -899,000           | -202,000        |
| Rural Services Delivery Grant                  | 0                  | 0                  | 0               |
| Revenue Support Grant                          | -320,251           | -282,190           | -38,061         |
| <b>Government Grant Total</b>                  | <b>-4,204,161</b>  | <b>-3,963,100</b>  | <b>-241,061</b> |
| Business Rates Income incl Surp/Def            | -8,794,157         | -9,077,000         | 282,843         |
| Business Rates - Movement in Reserves          | 0                  | 0                  | 0               |
| Council Tax Income                             | -11,190,182        | -11,190,182        | 0               |
| Council Tax Surplus/Deficit                    | -464,120           | -464,120           | 0               |
| Council Tax - Movement in Reserves             | 0                  | 0                  | 0               |
| <b>CTAX &amp; Business Rates Funding Total</b> | <b>-20,448,459</b> | <b>-20,731,302</b> | <b>282,843</b>  |

| Movements in Reserves               | 2024/25 Outturn   |                   |          |
|-------------------------------------|-------------------|-------------------|----------|
|                                     | Actuals           | Budget            | Surp/Def |
| Cont to/(from) General Fund Balance | 0                 | 0                 | 0        |
| Cont to/(from) Earmarked Reserves   | -2,804,456        | -2,804,456        | 0        |
| <b>Movement in Reserves Total</b>   | <b>-2,804,456</b> | <b>-2,804,456</b> | <b>0</b> |

|                             |                |               |                |
|-----------------------------|----------------|---------------|----------------|
| <b>General Fund Outturn</b> | <b>-93,046</b> | <b>-6,829</b> | <b>-86,217</b> |
|-----------------------------|----------------|---------------|----------------|

NOTES

**9 Net Interest Income**

The 25/26 budget included the assumption that borrowing would be required for the General Fund capital program and that the temporary loans provided to the HRA would be externalised with PWLB. This treasury decision has not been required due to the council continuing to hold the Heat Network funds, therefore income is markedly higher than anticipated. An interest payable provision has been included at the Bank of England Base rate due to the uncertainty regarding the Section 106 potential repayment implications.

**10 Principal Repayment Provision**

The two major impacts upon the Principal Repayment Provision in 2024/25 were both the General Fund's minimum revenue provision calculation, as well as the impact of the MIRs element of the IFRS16 Accounting change for loans. There was no budget included within the interest payable account line nor within the equal and offsetting Movement in Reserves and Capital Charges account lines, therefore the £684k is solely the Minimum Revenue Provision of the General Fund. In 24/25 the equivalent was £594k.

**11 Government Grants**

The small variations in the Government Grant Funding is the result of the timing of the announcement of the Final Settlement information and their allocations down to the local authority level. The budget includes the provisional settlement figures as the final announcement was made on the 3rd Feb 2025. An additional £0.2m in EPR grant is due to be received compared with the original estimate.

**12 Business Rates Income**

The business rates income budget of £9.077m includes the Baseline funding amount provided in the aforementioned settlement data plus an anticipated uplift for growth and the benefit of being within the Devon pool. The outturn deficit is solely due to the change in Baseline funding announced which hopefully can be mitigated by better than anticipated growth, however, adjusting for the decrease is prudent.

**13 General Fund Contribution**

The 24/25 budget and final accounts included a £0.5m contribution to the general fund balance. No such contribution has been included in the 25/26 budget, therefore the General fund balance is expected to remain at the 31st March 2025 level.

**14 Earmarked Reserves Variations**

No variations in earmarked reserves have been included as forecasts have flattened service cost centre variations where there is a fully funded scenario in place which does not impact the general fund balance.

## Housing Revenue Account as at month 10 – January 2026

The Housing Revenue Account (HRA) is the ring-fenced account for providing Council housing and associated services. This is shown separately on the Income & Expenditure Statement.

The Revenue and Capital split across the Property & Asset related work streams has been reviewed in year and virements have been made, primarily moving budget and expenditure from Revenue and into Capital, with a relatively immaterial amount of budget reducing supplementary estimates.

The below table provides a comparative of the original budget figures versus the revised amounts that are included in the HRA tables that follow, plus a summarised forecast of the anticipated outturn against them for 2025/26.

| HRA Predicted Outturn 2025/26           | In Year Budget Variation |               |               | Forecast Outturn £'000s |               |               |
|-----------------------------------------|--------------------------|---------------|---------------|-------------------------|---------------|---------------|
|                                         | Original                 | Revised       | Variance      | 4Cast                   | Budget        | Surp/Def      |
| <b>Housing Revenue Account</b>          | <b>£'000s</b>            | <b>£'000s</b> | <b>£'000s</b> | <b>£'000s</b>           | <b>£'000s</b> | <b>£'000s</b> |
| INC - Rental & Other Income             | -22,666                  | -22,666       | 0             | -22,873                 | -22,666       | -207          |
| EXP - Repairs & Maintenance             | 7,134                    | 6,793         | -341          | 6,586                   | 6,793         | -207          |
| EXP - Supervision & Management          | 9,102                    | 8,638         | -464          | 8,492                   | 8,638         | -146          |
| EXP - Other                             | 1,090                    | 1,179         | 89            | 1,253                   | 1,179         | 73            |
| EXP - Capital Charges etc.inc MIRS      | 2,069                    | 2,069         | 0             | 2,069                   | 2,069         | 0             |
| FIN - Net Financing Requirement         | 3,272                    | 3,272         | 0             | 4,474                   | 3,272         | 1,202         |
| <b>HRA Balance Impact</b>               | <b>0</b>                 | <b>-715</b>   | <b>-715</b>   | <b>0</b>                | <b>-715</b>   | <b>715</b>    |
| <b>Housing Capital</b>                  | <b>£'000s</b>            | <b>£'000s</b> | <b>£'000s</b> | <b>£'000s</b>           | <b>£'000s</b> | <b>£'000s</b> |
| EXP - Affordable Housing                | 750                      | 750           | 0             | 1,602                   | 750           | 852           |
| EXP - Property & Asset                  | 17,691                   | 18,361        | 669           | 12,587                  | 18,361        | -5,774        |
| FIN - Funding                           | -3,287                   | -3,287        | 0             | -6,549                  | -3,287        | -3,262        |
| <b>Additional Borrowing Requirement</b> | <b>15,154</b>            | <b>15,824</b> | <b>669</b>    | <b>7,641</b>            | <b>15,824</b> | <b>-8,183</b> |

| Total Revenue Summary              | 25/26 Outturn Forecast |                 |                |
|------------------------------------|------------------------|-----------------|----------------|
|                                    | Actuals                | Budget          | Surp/Def       |
| 1 Rental & Other Income            | -22,873,417            | -22,665,930     | -207,487       |
| 2 Revenue Expenditure              | 17,216,339             | 17,496,428      | -280,089       |
| 3 Financing & Movement In Reserves | 5,657,078              | 4,454,738       | 1,202,340      |
| <b>TOTAL</b>                       | <b>0</b>               | <b>-714,764</b> | <b>714,764</b> |

**Brief Summary:**

The 2025/26 Financial year is anticipated to outturn with a significantly lower than expected capital outlay, which has been carried forward into the 26/27 Property & Asset spending plans. The Property & Asset team has taken time to reach capacity, with all management roles now filled, ready to tackle the required future investment in the stock through a structured and well tendered approach, reducing the councils reliance on our primary contractor. Revenue is also due to contribute towards a significant overall surplus, through improved Void turnarounds increasing rental income and lower than anticipated compliance revenue expenditure demands.

| Revenue Income Category | 0                  |                    |                 |
|-------------------------|--------------------|--------------------|-----------------|
|                         | Actuals            | Budget             | Surp/Def        |
| 1 Gross Property Rents  | -21,924,318        | -21,659,900        | -264,418        |
| 2 Garage Rents          | -194,229           | -262,800           | 68,571          |
| 3 Other Income          | -754,870           | -743,230           | -11,640         |
| <b>TOTAL</b>            | <b>-22,873,417</b> | <b>-22,665,930</b> | <b>-207,487</b> |

| Total Capital Summary                           | 0                |                   |                   |
|-------------------------------------------------|------------------|-------------------|-------------------|
|                                                 | Actuals          | Budget            | Surp/Def          |
| 1 Capital Expenditure in Year                   | 14,189,585       | 19,110,781        | -4,921,196        |
| 2 Capital Funding Sources                       | -6,548,609       | -3,286,870        | -3,261,739        |
| <b>2024/25 ADDITIONAL BORROWING REQUIREMENT</b> | <b>7,640,976</b> | <b>15,823,911</b> | <b>-8,182,935</b> |

| Revenue Expenditure Category        | 0                 |                   |                 |
|-------------------------------------|-------------------|-------------------|-----------------|
|                                     | Actuals           | Budget            | Surp/Def        |
| 1 Repairs And Maintenance - General | 6,171,392         | 5,977,514         | 193,878         |
| 2 Repairs And Maintenance - Special | 414,341           | 815,700           | -401,359        |
| 3 Supervision & Management          | 8,492,355         | 8,638,123         | -145,768        |
| 4 Other Expenditure                 | 1,252,511         | 1,179,351         | 73,160          |
| 5 Capital Charges & Bad Debt        | 885,740           | 885,740           | 0               |
| <b>TOTAL</b>                        | <b>17,216,339</b> | <b>17,496,428</b> | <b>-280,089</b> |

| Capital Expenditure Category                         | 0                 |                   |                   |
|------------------------------------------------------|-------------------|-------------------|-------------------|
|                                                      | Actuals           | Budget            | Surp/Def          |
| 1a Affordable Housing - Right to Buy Funded          | 0                 | 750,000           | -750,000          |
| 1b Affordable Housing - Local Authority Housing Fund | 1,602,430         | 0                 | 1,602,430         |
| 2 Compliance Capital Expenditure                     | 957,355           | 3,000,000         | -2,042,645        |
| 3 Planned Capital Programme                          | 1,699,179         | 4,299,520         | -2,600,341        |
| 4 Major Repairs                                      | 9,930,621         | 11,061,261        | -1,130,640        |
| <b>TOTAL</b>                                         | <b>14,189,585</b> | <b>19,110,781</b> | <b>-4,921,196</b> |

| Financing & Movement In Reserves              | 0                |                  |                  |
|-----------------------------------------------|------------------|------------------|------------------|
|                                               | Actuals          | Budget           | Surp/Def         |
| 1 Net Interest Cost                           | 2,846,639        | 3,021,608        | -174,969         |
| 2 Capital Charges - MIRs                      | 1,183,130        | 1,183,130        | 0                |
| 3 Contribution to restore HRA Balance         | 250,000          | 250,000          | 0                |
| 4 Contribution to Capital Net of Other Income | 1,377,309        | 0                | 1,377,309        |
| <b>TOTAL</b>                                  | <b>5,657,078</b> | <b>4,454,738</b> | <b>1,202,340</b> |

| Capital Funding Sources                                 | 0                 |                   |                   |
|---------------------------------------------------------|-------------------|-------------------|-------------------|
|                                                         | Actuals           | Budget            | Surp/Def          |
| 1 S106/RTB Contributions - Affordable Housing           | -760,497          | -750,000          | -10,497           |
| 2 Unringfenced Right to Buy Receipts and Capital Grants | -2,341,933        | -468,000          | -1,873,933        |
| 3 Major Repairs Contribution (Depreciation)             | -2,068,870        | -2,068,870        | 0                 |
| 4 Additional Capital Contribution from Revenue          | -1,377,309        | 0                 | -1,377,309        |
| <b>TOTAL</b>                                            | <b>-6,548,609</b> | <b>-3,286,870</b> | <b>-3,261,739</b> |

#### 1 Revenue Income

Dwelling income lost due to void properties is expected to be £0.14m lower than budget due to the continuing focus on turnaround efficiency. In addition, rental collection rates remain excellent contributing an additional £0.15m to the surplus. This is likely to be partially offset by a marginal shortfall in garage rental income as their refurbishment has been deprioritised while options for the garage sites are appraised.

#### 2 Revenue Expenditure - Repairs & Maintenance

There are three key variations forecast within the Repairs and Maintenance revenue expenditure. Compliance related spend is expected to be £1.07m below budget following recruitment and procurement delays. These issues are currently being addressed to enable much greater progress next financial year. Much (but not all) of this underspend will be offset by higher than anticipated expenditure on jobs that are excluded from PPP within the Integrated Asset Management Contract (£0.73m) and on disrepair legal costs (£0.19m). Going forward the Service has invested in processes and expertise to ensure spending is targeted, controlled and provides best value and outcomes for tenants

#### 3 Revenue Expenditure - Supervision & Management

The Housing Service has been restructured and successful recruitment to key roles has taken place over the course of the year to enable effective and impactful management that is driving change. This will lead to some overspending within the Property and Assets team is considered as an investment in the future of the service to provide greater value for money for tenants. Vacant posts and efficiency savings in Tenancy Services and Central Housing Management and Administration will more than compensate for this impact, leaving a net surplus of £0.15m.

#### 4 Net Interest Cost

The current outturn assumption that has been made with regards to interest income is a prudent one. The contribution from the general fund for interest earned through Treasury investments on the HRA balances, being the reduced HRA Revenue Balance and the Capital Receipts Reserve from RTB sales, has been forecast as on budget. In the budget prep calculation, rates were anticipated to reduce significantly which hasn't materialised, however, it is unclear at present what the General Fund return will be once the issues mentioned above have been considered. The interest owed on the Temporary loans that the General Fund has made to the HRA has been reworked, as only £5.3m was required in additional borrowing in 24/25, with the budget calculating the interest burden from the higher expected loan of £9.2m. This has resulted in a revenue saving of £175k.

#### 5 Revenue Contributions made in year

The interim sustainability roadmap, that was approved for the HRA while the Asset Management Strategy and long term Business plan are in development, stated that the HRA balance be restored to the original threshold of £3.1m in £0.25m instalments per annum. After this contribution the forecasted surplus on account is £1.38m. A revenue contribution to capital will be made for this amount to reduce the annual borrowing requirement and the resultant interest burden on revenue in each year going forward.

## 6 Affordable Housing Capital Expenditure

Acquisitions of new affordable housing in 2025/26 have been fully funded by a combination of Local Authority Housing Fund grant and Section 106 receipts. Five new build homes were purchased on Jasmine Walk within the Cranbrook estate and a further acquisition of a flat in Ottery St Mary is currently under consideration; this is likely to complete in 2026/27 if it progresses so has not been included in the outturn. No acquisitions have been or will be made with right to buy receipts in the financial year which has no knock on implications as the council has already met the spending limit to prevent repayment of receipts under the revised regulations.

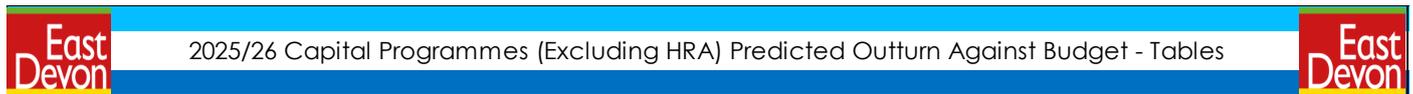
## 7 Capital Expenditure - Property & Assets

Although the capacity issues that drove the Capital underspend in 24/25 have now been addressed through recruitment, this has been phased throughout the year. The process of recruiting, onboarding and training of the new property and asset managers and officers has taken precedence in 25/26 in order to create a cohesive, driven team. These unavoidable delays have been exacerbated by the lengthy procurement lead times dictated by legislation, resulting in the start dates for a large number of the budgeted capital programmes and projects being rescheduled. The financial impact of this is a predicted £5.77m underspend in year to be taken as slippage, to be delivered in 26/27.

## 8 Capital Funding - Receipts and Grants

The budgeted affordable housing right to buy receipt funding has been replaced by the availability of Section 106 receipts which are required to be spent within a set timeframe, otherwise they can be reclaimed by the contributing developer. The additional funds required to meet the £1.6m purchase price of the Cranbrook properties has been claimed through a successful application to the Local Authority Housing Fund. The remaining variance of £1.032m is solely due to the difficulty in predicting the income from unringfenced right to buy receipts. The volume of sales in 25/26 is expected to be the highest that the council has experienced due to the change in regulation. The significant reduction in available discounts in future years has resulted in a tidal wave of applications.

# General Fund Capital as at month 10 – January 2026



| Capital Forecast by Portfolio & Service |                                 |                | 25/26 Outturn £'000's |                  |                   |
|-----------------------------------------|---------------------------------|----------------|-----------------------|------------------|-------------------|
|                                         |                                 |                | Forecast              | Budget           | Surp/Def          |
| 1 Corporate Services                    | Capital Comms Business System   | Cap Ex         | 1,376,796             | 1,835,885        | -459,089          |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>1,376,796</b>      | <b>1,835,885</b> | <b>-459,089</b>   |
| 1 Corporate Services                    | Capital Ict Infra And Projects  | Cap Ex         | 507,697               | 935,629          | -427,932          |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>507,697</b>        | <b>935,629</b>   | <b>-427,932</b>   |
| 2 Community - Housing                   | Capital Improvements Grants     | Cap Ex         | 1,158,960             | 1,249,620        | -90,660           |
|                                         |                                 | Income         | -1,138,960            | -1,138,960       | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>20,000</b>         | <b>110,660</b>   | <b>-90,660</b>    |
| 3 Economy & Regeneration                | Capital Corp Build And Security | Cap Ex         | 234,566               | 369,368          | -134,802          |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>234,566</b>        | <b>369,368</b>   | <b>-134,802</b>   |
| 3 Economy & Regeneration                | Capital Industrial Sites        | Cap Ex         | 86,708                | 93,541           | -6,833            |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>86,708</b>         | <b>93,541</b>    | <b>-6,833</b>     |
| 3 Economy & Regeneration                | Capital Public Halls Pavilion   | Cap Ex         | 1,205,755             | 1,290,238        | -84,483           |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>1,205,755</b>      | <b>1,290,238</b> | <b>-84,483</b>    |
| 3 Economy & Regeneration                | Capital Regeneration Economy    | Cap Ex         | 11,424,434            | 19,864,245       | -8,439,811        |
|                                         |                                 | Income         | -13,065,114           | -14,915,114      | 1,850,000         |
|                                         |                                 | <b>Net Exp</b> | <b>-1,640,680</b>     | <b>4,949,131</b> | <b>-6,589,811</b> |
| 4 Environment                           | Capital Car Park                | Cap Ex         | 466,161               | 491,161          | -25,000           |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>466,161</b>        | <b>491,161</b>   | <b>-25,000</b>    |
| 4 Environment                           | Capital Countryside             | Cap Ex         | 2,135,697             | 4,180,697        | -2,045,000        |
|                                         |                                 | Income         | -4,090,000            | -4,090,000       | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>-1,954,303</b>     | <b>90,697</b>    | <b>-2,045,000</b> |
| 4 Environment                           | Capital Spts Centres And Pool   | Cap Ex         | 601,015               | 684,615          | -83,600           |
|                                         |                                 | Income         | -94,756               | -94,756          | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>506,259</b>        | <b>589,859</b>   | <b>-83,600</b>    |
| 5 Street Scene                          | Capital Beaches And Foreshores  | Cap Ex         | 3,224,308             | 4,604,748        | -1,380,441        |
|                                         |                                 | Income         | -675,000              | -675,000         | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>2,549,308</b>      | <b>3,929,748</b> | <b>-1,380,441</b> |
| 5 Street Scene                          | Capital Cemeteries              | Cap Ex         | 150,000               | 150,000          | 0                 |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>150,000</b>        | <b>150,000</b>   | <b>0</b>          |
| 5 Street Scene                          | Capital Flood Alleviation Sch   | Cap Ex         | 1,642,600             | 1,392,668        | 249,932           |
|                                         |                                 | Income         | -50,000               | -50,000          | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>1,592,600</b>      | <b>1,342,668</b> | <b>249,932</b>    |
| 5 Street Scene                          | Capital Parks And Pleasure Grn  | Cap Ex         | 701,866               | 1,051,387        | -349,521          |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>701,866</b>        | <b>1,051,387</b> | <b>-349,521</b>   |
| 5 Street Scene                          | Capital Play Equipment          | Cap Ex         | 1,647,673             | 1,695,965        | -48,292           |
|                                         |                                 | Income         | -202,631              | -202,631         | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>1,445,042</b>      | <b>1,695,965</b> | <b>-250,923</b>   |
| 5 Street Scene                          | Capital Public Conveniences     | Cap Ex         | 5,113,881             | 5,113,880        | 1                 |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>5,113,881</b>      | <b>5,113,880</b> | <b>1</b>          |
| 5 Street Scene                          | Capital Refuse And Recycling    | Cap Ex         | 1,423,426             | 1,423,426        | 0                 |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>1,423,426</b>      | <b>1,423,426</b> | <b>0</b>          |
| 5 Street Scene                          | Capital Sports Grounds          | Cap Ex         | 109,200               | 109,200          | 0                 |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>109,200</b>        | <b>109,200</b>   | <b>0</b>          |
| 5 Street Scene                          | Capital St Scene Cleansing      | Cap Ex         | 124,002               | 124,002          | 0                 |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>124,002</b>        | <b>124,002</b>   | <b>0</b>          |
| 5 Street Scene                          | Capital St Scene Grounds Maint  | Cap Ex         | 692,928               | 692,928          | 0                 |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>692,928</b>        | <b>692,928</b>   | <b>0</b>          |
| 6 Strategic Development                 | Gypsy And Traveller Sites       | Cap Ex         | 0                     | 500,000          | -500,000          |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>0</b>              | <b>500,000</b>   | <b>-500,000</b>   |
| 6 Strategic Development                 | Self-Build Pilot                | Cap Ex         | 0                     | 750,000          | -750,000          |
|                                         |                                 | Income         | 0                     | 0                | 0                 |
|                                         |                                 | <b>Net Exp</b> | <b>0</b>              | <b>750,000</b>   | <b>-750,000</b>   |

### Brief Summary:

The revised total net capital outturn against budget (after grants and contributions) for 2025/26 is forecast to be -£13m using the Q3 proposed expectations from budget managers. The current YTD Actuals, which include current commitments not yet realised, indicate that these targets may have been ambitious, however, as in prior years, unused Capital funding will be appropriately reserved, either within Capital Grants Unapplied or within bespoke Capital Earmarked Reserves, in those cases where income outweighs expenditure. Underspends or surpluses created from lower than anticipated Capital Expenditure will be carried forward, in terms of annual slippage, where the capital project remains live.

| Net Cap                  | 25/26 YTD £       |                   |                    | 25/26 Outturn £   |                   |                    |
|--------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
|                          | YTD Actuals       | Budget            | YTD Surp/Def       | Forecast          | Budget            | Surp/Def           |
| 1 Corporate Services     | 203,812           | 2,771,514         | -2,567,702         | 1,884,493         | 2,771,514         | -887,021           |
| 2 Community - Housing    | -573,143          | 110,660           | -683,803           | 20,000            | 110,660           | -90,660            |
| 3 Economy & Regeneration | -7,225,399        | 6,702,278         | -13,927,677        | -113,651          | 6,702,278         | -6,815,929         |
| 4 Environment            | -3,804,132        | 1,171,717         | -4,975,849         | -981,883          | 1,171,717         | -2,153,600         |
| 5 Street Scene           | 4,704,134         | 15,633,204        | -10,929,070        | 13,902,252        | 15,633,204        | -1,730,952         |
| 6 Strategic Development  | 0                 | 1,250,000         | -1,250,000         | 0                 | 1,250,000         | -1,250,000         |
| <b>NET CAP EX</b>        | <b>-6,694,728</b> | <b>27,639,373</b> | <b>-34,334,101</b> | <b>14,711,211</b> | <b>27,639,373</b> | <b>-12,928,162</b> |

| Cap Ex                   | 25/26 YTD £       |                   |                    | 25/26 Outturn £   |                   |                    |
|--------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
|                          | YTD Actuals       | Budget            | YTD Surp/Def       | Forecast          | Budget            | Surp/Def           |
| 1 Corporate Services     | 203,812           | 2,771,514         | -2,567,702         | 1,884,493         | 2,771,514         | -887,021           |
| 2 Community - Housing    | 570,118           | 1,249,620         | -679,502           | 1,158,960         | 1,249,620         | -90,660            |
| 3 Economy & Regeneration | 3,615,207         | 21,617,392        | -18,002,185        | 12,951,463        | 21,617,392        | -8,665,929         |
| 4 Environment            | 390,683           | 5,356,473         | -4,965,790         | 3,202,873         | 5,356,473         | -2,153,600         |
| 5 Street Scene           | 7,462,729         | 16,358,204        | -8,895,475         | 14,829,883        | 16,358,204        | -1,528,321         |
| 6 Strategic Development  | 0                 | 1,250,000         | -1,250,000         | 0                 | 1,250,000         | -1,250,000         |
| <b>TOTAL CAP EX</b>      | <b>12,242,550</b> | <b>48,603,203</b> | <b>-36,360,653</b> | <b>34,027,672</b> | <b>48,603,203</b> | <b>-14,575,531</b> |

| Cap Inc                  | 25/26 YTD £        |                    |                  | 25/26 Outturn £    |                    |                  |
|--------------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|
|                          | YTD Actuals        | Budget             | YTD Surp/Def     | Forecast           | Budget             | Surp/Def         |
| 1 Corporate Services     | 0                  | 0                  | 0                | 0                  | 0                  | 0                |
| 2 Community - Housing    | -1,143,261         | -1,138,960         | -4,301           | -1,138,960         | -1,138,960         | 0                |
| 3 Economy & Regeneration | -10,840,607        | -14,915,114        | 4,074,508        | -13,065,114        | -14,915,114        | 1,850,000        |
| 4 Environment            | -4,194,815         | -4,184,756         | -10,059          | -4,184,756         | -4,184,756         | 0                |
| 5 Street Scene           | -2,758,595         | -725,000           | -2,033,595       | -927,631           | -725,000           | -202,631         |
| 6 Strategic Development  | 0                  | 0                  | 0                | 0                  | 0                  | 0                |
| <b>TOTAL CAP Inc</b>     | <b>-18,937,277</b> | <b>-20,963,830</b> | <b>2,026,553</b> | <b>-19,316,461</b> | <b>-20,963,830</b> | <b>1,647,369</b> |

## Treasury Management

The predicted treasury management interest received position is summarised below. Please note, this only includes the interest received on Treasury Investments, not all Interest receivable and payable within the General Fund.

|                      | <b>Annual Budget<br/>£000</b> | <b>Forecast<br/>Outturn<br/>£000s</b> | <b>Forecast<br/>Variance<br/>£000s</b> |
|----------------------|-------------------------------|---------------------------------------|----------------------------------------|
| Internal Investments | 271 (F)                       | 478 (F)                               | 207 (F)                                |
| External Investments | 1,224 (F)                     | 1,250 (F)                             | 26 (F)                                 |
|                      | <b>1,495 (F)</b>              | <b>1,728 (F)</b>                      | <b>233 (F)</b>                         |

Detail of the treasury management portfolio is available at appendix 1.

### **Financial implications:**

Contained in the report.

### **Legal implications:**

Any legal implications are identified in the report and no further comment is required.

## Appendix 1: Treasury Management Portfolio

| Treasury Portfolio                                                                          |               |               |               |                |
|---------------------------------------------------------------------------------------------|---------------|---------------|---------------|----------------|
|                                                                                             | 01.4.25       | 30.9.25       | 31.1.26       | 31.1.26        |
|                                                                                             | Actual        | Actual        | Actual        | Actual         |
|                                                                                             | £000          | £000          | £000          | %              |
| <b>Treasury investments</b>                                                                 |               |               |               |                |
| <b>Banks</b>                                                                                | 0             |               | 0             |                |
| Lloyds call account                                                                         | 0             | 2,000         | 0             | 0.00%          |
| <b>Building Societies</b>                                                                   | 0             |               | 0             | 0.00%          |
| <b>Local Authorities</b>                                                                    | 0             |               | 0             | 0.00%          |
| <b>DMADF (HM Treasury)</b>                                                                  | 5,350         | 10,000        | 26,350        | 39.65%         |
| <b>Money Market Funds</b>                                                                   |               |               |               |                |
| CCLA - Public Sector Deposit Fund                                                           | 3,000         | 3,000         | 3,000         | 4.51%          |
| Goldman Sachs - Sterling                                                                    |               |               |               |                |
| Liquid Reserves Fund                                                                        | 3,000         | 3,000         | 3,000         | 4.51%          |
| Morgan Stanley Sterling Liquidity Fund                                                      | 0             | 3,000         | 3,000         | 4.51%          |
| <b>Total managed in house</b>                                                               | <b>11,350</b> | <b>21,000</b> | <b>35,350</b> | <b>53.20%</b>  |
| <b>Money Market Funds</b>                                                                   |               |               |               |                |
| Payden Sterling Reserve Fund (Dec)                                                          | 15,399        | 15,450        | 15,487        | 23.31%         |
| Royal London Asset Management Short Term Fixed Income Fund (Dec)                            | 15,579        | 15,613        | 15,616        | 23.50%         |
| <b>Total managed externally</b>                                                             | <b>30,978</b> | <b>31,063</b> | <b>31,103</b> | <b>46.80%</b>  |
| <b>Total treasury investments</b>                                                           | <b>42,328</b> | <b>52,063</b> | <b>66,453</b> | <b>100.00%</b> |
| Treasury temporary external borrowing                                                       | 0             | -             | 0             | 0              |
| <b>Total external temporary borrowing</b>                                                   | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       |
| <b>Net treasury investments/ (temporary borrowing excluding PWLB and Heat Network Loan)</b> | <b>42,328</b> | <b>52,063</b> | <b>66,453</b> |                |