

| Medium Term Financial Strategy - 2025 to 2031                   |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Years   | 2025-26<br>£'000 | 2026-27<br>£'000 | 2027-28<br>£'000 | 2028-29<br>£'000 | 2029-30<br>£'000 | 2030-31<br>£'000 |
| <b>Budget (Opening Balance)</b>                                 | 18,073           | 18,073           | 19,059           | 20,068           | 20,330           | 20,953           |
| <b>Cost Pressures / savings:</b>                                |                  |                  |                  |                  |                  |                  |
| Salaries costs  |                  | 550              | 560              | 570              | 580              | 590              |
| Pensions costs - 2025 revaluation (3 years from 1st April 2026) |                  | 150              |                  |                  |                  |                  |
| Borrowing costs (PWLB)  |                  | 178              | 215              | 27               | 21               | (52)             |
| Interest receivable   |                  | 50               | 50               |                  |                  |                  |
| Finance Lease costs (Vehicles)                                  |                  | 69               | 139              | 15               | 72               | 113              |
| Recycling service (savings sharing scheme)                      |                  | 352              |                  |                  |                  |                  |
| <b>Reserves:</b>  |                  |                  |                  |                  |                  |                  |
| Vacancy savings target  |                  |                  |                  |                  |                  |                  |
| Strategic contingency   |                  |                  |                  |                  |                  |                  |
| Economic development  |                  |                  |                  |                  |                  |                  |
| Budget management reserve                                       |                  |                  |                  |                  |                  |                  |
| Treasury management reserve                                     |                  | 21               | 95               |                  |                  |                  |
| <b>Savings Plans / Additional Income:</b>                       |                  |                  |                  |                  |                  |                  |
| Review of Fees and Charges                                      |                  | (50)             | (50)             | (350)            | (50)             | (50)             |
| Transfer of Public Conveniences to Parishes                     |                  | (169)            |                  |                  |                  |                  |

2025-26 budget factored in 3%; 2026-27 and on-going assumed 2% increase - plus cost of annual increments.

2022 revaluation resulted in a net cost increase of £222k. (2019 cost decrease of circa £176k); assumptions factored in as part of this revaluation have already taken into account future long-term forecasts. Prudently assumed further cost increase for 2026-27 of £150k in case actual results differ from assumptions for 2025 triennial review.

Refer to separate borrowing model analysis for external borrowing (PWLB).

Current Base of (£400k); revised estimate (£350k) for 2026/27, reverting back to (£300k) for 2027/28>

Forecast figures include finance lease movements in future years that previously were included within the external borrowing MRP repayments.

Original estimated figures from DCC of (£310k) through to 2025-26 resulting from the service changes implemented June 2017. Current base budget based on actual activity is income of (£352k) - assumption that scheme will end in 2025-26.

Budget 2024-25 had a target of £250k (currently being achieved). For 2025-26 prudent to remain at £250k level for the medium term.

Base Budget 2019-20 had a contribution of £62k - reserve balance @ 31 March 2025 estimated to be £124k. Reserve balance is more than sufficient level for the medium term.

Base Budget 2025-26 has a contribution of £0k - reserve has sufficient balance forecast @ 31 March 2025 estimated to be £74k. New separate reserve for Regeneration projects also set up in 2022-23 which has a current balance forecast of £46,000 at 31 March 2025.

Budget management reserve set up to protect against budget volatility; Q3 report 2024-25 increased this reserve by further £123,000 to a forecast balance at 31 March 2025 of £652,000. Draft budget 2025-26 assumed planned use of (£164,000). **Decision will need to be made as part of 2026-27 budget whether to maintain using a further (£164,000) balance or reverse the use of this reserve.**

Reserve set up in 2022-23 to mitigate higher borrowing interest costs over the next two years 2023-24 and 2024-25. Lower borrowing activity in 2023-24 meant reserve use not required that year; Balance at 31 March 2025 is forecast at £210,910; with (£116,060) now planned being used in 2025-26 and (£94,850) in 2026-27.

Assumed inflation (3%) on fees and charges (exc car parks); with a further review of parking charges in 2028-29.

Full year saving circa (£244k) - discussions held end 2022 with Town and Parishes to factor into precepts over 2023-24 and 2024-25; phasing now looking more like 2025-26 and 2026-27. £75k saving loaded as part of 2025-26 budget, remainder within 2026-27.

| Medium Term Financial Strategy - 2025 to 2031      |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Years  | 2025-26<br>£'000 | 2026-27<br>£'000 | 2027-28<br>£'000 | 2028-29<br>£'000 | 2029-30<br>£'000 | 2030-31<br>£'000 |
| Additional Revenue - Future High Streets Programme |                  | (165)            |                  |                  |                  |                  |
| <b>Net Revenue Budget Requirement</b>              | <b>18,073</b>    | <b>19,059</b>    | <b>20,068</b>    | <b>20,330</b>    | <b>20,953</b>    | <b>21,554</b>    |

FHSF loan costs on £4.4m built into above annual borrowing costs; additional income forecast as part of financial model option 5b (Pannier Market growth on current income of £180k to £273k of which 50% increase built into 2024/25 base; Boutport Street new net income of circa £140k). Assumed majority of new income from 2026-27.

| Funding                                | 2025-26<br>£'000 | 2026-27<br>£'000 | 2027-28<br>£'000 | 2028-29<br>£'000 | 2029-30<br>£'000 | 2030-31<br>£'000 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue Support Grant                  | 270              | 277              | 283              | 289              | 295              | 300              |
| Settlement Funding Assessment          | 3,234            | 3,318            | 3,391            | 3,459            | 3,528            | 3,599            |
| Business Rates Retention               | 3,030            | 2,382            | 2,076            | 2,000            | 2,000            | 2,000            |
| <b>Other Funding:</b>                  |                  |                  |                  |                  |                  |                  |
| New Homes Bonus                        | 706              | 0                | 0                | 0                | 0                | 0                |
| Funding Floor Grant                    | 988              | 1,304            | 919              | 527              | 120              | (303)            |
| Recovery Grant                         | 267              | 267              | 267              | 267              | 267              | 267              |
| National Insurance Compensation Grant  | 125              | 128              | 131              | 134              | 136              | 139              |
| Extended Producer Responsibility Grant | 1,178            | 1,209            | 1,235            | 1,260            | 1,285            | 1,311            |
| <b>Local:</b>                          |                  |                  |                  |                  |                  |                  |
| Council tax                            | 8,162            | 8,407            | 8,658            | 8,917            | 9,183            | 9,458            |
| Council tax - base                     | 0                | 89               | 184              | 284              | 390              | 502              |
| Collection fund surplus / (deficit)    | 113              | 120              | 120              | 120              | 120              | 120              |
| <b>Total Funding</b>                   | <b>18,073</b>    | <b>17,501</b>    | <b>17,264</b>    | <b>17,256</b>    | <b>17,324</b>    | <b>17,393</b>    |
| <b>Budget Gap / (Surplus)</b>          | <b>0</b>         | <b>1,558</b>     | <b>2,804</b>     | <b>3,074</b>     | <b>3,629</b>     | <b>4,161</b>     |

Assumed ongoing, in line with LG Futures forecast.

Fair Funding Review assumed now delayed to 2026-27; will significantly change the level of funding received. Baseline Funding will be reset following a review of relative needs and resources; with current growth to date reset and incorporated within overall Baseline Funding Level. (Current Retention growth factored in base is £3m for 2025-26 - this is made up of 50% RV growth retained £2.0m; renewable energy schemes £0.7m and retained Devon pooling gain £0.3m). LG Futures forecast 'new' Business Rates Resources level and assumed retaining renewable energy scheme growth factored into base for 2026-27 onwards. Depending on any pooling arrangements, Devon Pool gain may start again Year 2 after reset.

Assumption that 'replacement NHB scheme' will be wrapped up in Fair Funding Review.

Funding Floor grant introduced 2025-26 - LG Futures model forecast continuing for 2026-27 and 2027-28. Assumed ongoing per LG Futures email.

Assuming Recovery Grant continues.

Employers NI compensation formula for 2025-26 - assumption ongoing.

EPR grant introduced 2025-26 - stated that payments in future years may change as a result of data collection and modelling. Assumed ongoing funding.

£6.29 Band D increase for 2025-26 (2.99%); assuming 2.99% annual increase 2026-27 to 2030-31

Council Tax Base increased for 2025-26 by 609 (excluding 2nd homes premium). Ongoing assuming growth based on 400 additional properties per year based upon prior year averages for last 3 years.

Prior year CF surpluses (2021-22 £116k; 2023-24 £178k & 2024-25 £223k); 2022-23 deficit due to C-19 timings which offset by Collection Fund reserve credit (£106k). 2025-26 confirmed as surplus £113k.