

I. EXECUTIVE SUMMARY

- I.1. The monitoring position reported at Month 9 is an adverse variance of £4.874m, this is a favourable movement of £0.910m from the Month 8 position. This report provides an explanation of this position and gives details around further underlying risks.

Table 1: General Fund Revenue Forecast

Directorate	Budget £m	Forecast £m	Variance £m
Total General Fund Budget	253.418	258.292	4.874

- I.2. At Month 9 cashflow requirements have been reprofiled resulting in £0.468m additional savings being identified within Treasury Management budgets.
- I.3. The Adults, Health and Communities Directorate has seen an adverse movement of £0.530m through increased pressures across Care Package budgets. Temporary Accommodation forecast pressures have reduced as demand slows compared to the beginning of the year.
- I.4. The Children's Directorate is reporting an increased budget pressure at Month 9 of £0.955m, due to Children's Social Care placements, primarily driven by an increase in Residential Placements and children moving into higher cost packages, and a reduction in savings within Home to School Transport.
- I.5. The Children's Directorate continues to report a net cost pressure on short breaks provision.
- I.6. The Customer & Corporate Directorate is forecasting an adverse variance of £0.760m against budget. This is predominately caused by additional survey requirements, and repairs and maintenance within Facilities Management. Additional savings of £0.412m has been released at Month 9, including further release of funding within the insurance provision.
- I.7. Overall, £8.756m of the in-year planned savings targets have been considered achieved, with £1.467m in progress. £2.233m is considered unachievable and being reported as pressures, of which £1.300m relates to an additional income target for Energy from Waste which is not achievable due to maintenance downtime. This pressure is reported as part of the Growth Directorate's position.
- I.8. Section 12 of this report sets out an update on the Capital Programme at Month 9 (see Table 18). As at 31 December 2025 the 5-year capital budget 2025-2030 is currently forecast at £319.725m.
- I.9. The 2025/26 forecast has decreased by £15.753m, from £161.263m to £145.510m, which and reflects new approvals and project deferrals.

2. DIRECTORATE REVIEW

- 2.1. The reported position is an overspend of £4.874m at Month 9, a favourable movement of £0.910m from the position reported at Month 8.

Table 2: Revenue Forecast by Directorate

Directorate	Budget £m	Forecast £m	Variance £m	Status
Adults, Health and Communities Directorate	119.512	123.428	3.916	Over
Children's Directorate	91.843	97.825	5.982	Over
Growth Directorate	30.660	31.693	1.033	Over
Office of the Director of Public Health	3.889	3.765	(0.124)	Under
Chief Executive's Office	1.684	1.446	(0.238)	Under
Customer and Corporate Services	44.120	44.880	0.760	Over
Corporate Items	(38.290)	(44.745)	(6.455)	Under
Total	253.418	258.292	4.874	

3. ADULTS, HEALTH AND COMMUNITIES DIRECTORATE

- 3.1. The overall change for the Directorate at Month 9 is an adverse variance of £0.530m

Table 3: Adults, Health and Communities Directorate Forecast

Adults, Health and Communities Directorate	Variance £m
Adult Social Care	3.307
Community Connections	0.609
Total	3.916

Table 4: Adult Social Care Forecast

Adult Social Care		Variance £m
Pressures:	Care package expenditure	6.971
	ASC Grants and Delivery Plans	1.640
Mitigations:	Additional client and joint funding income	(4.025)
	Forecast staffing and contract savings	(1.279)
Total		3.307

- 3.2. The Adults, Health and Communities Directorate is reporting a pressure of £3.307m, a £0.840m variance from Month 8.
- 3.3. Domiciliary Care continues to see an increased demand for intermediate care to support clients' discharge from hospital.
- 3.4. As assessment waitlists have been reduced, the directorate has seen a significant increase in bedded care clients, as previously included as a risk. Backdated packages have resulted in £0.783m of old year costs being incurred in year.

- 3.5. £4.069m additional Joint Funding and client income have been identified, correlating to increased package expenditure. A joint funding panel has been established to improve governance and procedures, ensuring the maximum level of funding is recovered.
- 3.6. Following the insolvency of the previous provider, an inflationary increase was agreed to ensure the continuing delivery of the Community Equipment Service. There is an assumption that additional funding will be recovered via the Better Care Fund.
- 3.7. The Directorate's Budget Containment Group has been mobilised for 2025/26 and activity is ongoing; the function of the group is to focus on emerging high-risk areas, assigning task groups to identify actions to be taken to contain spend, such as focused package reviews. Work identified includes focus on review and analysis of Domiciliary Care, Bedded Care fees levels and pipeline demand, timescales and planning in increase client in Direct Payments and a focus on the Short-Term Residential clients to identify any barriers to long term care.
- 3.8. Budget Containment work has produced savings of (£0.919m) by identifying elements of Domiciliary Care that can be recharged to the ICB.
- 3.9. There is significant risk of further care packages expenditure flagged at Month 9 with mitigations immediately actioned including further recovery of health income via Better Care Fund, and further targeted reviews to pursue joint funding where there is either no contribution or it is insufficient.
- 3.10. Total Delivery Plans of £3.425m, including a prior year target of £0.648m, were set. £2.920m of savings have been achieved, exceeding the 25/26 Delivery Plan target of £2.733m. The remaining £0.505m will not be able to be met given increasing Care Package pressures.

Table 5: Community Connections Forecast

Community Connections		Variance £m
Pressures:	Delays in planned activity in supply of additional units, increase in demand for temporary accommodation	1.107
	Domestic Homicide Reviews - activity over budget	0.089
	Other pressures; unauthorised encampments, removals and storage	0.145
Mitigations:	Additional income from penalty charges, high rise funding, saving due to Youth Centre refurbishment	(0.126)
	Grant maximisation and other staffing savings	(0.606)
Total		0.609

- 3.11. The reported pressure at Month 9 is an adverse variance of £0.609m, this is a favourable movement of £0.310m from the Month 8 position.
- 3.12. Drivers for increased demand for temporary accommodation include domestic abuse victims fleeing properties, the cost-of-living crisis, lack of available social housing and lack of affordable private sector accommodation to house clients experiencing homelessness.
- 3.13. There is also a reported pressure of £0.089m due to an increase in the number of Domestic Homicide reviews required this year, this pressure has reduced slightly from the Month 8 forecast.
- 3.14. There are salary savings totaling £0.406m at Month 9, these are due to vacancies, gaps whilst recruiting, maternity leave and an increase in posts funded by grants compared to budget. This saving is offsetting various smaller pressures within Unauthorised Encampments, Removals and Storage.
- 3.15. The forecast includes £0.200m of additionally identified grant maximisation.

- 3.16. Planned activity within the service to mitigate further budgetary risk includes review of all grant allocations to maximise impact on budgets, increased activity at the front door to reduce demand, additional planned activity to replace delayed projects and continued monitoring of activity and trends to inform full year forecasts.

4. CHILDREN'S DIRECTORATE

Table 6: Children's Directorate – total reported pressure

Children's Directorate		Variance £m
Children, Young People and Families Department		5.216
Education, Participation and Skills Department		-
Children's Central Spine		0.766
Total		5.982

Table 7: Children's Directorate – CYPF Forecast

Children, Young People and Families Department		Variance £m
Pressures:	Looked After Children – Placements	5.421
	Agency staffing costs	0.050
	Delivery plan pressure	0.248
Mitigations:	Vacancy savings forecast	(0.050)
	FHFPC Workstream, Reunification & Reconnect Partnership working to identify Children transitioning into alternative placement	(0.248)
	Removal of Retention Payments for Social Workers in Child Protection Team	(0.032)
	Adopt South West - Underspend as provided by Devon County Council	(0.120)
	Caritas Agency Recruiter removed	(0.054)
Total		5.216

- 4.1. The Children, Young People and Families service is reporting a pressure of £5.216m at Month 9, an adverse movement of £0.871m.
- 4.2. There is a financial pressure of £5.421m on Children's Social Care placements, primarily driven by an increase in Residential Placements and children moving into higher cost packages.
- 4.3. Residential placements in situ currently stand at 70, although 73 beds are being funded due to three vacant beds within the Block Contract arrangements.
- 4.4. Two children moved to higher-cost unregistered placements. One child costs the Local Authority over £25k p/week, whilst a child recently admitted to care costs £13k p/week. Both have been forecast until the end of the financial year. These two changes alone have an adverse variance on the Month 9 position of £0.437m
- 4.5. There have also been 3 New Residential Placements as a result of Foster Placement breakdowns. Month 8 forecast assumed that these would remain in their fostering placements until the end of the financial year

Additional Health Funding is being sought through on going discussions with the ICB. A number of letters are being prepared to send out to relevant stakeholders to advise them of our view and position

- 4.6. Unregistered placements are at 7.
- 4.7. Of this variance £0.032m relates to Unaccompanied Asylum-Seeking Children who have been placed into Supported Living at above £2,562.50 p/week.
- 4.8. There are also pressures flagged within staffing, primarily down to agency staff and vacancy savings targets, however these costs are mitigated through the planned exit dates of agency staff through Quarter 2. Additional £0.050m savings have been included at Month 8 relating to the Adopt South West contract with a total saving in year now forecast at £0.120m.
- 4.9. Savings were identified through Quarter 2 Star Chamber monitoring, which is a line-by-line review of the service's expenditure throughout the department. These savings have totalled £0.156m.
- 4.10. The service has identified a cohort of children who are currently placed within a Residential or Supported Living setting where transitioning to an alternative placement setting is considered appropriate for the child, such as fostering or reunification. This will always be the correct move for the child which also generates a recordable saving – it is this saving which is being earmarked towards the delivery plan total.
- 4.11. This stream of work is called “Steps” and is monitored monthly at the Family Homes for Plymouth Children board, the services is also working with external partners such as Reconnect to help the Authority achieve its targets.
- 4.12. There are currently enough Children identified with suitable transition plans to achieve the remaining £1.161m balance, however it is essential to point out that delays to these plans are possible creating further possible pressure.
- 4.13. Remaining mitigations are related to Staffing and the ongoing redesign of the CYPF structure. The new structure should align with the National Reform - Families First concept. Current proposals offset all agency pressure as well as achieving Budget Gap savings allocated in 2024/25.

Table 8: Children's Directorate – EPS Forecast

Education, Participation and Skills Department		Variance £m
Pressure:	Brought forward delivery plan pressure	0.433
Mitigations:	SEND Staffing Savings	(0.045)
	Additional penalty income and additional grant funding	(0.244)
	Cross-directorate vacancy and non-staffing savings	(0.144)
Total		-

- 4.14. The Education, Participation and Skills service is reporting nil variance at Month 9, the service has identified sufficient mitigations to offset brought forward delivery plan pressures, through additional vacancy savings and additional income identified via penalty charges and grant funding.
- 4.15. In 2025/26, Plymouth will receive a total Dedicated Schools Grant (DSG) allocation of £312.148m. This funding supports mainstream schools, special schools, Early Years providers, and pupils with additional needs through the High Needs Block. The High Needs Block continues to face significant financial pressure, driven by increased numbers of pupils with EHCPs, and the cost of provision, with a forecast overspend of £35.763m. When combined with the cumulative deficit from prior years of £18.498m, the total projected deficit balance remains unchanged and is expected to reach £54.261m by the end of the financial year.

- 4.16. While a statutory override remains in place, allowing local authorities to carry forward DSG deficits there are associated revenue implications. Specifically, the cost of borrowing to fund the unfunded expenditure is estimated to exceed £2m in 2025/26.

Table 9: Children's Directorate – Central Spine Forecast

Children's Central Spine		Variance £m
Pressures:	Short breaks cost pressures	1.318
	PIAS - shortfall on vacancy savings targets	0.018
Mitigations:	Short breaks savings identified	(0.446)
	Home to School Transport – initial delay in growth	(0.084)
	Admission team vacancy savings and additional income	(0.044)
Total		0.766

- 4.17. Some Children's Services budgets have now been combined into the 'Central Spine', including Short Breaks, Admissions and School Transport. The monitoring position has worsened by £0.084m at Month 9, with an overall pressure of £0.766m
- 4.18. There is a forecast pressure within Short Breaks due to demand, however this has been mitigated through £0.446m of savings identified, leaving a net pressure of £0.872m. The service is currently reviewing saving plans identified to ensure they are achievable and is now tasked with identifying methods to mitigate this residual pressure.
- 4.19. School Transport budgets are currently forecast to make a saving of £0.084m, this is due to an initial delay in the forecast increase in numbers of EHCPs, which has a direct impact to SEND Home to School Transport demand. There is an adverse movement on this budget at Month 9 of £0.103m relates the requirement to fund petrol allowances previously funded by DSG due to ESFA direction.
- 4.20. Other variances within these budgets include additional vacancy savings and income within the Admissions team, and unachievable vacancy savings target in PIAS.

5. GROWTH DIRECTORATE

Table 10: Growth Directorate Forecast

Growth Directorate		Variance £m
Pressures:	Economic Development - additional health and safety upgrades, support for Fishing Industry, Mount Edgcumbe, legal and events costs	0.328
	SP&I – forecast reduction in planning application and building control income	0.406
	Street Services - loss of Energy from Waste income due to downtime	1.300
	Street Services - other delivery pressures including fleet costs and unachieved delivery plans	1.457
	Unachieved management efficiency target	0.266
Mitigations:	Economic Development - additional commercial lease income and vacancy savings	(0.628)
	SP&I - additional vacancy savings, reduction in Concessionary Fares costs, release of balance of un-ringfenced grant, deferred expenditure	(0.935)
	Street Services – staffing and vehicle cost savings, higher parking income for Summer and Christmas periods, delayed expenditure	(1.161)
Total		1.033

- 5.1. The Growth Directorate is reporting a pressure of £1.033m at Month 9, this is a favourable movement of £0.267m from the Month 8 position. The Directorate is reporting £3.757m of pressures, alongside £2.724m of mitigations, resulting in a net £1.033m adverse forecast outturn variance at month 9.
- 5.2. Pressures are largely arising from realising income targets in Street Services and forecast reductions in planning income. Specifically, the Directorate is unable to contain a £1.300m income budget from the Energy from Waste profit share which is forecast at nil. This is following a significant period of scheduled site downtime for maintenance.
- 5.3. In September, the Directorate established a £2.2m schedule of cross service area management savings action plans, which have now fully delivered all savings pledged. This has included recruitment deferral, income from car parking and commercial lease events, and the review and deferral of discretionary expenditure.
- 5.4. The improvement in month includes an anticipated level of savings forecast from a PCC-wide targeted recruitment freeze and curtailment of non-essential spend until year end.
- 5.5. The Directorate had in-year savings/income targets for 2025/26 of £3.495m, to date £2.195m has been achieved. The £1.300m target for income from Energy from Waste profit share will not be realised in this financial year and is reported as a pressure.

6. OFFICE OF THE DIRECTOR OF PUBLIC HEALTH

Table 11: Office of the Director of Public Health Forecast

Office of the Director of Public Health		Variance £m
Pressures:	Bereavement pressures – revised cremation income forecast, due to reduced deaths	0.395
Mitigations:	Additional income within Civil Protection	(0.101)
	Leisure Management; efficiencies and contract savings	(0.198)
	Further grant maximisation of eligible expenditure	(0.200)
	Net cross-directorate salary savings	(0.020)
Total		(0.124)

- 6.1. The Public Health Directorate is reporting a saving at Month 9 of £0.124m. This is an adverse movement of £0.254m.
- 6.2. An additional £0.200m of the Public Health grant was allocated to cover eligible expenditure in previous months.
- 6.3. Within the Bereavement and Registration service there is a £0.395m reported pressure of which £0.328m relates to reduction in the forecast for Cremation Fee income, due to consistently low numbers of deaths and more clients requesting direct cremations. This had previously been flagged as an underlying risk in previous months.
- 6.4. Pressures are offset by savings achieved through Leisure Management efficiencies, additional forecast income and cross-Directorate salary savings.

7. CHIEF EXECUTIVE'S OFFICE

Table 12: Chief Executive's Office Forecast

Chief Executive's Office		Variance £m
Pressure:	Delivery of planned savings	0.175
Mitigations	Savings on LGR staffing costs	(0.150)
	Staffing savings	(0.263)
Total		(0.238)

- 7.1. The Chief Executive Office is reporting a favourable variance at Month 9 of £0.238m, noting pressures from brought forward savings targets not expected to be achieved being offset by savings on vacancies held. This position includes updated savings of £0.150m from reduced staffing costs within the Local Government Reorganisation team as well as savings on staffing. This is unchanged from Month 8.

8. CUSTOMER AND CORPORATE SERVICES DIRECTORATE

Table 13: Customer and Corporate Services Directorate Forecast

Customer & Corporate Services		Variance £m
Pressure:	Hard FM – additional surveys, repairs and maintenance	0.678
	Guildhall Closure	0.195
	DEM Referendum	0.169
	Savings plan	1.140
Mitigations:	Use of flexible capital receipts for transformation	(0.300)
	Release of insurance provision	(0.600)
	Other cross-directorate savings	(0.422)
	DELT dividend	(0.100)
Total		0.760

- 8.1. The Customer and Corporate Services Directorate is reporting a pressure of £0.760m at Month 9. A £0.412m favourable movement from the Month 8 position.
- 8.2. Within Hard FM there is a forecasted £0.678m pressure, this is due to additional survey and R+M costs, this has been partially offset by other savings most notably utilities.
- 8.3. In Soft FM budgets there is an estimated £0.195m impact, due to reduced income as a result of the extended closure of the Guildhall
- 8.4. The Democratically Elected Mayor Referendum has come in £0.169m over the allocated budget.
- 8.5. There are savings plans relating to both 2025/26 and prior year targets, within HR & OD, Departmental Management, Legal, Internal Audit, Transformation and ICT that are unlikely to be achieved. These total £1.140m, of which £0.883m relates to specific 2025/26 plans.
- 8.6. Additional in-year savings have been identified, totaling £1.022m, the most significant of which were the use of Capital Receipts flexibilities to fund transformation costs currently met by revenue budgets (£0.300m), and at Month 9 there has been an increase in the release of insurance provision (£0.600m). Additional income of £0.100m for anticipated dividends from DELT.

9. CORPORATE ITEMS

Table 14: Corporate Items Forecast

Corporate Items		Variance £m
Pressure:	Schools PFI Contract	0.239
	Pay Award confirmed at 3.2%	0.186
Mitigations:	Release additional EPR grant funding	(0.863)
	Additional Support Service Recharge recoverable from funded posts	(0.425)
	MRP reversal due to capitalisation direction taking effect in 2025/26 financial year	(3.494)
	Treasury Management Savings	(0.598)
	Housing Benefit overpayment recovery	(0.500)
	Release of general contingency	(1.000)
Total		(6.455)

Table 15: Progress against savings targets – Treasury Management

Treasury Management Savings Targets	Target per Budget £m	Achieved £m	In Progress £m
Treasury Management Debt rescheduling	0.300	0.300	-
Treasury Management Efficiencies	0.500	0.500	-
Treasury Management MRP adjustment for prior year overpayments	0.634	0.634	-
Total	1.434	1.434	-

- 9.1. This area holds budgets relating to Treasury Management, centrally held grant funding and central expenditure budgets. At Month 9 there is a favourable variance of £0.598m within Treasury Management budgets due to additional interest, investment income and reprofiled cashflow requirements. At Month 7 £3.494m of in-year Minimum Revenue Provision (MRP) was released, due to the Capitalisation Direction being actioned in 2025/26 financial year, with requirement for MRP from 2026/27 financial year only. Additional grant income has been allocated to PCC and this has been released corporately to fund the overall financial position, this results in a favourable variance of £0.863m.
- 9.2. PCC is currently in negotiation with the Department for Work and Pensions (DWP) regarding the historic overpayment of Housing Benefit. It is anticipated that PCC will receive £0.500m, and this has been reflected in the reported position at Month 9. In addition, £1.000m of corporately held general contingency has been released to help offset the financial pressures identified at Month 9.
- 9.3. Within Other Corporate Items, there is a pressure arising from the Schools PFI contract, this is expected to be mitigated by additional income from Support Service Recharges (Corporate Overheads) chargeable to funded posts.
- 9.4. The nationally agreed NIC pay award for 2025/26 was confirmed at 3.2%. Provision in the budget allows for a 3% uplift, therefore this confirmation results in financial pressure of £0.186m, which was reported at Month 5.

10. CORE RESOURCES

Table 16: Core Resources Forecast

Core Resources	Budget £m	Forecast £m	Variance £m
Revenue Support Grant	(12.662)	(12.662)	-
Council Tax	(149.450)	(149.450)	-
Business Rates	(86.584)	(86.584)	-
Reserves	(4.722)	(4.722)	-
Total	(253.418)	(253.418)	-

- 10.1. At Month 9 there are currently no variances forecast against Core Resources which fund the net revenue budget.

II. SAVINGS BUDGETS

Table 17: Summary of progress against savings targets

2025/26 Savings and Management Actions Progress (incl EfW additional income target) - reprofiled for Directorate departmental movements	Total Savings & Management Actions Target		Additional Income Target	Achieved	In Progress	Not achievable	Total
	Recurrent	Non-Recurrent					
Corporate items	(0.500)	(0.300)		(0.800)	-	-	(0.800)
Adult Health & Communities	(2.733)			(2.733)	-	-	(2.733)
Children's Directorate	(3.142)			(1.981)	(1.161)	-	(3.142)
Growth Directorate	(1.201)	(0.994)	(1.300)	(2.195)	-	(1.300)	(3.495)
Chief Executive	(0.175)			(0.125)	-	(0.050)	(0.175)
Customer & Corporate	(2.111)			(0.922)	(0.306)	(0.883)	(2.111)
Total	(9.862)	(1.294)	(1.300)	(8.756)	(1.467)	(2.233)	(12.456)

- 11.1. A summary of the progress achieved against additional savings targets built into Directorate budgets for 2025/26 is set out above. Any pressure in relation to the achievability of these targets is addressed in the relevant Directorate section set out in this report.

12. CAPITAL

- 12.1. The capital programme as at 31 December 2025 incorporates movement since the quarter 2 position as at 30 September 2025, with the 5-year capital budget 2025-2030 currently forecast at £319.725m.
- 12.2. Table 18 reflects the change in 5-year programme scope with movement through new approvals and variations since reported at 30 September 2025.

Table 18: Capital Programme Changes

Description	£m
Capital Programme as at 30 September 2025 for 5 year period 2025 - 2030	372.311
New Approvals – see table 21 for breakdown	8.070
Variations	(60.656)
Total Revised Capital Budget (2025/26 -2029/30)	319.725

- 12.3. A breakdown of the current approved Capital Budget by directorate and by funding is shown in Tables 19 and 20 below.

Table 19: Capital Programme by Directorate

Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total
Children's Services	3.719	0.935	0.410	-	-	5.064
Adults, Health and Communities	15.421	9.968	1.904	-	-	27.293
Growth - Economic Development	38.067	32.403	34.920	8.160	0.266	113.816
Growth - Strategic Planning & Infrastructure	62.362	59.639	11.527	1.933	0.275	135.736
Growth - Street Services	20.295	8.551	0.222	0.212	0.247	29.527
Customer & Corporate Services	5.168	2.442	0.100	0.101	-	7.811
Office for Director of Public Health	0.478	-	-	-	-	0.478
Total	145.510	113.938	49.083	10.406	0.788	319.725

Table 20: Capital Programme Financing

Financed by:	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total
Capital Receipts	10.872	4.163	1.189	1.762	0.266	18.252
Grant Funding	79.616	47.935	16.275	0.193	0.296	144.315
Corporate Funded borrowing	35.110	19.032	17.374	5.187	-	76.703
Service dept. supported borrowing	16.266	32.634	13.311	3.162	0.226	65.599
Developer contributions	1.135	10.159	0.934	0.102	-	12.330
Other Contributions	2.511	0.015	-	-	-	2.526
Total	145.510	113.938	49.083	10.406	0.788	319.725

- 12.4. On the 5-year programme valued at £319.725m, 76% is forecast to be funded from grants, contributions and service-supported 'invest-to-save' borrowing, with the remaining 24% (£76.703m) forecast to be funded from corporate borrowing. Assessment of the future funding assumptions and resulting revenue impact of the capital programme is continually reviewed.

Table 21: Capital approvals Q3 including funding

Service / Directorate	Governance	New Approvals	5 Year Programme Approvals £m	Financed By
ED	Exec Decision	PSNMP - Mount Batten Pontoon	2.494	URF Corp Borrowing
AHC	Exec Decision	Disabled Facilities (incl Care & Repair works)	3.891	RF Grant / External Cont
SS	Exec Decision	Acquisition of Merafield Land	0.272	RF Grant
SPI	Exec Decision	Consolidated Active Travel Fund	0.748	RF Grant
CS	S151	Mill Ford - New School	0.200	URF Grant
	S151	Projects under £0.200m	0.465	External Cont, URF Corp Borrowing, URF Grant, RF Cap Rec, RF S106, Internal Funds
Total Capital Approvals			8.070	

Financing of New Approvals in Q3	£m	
External Grants, S106 contributions, Cap Receipts	5.272	65.3%
PCC financing (all borrowing and revenue)	2.798	34.7%
Total	8.070	

Glossary	
AHC	Adults, Health and Communities
CS	Children's Services
SPI	Strategic Planning & Infrastructure
SS	Street Services
ED	Economic Development
PH	Public Health
CCO	Customer & Corporate

Glossary	
RF	Ring Fenced
URF	Unring Fenced
CB	Corporate Borrowing
SB	Service Borrowing
Cap Rec	Capital Receipts
Cont	External Contribution

13. CAPITAL PROGRAMME MONITORING

- 13.1. The 2025/26 forecast has decreased by £15.753m, from £161.263m to £145.510m. This reduction is primarily due to £22.014m of planned spending being deferred to later years, partially offset by £7.436m of new approvals expected to be spent this financial year, along with a programme adjustment removing £1.175m.
- 13.2. Table 22 below includes a breakdown by directorate of actual cash spend as at 31 December 2025 shown as a value and percentage against the latest forecast. Based on the latest 2025/26 forecast totalling £145.510m, actual spend as at 31 December 2025 was £77.588m, which equates to 53.32% of the forecast figure of the Capital Programme for 2025/26.

Table 22: 2025/26 Programme including actual spend and % spent compared to latest forecast

Directorate	Latest Forecast 2025/26	Actual Spend as at 31 December 2025	Spend as a % of Latest Forecast
	£m	£m	%
Children's Services	3.719	1.633	43.91%
Adults, Health and Communities	15.421	8.595	55.37%
Growth - Economic Development	38.067	16.412	42.40%
Growth - Strategic Planning & Infrastructure	62.362	39.029	62.58%
Growth - Street Services	20.295	8.707	42.90%
Customer & Corporate Services	5.168	2.613	50.56%
Office for Director of Public Health	0.478	0.599	125.43%
Total	145.510	77.588	53.32%

- 13.3. Profiling of the Capital Programme will continue to review robustness of forecasts to spend as project officers assess the inflationary impact to schemes, delivery timescales and challenges to meet grant funding conditions.

14. VARIATIONS TO THE CAPITAL PROGRAMME

- 14.1. During quarter 3, there was a detailed review of the capital programme to shape the 2026/27 Capital Strategy. Through this there were variations to the capital programme of £60.656m. A breakdown of these variations that have been endorsed through Capital Programme Officer Group and Capital Programme Board, removing projects from the capital programme are shown in Table 23 below.
- 14.2. As part of the recent capital programme review, the seven projects listed below have had significant changes to the approved funding profile with a commensurate reduction in the council's projected level of borrowing.
- Cot Hill Trading Estate – project completed.
 - Heat Decarbonisation Phase B.1 - Harewood House – detailed design work, changes.
 - Brunel Plaza / Plymouth Railway Station – work on this important regeneration scheme will continue, but with a new timeline outside of the five-year programme, as a priority site aligned to the New Towns programme.
 - The Millbay Extra Care Housing scheme as originally designed will be removed from the programme. The City Council continues to work with partners to find an alternative deliverable and fundable scheme that can be delivered.
 - A previously approved Property Regeneration Fund development is removed pending the development of a new business case based on updated financing costs.
 - Proposed Billacombe Footbridge has been re-profiled and sits outside of the five year programme.
 - A full options appraisal for the Royal Building is underway. The current approved business case of £4.486m has been removed from the capital programme pending the new business case.

Table 23: Variations made to the 5 year capital programme in Q3.

Variations	5 Year Programme Approvals £m	Financed By
PSNMP - Species and Habitat	(0.567)	RF Grant
Chelson Meadow Solar Farm	(3.852)	External Borrowing (URF)
Cot Hill Trading Estate	(0.707)	Service Borrowing (RF)
Heat Decarb Phase B.1 Harewood House	(0.239)	Corporate Borrowing (URF)
Plymouth Rail Station Forecourt	(7.267)	Corporate Borrowing (URF) / Cap Receipts
Plymouth Rail Station MSCP	(14.397)	Service Borrowing (RF) / Cap Receipts
Rail Station Accommodation Block	(2.883)	Corporate Borrowing (URF) / External Contribution
Rail Station Demolition of RISC Building	(0.654)	Corporate Borrowing (URF)
Plymouth Station - Concourse Phase 2	(1.702)	Corporate Borrowing (URF)
PfH Extra Care Housing Support Millbay	(0.450)	Service Borrowing (RF)
Property Regeneration Fund development	(22.407)	Service Borrowing (RF)
Billacombe Footbridge	(0.590)	Service Borrowing (RF)
The Royal Building Redevelopment	(4.486)	Service Borrowing (RF)
Projects under £0.200m	(0.455)	Corporate Borrowing (URF), RF SI06, RF Grant, URF Grant, Internal Funds, Service Borrowing (RF), External Cont
Total Capital Variations	(60.656)	

Table 24 Capital variations Q3 split by financing

Financing of Variations in Q3	£m
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External Grants, S106 contributions, Cap Receipts	(3.659)	6%
PCC financing (all borrowing and revenue)	(56.997)	94%
Total	(60.656)	

15. PRUDENTIAL INDICATORS Q3 2025/26

- 15.1. The Authority measures and manages its capital expenditure, borrowing and commercial and service investments with reference to the following indicators. It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Table 25: Capital Financing Requirement

Capital Financing Requirement	31 Mar 25 Actual £m	31 Mar 26 Forecast £m	31 Mar 27 Forecast £m	31 Mar 28 Forecast £m	31 Mar 29 Forecast £m
General Fund services	869.464	900.920	960.562	998.685	1,001.807

Capital Financing Requirement: The Authority's cumulative outstanding amount of underlying debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision / loans fund repayments and whenever capital receipts used to replace debt. The actual CFR is calculated on an annual basis.

CFR represents the total amount of capital expenditure that has not yet been financed by capital receipts, grants, or contributions. CFR is not the same as the actual amount of borrowing (loans) held by the authority. Instead, it is an accounting measure that shows the cumulative value of capital expenditure that has been financed by borrowing or other temporary means. It is a way of tracking the long-term impact of capital decisions on the authority's balance sheet.

15.2. Gross Debt and the Capital Financing Requirement

Statutory guidance is that total debt should remain below the capital financing requirement, except in the short term. The Authority has complied with, and expects to continue to comply with, this requirement in the medium term as is shown below.

Table 26: Debt

Gross Debt /Capital Financing Requirement	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m	Q3 2025/26 actual £m
Debt (borrowing)	702.532	798.295	935.714	1,053.019	1,053.502	748.700
PFI & Leases	99.153	92.828	86.611	80.490	74.369	92.828
Gross debt (incl PFI & Leases)	801.685	891.123	1,022.325	1,133.509	1,127.871	841.528
Forecast borrowing for working capital / DSG deficit requirement	18.498	54.261	98.475	168.369	168.369	
Total debt less DSG deficit	684.034	744.034	837.239	884.650	885.133	
Capital Financing Requirement	869.464	900.920	960.562	998.685	1,001.807	

- 15.2.1. Note that whilst the underlying driver for Plymouth City Council's borrowing is capital investment, actual borrowing levels are driven by cash flow needs. Therefore, the level of borrowing above also

includes the impact of working capital financing, including the cumulative deficit in the Dedicated Schools Grant (DSG). The DSG deficit is treated as a short-term, working capital financing issue because we expect that government will establish a policy framework, guidance and funding to support Local Authorities to reduce and eliminate deficits before the statutory override ends in March 2028. Notwithstanding this expectation, we have included a provisional forecast for DSG deficit borrowing for the 2028/29 financial year, taking a prudent approach whilst we await government announcements on SEND reform. The net working capital requirement in 2025/26 is anticipated to be lower than the forecast cumulative DSG deficit.

15.2.2. Included in the debt balance are amounts relating to 'PFI liabilities & finance leases'. These represent the gross value of the total long-term financing obligations payable or long-term service delivery contracts, e.g. the Energy from Waste plant. Whilst these are both analysed alongside borrowing, these are financing arrangements directly linked to underlying assets, which represent a prudent approach to enabling key operational initiatives to proceed.

15.3. Debt and the Authorised Limit and Operational Boundary:

15.3.1. The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

15.3.2. The Council manages its borrowing activity in line with its approved Capital Strategy and Treasury Management Strategy, ensuring that borrowing is managed responsibly and sustainably. The setting of the Authorised Limit is informed by the CIPFA Prudential Code, and the Council continues to operate well within these defined parameters.

15.3.3. Maintaining borrowing within these limits is essential to ensure that the Council's capital investment programme remains financially sustainable and that any future implications for Council Tax are manageable and proportionate.

Table 27: Debt and Authorised Limit/Operational Boundary

	Max. debt Q3 2025/26 £m	Debt at Q3 2025/26 £m	Authorised Limit £m	Operational Boundary £m	Complied? Yes/No
Borrowing	757.532	748.700	788.286	838.286	Yes
PFI and Finance Leases	91.478	92.828	217.000	217.000	Yes
Total debt	849.010	841.528	1005.286	1055.286	

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

15.4. Proportion of Financing Costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP/loans fund repayments are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 28: Proportion of Financing Costs to Net Revenue Stream

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m
Financing costs (£m)	43.480	45.914	55.182	63.101
Proportion of net revenue stream				
- all financing costs	18.4%	18.1%	17.3%	19.2%
- financing costs exc. Service Borrowing	10.7%	10.8%	11.1%	10.7%

Element of financing costs due to DSG deficit (£m)	n/a	1.369	2.932	4.936
% impact of DSG deficit financing	n/a	0.5%	0.9%	1.5%

- 15.5. The increase in financing costs is driven by assumptions surrounding the use of borrowing to support the approved capital programme and cashflow requirements. Currently, this includes assumptions on financing required to fund the cumulative DSG deficit, however we are seeking guidance to clarify how this financing cost should be disclosed within Prudential Code indicators. The level of borrowing incurred, and therefore MRP, may be reduced where external funding sources, e.g. grants, are secured.
- 15.6. It is important to note that (in line with guidance) we have measured total financing costs against the core (net) revenue streams for the authority. However, a large proportion of the financing costs relate to borrowing for investments – known as ‘service borrowing’ - which generate non-core income streams, mainly rents through the authority’s Property Regeneration Fund (PRF) property portfolio. This makes the financing costs more affordable for the Council, providing that risks relating to the income streams are well-managed. This being the case, we have also shown a comparative ratio of financing costs / net revenue stream % figure that excludes service borrowing from the cost of borrowing, which we consider to be a more accurate view of the affordability of debt financing. The impact of DSG deficit financing is shown for information – the % impact is included within the overall % figures for reference.
- 15.7. From 2026/27, the Fair Funding Review will impact general government grants significantly by ‘rolling in’ grant funding streams that have previously been excluded from the Net Revenue Stream – this will have the impact of reducing the proportion of net revenue required for financing costs. At this stage, to ensure comparability with figures published in our 2025/26 Treasury Management Strategy, the anticipated impact of the Fair Funding Review on our net revenue stream has not been included within forward projections for 2026/27 and 2027/28.

15.8. Net Income from Commercial and Service Investments to Net Revenue Stream

The Authority's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

Table 29: Net Income from Commercial and Service Investments to Net Revenue Stream

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
Total net income from service & commercial investments (£m)	(11.281)	(12.443)	(12.477)	(12.609)	(13.287)
Proportion of net revenue stream	4.77%	4.92%	3.92%	3.83%	3.77%

15.8.1. This income relates to the strategic investments made into the Property Regeneration Fund (PRF), currently held as a portfolio of assets with a gross capital cost of £236.3m. The PRF has regenerated areas of the city, encouraged private investment and created or retained employment in the city. Again, forecasts of net revenue stream in future years currently exclude anticipated changes arising from the Fair Funding Review, to ensure comparability with the indicator set in our Treasury Management Strategy for 2025/26.

15.8.2. This is a useful performance indicator for assessing the council's dependency on 'non-core' income; showing that the council is not overly reliant on commercial investments (which could be a risk to financial stability).