

Policy & Resources Committee	
Meeting Date	26 November 2025
Report Title	Financial Management Report – Mid Year 2025/26
EMT Lead	Lisa Fillery, Director of Resources
Head of Service	Claire Stanbury, Head of Finance & Procurement
Lead Officer	Caroline Frampton, Principal Accountant
Classification	Open
Recommendations	1. To note the projected revenue position, which is balanced through a reduction of £26k in the amount to be taken from reserves. 2. To note the capital expenditure of £6.551m against the budget as detailed in Table 2 and Appendix II.

1. Purpose of Report and Executive Summary

- 1.1 This report sets out the quarter 2 revenue and capital budget monitoring forecast for 2025/26. The report is based on service activity for April – September 2025 and is collated from monitoring returns from budget managers.
- 1.2 The purpose of the report is to forecast the estimated outturn position for 2025/26 compared to the budget approved at Council in February 2025 and subsequently amended by virements, made under delegated authority during the year.
- 1.3 The headline figures are:
 - revenue underspend on services of £26k which will reduce the value of reserves used in year to balance the finances – Table 1;
 - capital expenditure of £6.551m – Table 2 and Appendix II.

2. Background

- 2.1 The Council operates a budget monitoring process at Head of Service level, with regular reports to the Policy and Resources Committee and the Executive Management Team.
- 2.2 Departments work alongside their Finance colleagues to produce the forecasts, using information within last year's outturn position and actual income and expenditure within the year as a guide.

3. Proposals Revenue Outturn

Table 1 - Variance by Service

	Working Budget £'000	Projected Outturn £'000	Projected Variance £'000
Chief Executive	814	826	12
Communications & Policy	376	373	(3)
Elections, Democratic Services & Information Governance	1,175	1,193	18
Housing & Community	4,428	4,768	340
Planning	1,168	1,409	241
Environment & Leisure	8,982	9,485	503
Regeneration & Economic Development	(370)	(232)	138
Finance & Procurement	783	746	(37)
Revenues & Benefits	539	469	(70)
Environmental Health	686	675	(10)
Information Technology	1,451	1,566	114
Internal Audit	165	165	0
Human Resources	493	493	0
Legal	702	705	3
Drainage Board Levy	1,049	1,018	(31)
Corporate Overheads & Capital Financing	4,634	3,392	(1,242)
NET REVENUE SERVICE EXPENDITURE	27,076	27,051	(24)
Financed by:			
Budget Contingency Reserve	(1,140)	(1,115)	26
Revenue Support Grant	(362)	(362)	0
Other Grants	(2,088)	(2,087)	0
Business Rates	(12,104)	(12,104)	0
New Homes Bonus	(988)	(988)	(0)
Collection Fund Surplus	45	44	(1)
Council Tax Requirement	(10,439)	(10,439)	0
TOTAL FINANCING	(27,076)	(27,051)	24
NET EXPENDITURE (Contribution (to)/from General Fund)	0	(0)	(0)

- 3.1 Table 1 shows the forecast position at service level, with a further breakdown provided at Appendix I.
- 3.2 The variances with brackets are underspends, i.e. income received was greater than the budget or the spend was less than budget; variances with no brackets are overspends, i.e. the income was less than the budget, or the spend was more than budget.
- 3.3 Significant variances from budget (£20,000 or more) are explained below.

3.4 Elections, Democratic Services & Information Governance projected overspend £18,000

Electoral Services £39,000 projected overspend

This is due to the printing costs of the yearly canvass, and has been included as a growth consideration in the draft proposed budget for 2026/27.

3.5 Housing & Community Services £340,000 projected overspend

Private Sector Housing £30,000 projected overspend

The overspend comes from an increase in licences for software, purchase of additional tools and equipment, and a reduction in housing enforcement fines. There is an overspend on agency staff, but this is being funded by additional grants, so has no overall impact.

Homelessness £358,000 projected overspend

There are a number of contributing factors to this overspend. It is expected that there will be an overspend of £30,000 on the rough sleeper initiative, as government grant funding is insufficient.

The cost of temporary accommodation is still forecast to be above budget. It is possible that grants will again be received late in the year, as was the case last year, but we have not yet been informed of any further grants, so they are not included within the forecast at this time.

It is anticipated that the cost of temporary accommodation will be further managed by the use of our own properties, but the first year is seeing void levels as we prepare each property for use.

The cost of our own properties is the third area of projected overspend. This is down to costs incurred to prepare the properties, covering repairs and maintenance as well as the purchase of some furniture. Some of these costs could be covered by the TA property maintenance reserve if required at year end. It is anticipated that the level of costs incurred this year will not be repeated in future years, as the houses become a routine tool of managing the temporary accommodation need, but these costs will be closely monitored.

Community Services £31,000 underspend

The underspend in Community Services is primarily down to the Loneliness project, as that is being funded in year by UK SPF grants.

3.6 Planning £241,000 projected overspend

Building Control £33,000 projected underspend

The team are actively trying to recover a number of costs relating to work carried out on private dangerous structures, and this has created the underspend position.

Appeals £38,000 projected overspend

This relates to fees incurred dealing with appeals.

Planning £251,000 projected overspend

Much of this relates to agency costs as we continue to fill the permanent vacancies created by the planning restructure, which came into effect on 1 April 2024. Attempts are ongoing to recruit to vacancies with some success,

but there are still problems recruiting to more senior posts. As a result, various options are being explored such as the use of recruitment agencies, and a temporary structure change to help grow talent internally. A temporary growth request has been included in the draft proposed budget for 2026/27 to allow for mentoring to take place so that staff can be promoted to the senior posts internally, and the lower posts can then be recruited to.

3.7 Environment & Leisure £503,000 projected overspend

Environmental Services £183,000 projected overspend

The projected overspend on environmental services is primarily down to the cost of replacement and garden waste bins, as well as a reduction in garden waste subscriptions. Both of these areas have been fed into the draft budget proposals for 2026/27, as this is considered to be more than a one year issue.

Parking & Highways £34,000 projected overspend

This is primarily down to the need for some additional maintenance in the multistorey car park this year.

Leisure Services £288,000 projected overspend

There are two factors contributing to this projected overspend. The first is an expected overspend for leisure centres due to the utility tariff increase that is currently borne by SBC, causing a forecast overspend of £150,000. There is also a forecast overspend of £162,000 on grounds maintenance which is primarily due to the savings target of £175,000 that was set, but not achieved. A reduction of £75,000 has been achieved for 2026/27, and is partially being achieved in 2025/26. Growth of £100,000 has been included in the draft proposed budget for 2026/27 to reflect the level of savings that could be achieved.

3.8 Regeneration & Economic Development £138,000 projected overspend

Buildings Maintenance £31,000 projected overspend

Building maintenance costs across the estate are expected to overspend by £31,000. This primarily relates to maintenance of Swallows Leisure Centre and public conveniences. If required, this overspend can be met from the buildings maintenance reserve at the end of the year.

Asset Management £170,000 projected overspend

The overspend primarily relates to NNDR on empty properties and service charges on public realm at Bourne Place, along with rental incomes that will not be achieved in year. The commercial rent budgets, along with service charge liabilities, are being reviewed as part of budget setting for 2026/27.

Economic Development £67,000 projected underspend

The underspend in Economic Development is primarily down to vacant posts, that are proving incredibly difficult to recruit to. This is not a new situation, and various attempts have been made to recruit. Another one year growth bid has been included in the draft proposed budget to continue the use of interim staff until a permanent solution is found. There is also an increase in the funding this year from the UK SPF grant for staff input, but this is not an ongoing grant and so should be considered as an in-year windfall.

3.9 Finance & Procurement £37,000 projected underspend

Financial Services £36,000 projected underspend

The underspend is due to vacancies within the team, along with a reduction in staffing costs due to maternity leave. Some vacant hours are being carried, which will be reviewed as the team settles and the new financial management system is introduced.

3.10 Revenues & Benefits £70,000 projected underspend

Revenues & Benefits Administration £57,000 projected underspend

The projected underspend is primarily due to additional grants received from government.

3.11 Information Technology £114,000 projected overspend

IT Service £66,000 projected underspend

This is due to vacant posts being held within ICT Development, Network and Support and GIS teams.

IT Maintenance & Licences £181,000 projected overspend

The overspend is due to major systems moving to the cloud. As part of budget setting for 2026/27, we will need to make sure that sufficient budget is available. In some cases, this has already been built in for later years.

3.12 Human Resources overall breakeven

HR Service £26,000 projected underspend

Corporate Training £82,000 projected overspend

Apprenticeships £56,000 projected underspend

Currently forecasting an underspend on HR Service, Health and Welfare and apprenticeship vacancies, but the underspend here will go towards supporting the increased corporate training provision.

3.13 Corporate Overheads & Capital Financing £1,242,000 projected underspend

Interest & Capital Financing £460,000 projected underspend

With interest rates being slow to drop, interest on investments is still forecast to be above budget, and therefore contribute to reserves. Excess income on interest has previously been transferred to the investment smoothing reserve, but the balance on the reserve is currently considered to be at an appropriate level, so any excess income can now be used to balance the overall position or reduce the take from the budget contingency reserve.

Corporate Costs/Provisions £755,000 projected underspend

This underspend is a result of centralising excess service budgets that have built up over time predominantly due to inflation calculations., The biggest contributor being the waste and street cleansing contract, which required significant reconciliation following the introduction of the new contract . This position is being taken into consideration during the budget build for 2026/27, when assessing the required inflation for increases to pay and contracts, along with the pension contribution required following the recent triennial revaluation, and appropriate savings are being put forward from this.

Capital Expenditure

3.14 This section of the report details actual capital expenditure to end of quarter 2 and highlights any variations between the 2025/26 capital budget and the projected outturn. The revised budget includes the 2024/25 roll forwards as agreed by the Policy and Resources Committee 12 June 2025.

3.15 Further breakdown is provided in Appendix II to this report.

3.16 Actual expenditure is £6.551m which is 29% of the budget. A summary is set out in Table 2 below and further details are shown in Appendix II. Some projects are currently showing negative spend this year, as we are awaiting invoices to clear year end adjustments from 2024/25.

3.17 The main areas of slippage are the Disabled Facilities Grants, and the costs associated with Rainbow Homes.

3.18 The Beachfields project is currently forecast to spend £141,000 more than the original budget, however this is within the borrowing limit for which additional contingency funding was agreed.

Table 2 – Capital Expenditure to end of September 2025

	2025/26 Net Budget £'000	Actuals April to September £'000	2025/26 Net Forecast £'000	Possible Slippage £'000	Projected Variance £'000
Housing & Community Services	21,799	2,055	1,653	20,146	0
Regeneration & Economic Development	341	4,461	0	341	0
Environment & Leisure	545	(0)	511	115	81
Information Technology	0	35	0	0	0
Total Capital Programme	22,685	6,551	2,163	20,602	81

4. Alternative Options

4.1 None identified – this report is largely for information.

5. Consultation Undertaken or Proposed

5.1 Heads of Service and Strategic Management Team have been consulted in preparing this report.

6. Implications

Issue	Implications
Corporate Plan	Good financial management is key to supporting the Corporate Plan objectives.

Issue	Implications
Financial, Resource and Property	As detailed in the report. Budget holders will need to review the current forecast position to identify savings to address the forecast overspend.
Legal, Statutory and Procurement	The monitoring report is not a statutory requirement, but it is a requirement of the Council's Financial Regulations.
Crime and Disorder	None identified at this stage.
Environment and Climate/ Ecological Emergency	The report identifies a wide range of expenditure headings which support the Council's Climate and Emergency Action Plan.
Health & Wellbeing	None identified at this stage.
Safeguarding of Children, Young People and Vulnerable Adults	None identified at this stage.
Risk Management and Health and Safety	The Council's overall financial position is a key risk in the Council's Corporate Risk Register.
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	None identified at this stage.

7. Appendices

7.1 The following documents are published with this report and form part of the report:

- Appendix I: Detailed Revenue Monitoring position
- Appendix II: Capital Expenditure to end of September 2025

8. Background Papers

- Policy & Resources Committee 5 February 2025
- Council Meeting 19 February 2025