

2025/26 Revenue Financial Performance: Q1

Committee considering report:	Executive
Date of Committee:	25 September 2025
Portfolio Member:	Councillor Iain Cottingham
Report Author:	Elizabeth Griffiths

1 Purpose of the Report

To report on the financial performance of the Council's revenue budgets. This report is Q1, the first report of the 2025/26 financial year. The report details the variance between the budget set in February 2025 and the current forecast of the year end position. This allows the Executive and Scrutiny Commission to consider the authority's current financial position.

2 The Executive are asked to note the following:

That the projected overspend at Q1 is £2.89m which nets to £681k after the application of transformation funding, and that although not shown on this table, the projected overspend on the high needs block of the Dedicated Schools Grant is £14m

3 Implications and Impact Assessment

Implication	Commentary
Financial:	The general fund is currently approximately £10m, which is in excess of the recommended S151 level for 2025/26 but this has been achieved with the support of £13m of EFS. Any in year overspends will reduce the level of the general fund. It is also important to be able to demonstrate to MHCLG that we can accurately budget, forecast and deliver against our financial plans.
Human Resource:	None
Legal:	None
Risk Management:	The Financial Review Panel (FRP) scrutinises all services performance against budget and financial risks.

	Preparation for the 2026/27 budget continues with services bringing forward proposals to Finance for review ahead of challenge by the Senior Leadership Team and then the Financial Savings and Planning Board (Budget Board).			
Property:	Assets are under review by the Property Investment Board in order to identify potential disposals which would be financially beneficial.			
Policy:				
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		The proposal aims to continue to protect those characteristics
Environmental Impact:		X		Unlikely to have any long-term environmental impact.
Health Impact:		X		
ICT Impact:		X		N/A
Digital Services Impact:		X		N/A

Council Strategy Priorities:		X		All expenditure is aligned to the delivery of Council priorities, this report provides detail on the level of expenditure incurred.
Core Business:		X		
Data Impact:		X		N/A
Consultation and Engagement:	Service Directors, Executive Directors.			

4 Executive Summary

- 4.1 The projected outturn position for 2025/26 at Q1 is an overspend of £681k against a net budget of £183.4m.
- 4.2 The position at Q1 is a projected £2.9m overspend on the 2025/26 budget but £2.21m of this relates to spend on transformation projects which will be funded from capital receipts, leaving an unfunded overspend of £681k. Business cases for new transformation projects delivering ongoing revenue savings will be presented to the Senior Leadership Team for review and challenge.
- 4.3 There are smaller over and underspends across the organisation but the main contributors to the £681k overspend are as follows:
- Adult Social Care (£470k) which is caused by a budgeted expectation that two care homes would have been sold by now so the ongoing running costs of them are not in the 2025/26 budget. The impact of this is £1.5m but due to an overachievement of savings and other positive variances, the net position has been mitigated by over a million pounds.
 - Children's Social Care (£532k) which is being driven by increased demand. This has reached levels significantly higher than expected.
 - Education & Send (£287k), created by underachievement against historic income and savings targets.

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	Revised Budget 2025/26 £	Expenditure Variance for 2025/26 £	Income Variance for 2025/26 £	Net Variance £
Executive Director People - Adult Social Care & Pub. Health	277,160	-9,160	0	-9,160
Adult Social Care	74,165,340	1,078,850	-608,400	470,450
Public Health & Wellbeing	-80,000	-221,600	187,500	-34,100
People - Adult Social Care & Public Health	74,362,500	848,090	-420,900	427,190
Executive Director People - Children's Services	232,220	0	0	0
Children's Social Care	32,783,910	757,710	-225,490	532,220
Education & SEND	8,855,560	61,770	225,940	287,710
Education (DSG Funded)	-444,000	13,381,280	-13,381,280	0
People - Children's Services	41,427,690	14,200,760	-13,380,830	819,930
Executive Director – Place	232,290	-1,840	0	-1,840
Community Services	5,498,800	9,270	58,880	68,150
Environment	26,979,910	1,221,630	-1,262,670	-41,040
Development & Housing	3,637,700	1,983,000	-1,952,850	30,150
Place	36,348,700	3,212,060	-3,156,640	55,420
Transformation, Customer & ICT	3,474,230	3,240,850	-317,700	2,923,150
<i>Transformation funding applied</i>		-2,209,310		-2,209,310
Executive Director - Resources	839,350	106,630	-37,730	68,900
Finance, Property & Procurement	4,033,610	-5,190,330	5,139,450	-50,880
Strategy & Governance	5,515,130	-8,360	162,350	153,990
Resources	13,862,320	-4,060,520	4,946,370	885,850
Chief Executive	625,640	-7,450	0	-7,450
Chief Executive	625,640	-7,450	0	-7,450
Capital Financing & Management	16,815,200	-1,499,880	0	-1,499,880
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Total	183,442,050	12,693,060	-12,012,000	681,060

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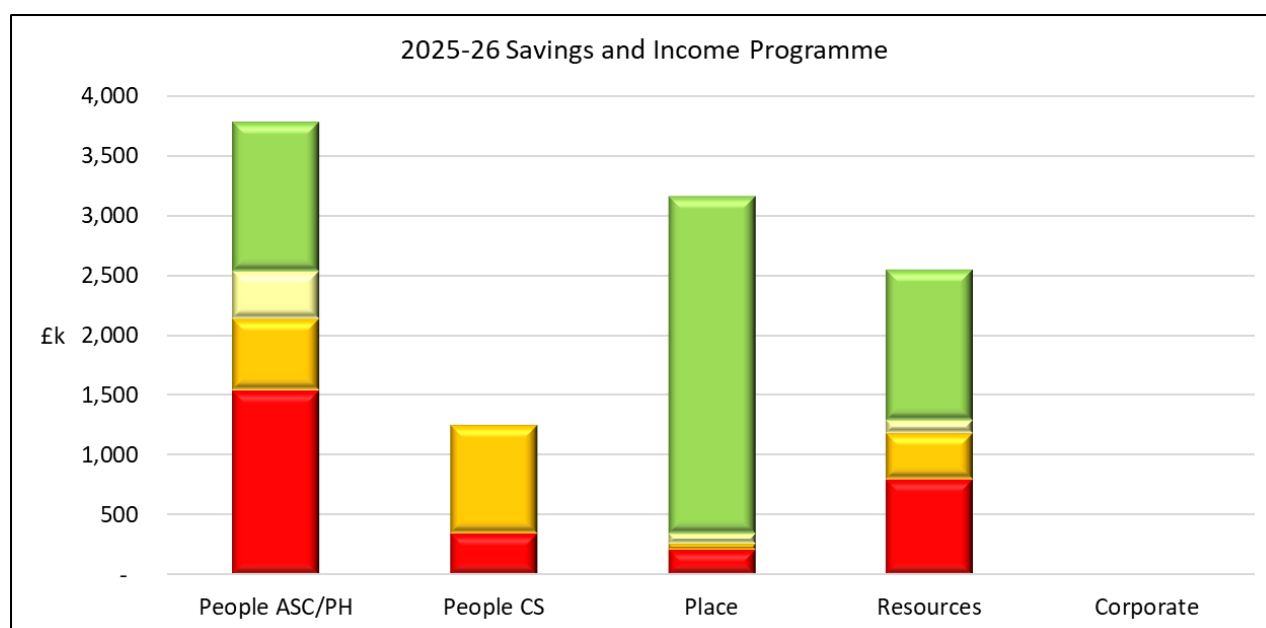
- Transformation, Customer & ICT (£734k). This is made up of some savings in areas like ICT on vacant posts but a significant shortfall (£921k) due to delays in the delivery of budgeted savings from transformation projects. This forecast and the potential mitigations of it were the subject of the finance review panel (FRP) on the 17th of July. Further investigations are required on the current forecast transformation savings projections to determine timing, quantum and deliverability.
 - Savings of £1.5m on Capital Financing costs achieved thanks to a strategy of short term borrowing, operating within our maturity framework.
- 4.4 The extension of the statutory override on the recognition of deficits in the high needs block of the Dedicated Schools Grant (DSG) means that the impact of it is not shown on the table below. The cumulative deficit at the end of 2024/25 was £16m. If the current estimated overspend for 2025/26 remains unmitigated, this would be added to the cumulative balance (projected £30m at the of 2025/26). As reported to the School's Forum on the 15th of July, no current mitigations are in place for this overspend and any other overspends within the DSG will increase that figure.

5 Budgeted savings

- 5.1 Roughly half of the budgeted savings for 2025/26 are on track to be delivered with just under a quarter currently showing as red, when RAG rated.
- 5.2 The main drivers of this are the unachieved savings on the care homes in Adult Social Care, the commissioning savings in Children's Social Care – which have been delayed – and the TVI transformation savings in Resources.

2025-26	Red	Amber	Yellow	Green	Total
	£k	£k	£k	£k	£k
People ASC/PH	1,535	597	395	1,255	3,782
People CS	346	905	-	-	1,251
Place	211	56	85	2,808	3,160
Resources	800	377	110	1,257	2,544
Corporate	-	-	-	-	-
Total	2,892	1,936	590	5,320	10,737
%	27%	18%	5%	50%	100%

- 5.3 The proportion of savings either delivered or forecast as being deliverable vs those deemed higher risk is shown below.



5.4 The key to savings is as follows:

- Green – on track, either already delivered or no forecast issues with delivery
- Yellow – on track, forecast to be delivered in year but some issues or dependencies still to be resolved
- Amber – concerns over delivery, actions required to be implemented, needs to be closely monitored
- Red – highly unlikely to be delivered this year, actions not yet identified, forecast as a pressure in budget monitoring

A new category will be introduced at Q2 showing delayed savings which can't be delivered in the current year but are expected to be delivered in the next financial year.

6 Council Tax and Business Rates

6.1 Q1 Collection rates are strong showing only a very slight drop vs last year.

	2025/26 - Q1			Comparison to prior year
	Total (£)	Collected (£)	% collected	
Council Tax	109,644,456	36,604,206	33.38%	-0.03%
Business Rates	161,366,863	45,743,004	28.35%	-0.10%

7 Conclusion

- 7.1 The Q1 forecast shows some key areas of concern against a budget that was already set with £3m of EFS funding. The pressures in ASC are being mitigated by underspends and additional savings elsewhere within that service whilst pressures elsewhere are being offset at least in part by the significant projected underspend in capital financing costs. Of the £10.7m pounds of savings budgeted, almost half of those are ragged as being in doubt. Any savings not realised will become an additional budget pressure for next year.
- 7.2 The concerns highlighted by the Q1 report are being addressed swiftly to ensure that any mitigation possible is achieved by year end.
- 7.3 The budgeting process for 2026/27 is underway with the first savings proposals from Adult Social Care already reviewed by Senior Leadership Team ahead of review by the Budget Board on the 31st of July.
- 7.4 Any variances to budget identified in this and subsequent quarterly reports, if ongoing in nature, will add to the budget gap already identified in the 2026/27 budget and MTFS.

8 Other options considered

None.

9 Appendices

None.

Background Papers:

Quarter One, Two and Three Revenue Reports

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval	☐
Delays in implementation could have serious financial implications for the Council	☐
Delays in implementation could compromise the Council's position	☐
Considered or reviewed by a Scrutiny Committee or Scrutiny Task Group within preceding six months	☐
Item is Urgent Key Decision	☐
Report is to note only	☒

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