2026/ 27 Q1 Financial Performance Report

Committee considering report:	Executive
Date of Committee:	24 September 2026
Portfolio Member:	Councillor Iain Cottingham
Date Portfolio Member agreed report:	7 September 2026
Report Author:	Toby Bradley

1 Purpose of the Report:

To report on the financial performance of the Council's Revenue and Capital budgets following the Q1 2026/ 27 outturn. The report details variances between the 2026/ 27 Budget (approved in February 2026) and the Q1 outturn for the financial year end position. This allows the Executive to consider the authority's current financial position.

2 The Executive is informed of the following:

a) **Revenue:** All services apart from Children's Services are broadly in line with Budget. Additionally, the savings target is forecast to be higher than Budget. However, the impact of volume and rate increases in Children's Services is the primary driver of a corporate net Q1 revenue forecast +£9.3m/ 4.4% adverse to Budget. Total net revenue is forecast at £220.2m in the Q1 outturn, vs £210.9m in the Budget.

b) **Capital:** The forecast Q1 capital outturn is £47.0m/ 85.4% of expenditure against Budget of £55.0m. Of the £47.0m capital expenditure incurred, £14.7m is expected to be funded by the Council. The remaining £32.3m is expected to be financed from external sources, primarily grants, the Community Infrastructure Levy (CIL) and Section 106 contributions. The impact this has on debt financing is covered in Section 8.

c) **Capital:** £2.3m of the 2026/27 capital budget is proposed to be reprofiled into the 2027/28 capital programme. Included within the proposed capital reprofiling is planned Council funded expenditure (i.e. funded through planned borrowing) of £100k. Appendix A provides details of proposed Capital Reprofiling.

3 Implications and Impact Assessment:

Implication	**Commentary**

Financial:	The Council currently has a General Fund Reserve of just over £10m, which has been built utilising previously requested Exceptional Financial Support from central government. The Q1 2026/ 27 outturn would effectively reduce the General Fund Reserve to c.£1m, taking the fund under the 151 recommended level as being financially sustainable. The pressures forecast at Q1 2026/ 27 relate predominantly to increasing costs in Children's Services (being £8.2m/ 88% of the adverse variance) over and above those anticipated at the time of budget setting. Alongside the General Fund the Council holds approximately £4.6m of revenue reserves, created through EFS. There is potential for deployment of reserves to mitigate in year financial pressures, potentially reducing the General Fund impact to c.£5.6m (vs c.£1m if the useable reserves were not deployed). Shannon Coleman-Slaughter, S151 Officer, 18/08/2026
Human Resource:	None
Legal:	None
Risk Management:	The Financial Review Panel (FRP) relaunched in November 2025 to allow greater focus on the risks and opportunities in each service. This forum scrutinises each services financial performance against Budget. FRP is also used as a mechanism to inform future budget builds and gain a more granular understanding of the expenditure and income drivers of each revenue service budget. Treasury Management Group is reviewing the current borrowing levels against adopted Prudential Indicators (Investment & Borrowing Strategy), with a view to managing any longer-term interest rate risk exposure. Spend Panel launched in December 2025 to review expenditure incurred in the financial year. Spend Panel meets weekly and reviews: (i) new or extending contracts Purchase Requisition requests, (ii) new head count requests, (iii) new or altered commissioning costs, and (iv) accounts payable requests not managed via Purchase Requisitions. This allows the Spend Panel to scrutinise all spend, to understand and develop a plan for financial sustainability moving forward. The Finance Improvement Group (FIG) was implemented in March 2026. The Group have had a range of discussions to

	date. These have included having oversight of the action plan from the CIPFA resilience review in 2025 alongside the Finance Improvement Plan action plan. Actions completed: creation of a Finance Improvement Group, external fees and charges review, develop a refreshed asset optimisation plan, Refocus corporate programme, refresh Council Strategy, Development of prevention strategy, refreshed Medium Term Financial Strategy.			
Property:	The Council is currently reviewing its asset portfolio and has refreshed the Asset Optimisation Plan to optimise the estate over the long term, reducing costs and risks while supporting service delivery and maximising income generation. The Council will also explore, where appropriate, the disposal of assets with the aim of generating capital receipts. These receipts may be used to support the Council's capital programme, reducing capital financing costs, and/or to fund transformation projects aimed at delivering future cost savings. This approach will be carefully balanced against the potential long-term loss of income from the disposal of revenue-generating assets.			
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		
Digital Services Impact:		X		
Council Strategy Priorities:		X		All expenditure, revenue and capital, is aligned to the delivery of Council priorities. This report provides the latest forecast of the Councils expected year end out turn.
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	Service Directors, Executive Directors. Section 151 Officer.			

4 Executive Summary - Revenue

4.1 The 2026/27 revenue budget was approved by Council with a £30m funding gap, i.e. a £30m Exceptional Financial Support (EFS) requirement. The projected Q1 outturn position for 2026/27 is adverse +**£9.3m/ 4.4%** vs the approved, partially EFS revenue budget. Post budget setting, key financial pressures over and above budgeted assumptions have been realised as follows:

4.2 **Children's Social Care - +£8.2m:** Placements (+£9.4m), Multi Agency Staffing (+£0.3m), offset by Staffing (-£1.4m).

The Council has been actively managing children's social care costs. Placement costs are reviewed and discussed each week at Spend Panel. In addition, the establishment

of the Children's Commissioning team has resulted in cost savings and cost avoidance of c.£2.7m in 2026/ 27. The increases in cost faced by West Berkshire is primarily driven by the volume of children and price pressure in the most expensive service type - residential care.

To contextualise the situation, the residential net cost compound annual growth rate for West Berkshire over a 4 year period is 27%. The actual cost growth is summarised below, over this four year period:

2022/ 23 Actual	2023/ 24 Actual	2024/ 25 Actual	2025/ 26 Actual	2026/ 27 Q1
£12.3m	£16.3m	£17.2m	£21.0m	£31.7m

This situation is faced nationally: the National Audit Office has concluded that children's residential care costs have almost doubled nationally in recent years and are placing substantial financial pressures on local authorities across England.

(https://www.nao.org.uk/wp-content/uploads/2025/09/Managing-childrens-residential-care-summary.pdf)

Several post Budget setting items have adversely financially impacted residential care: Budget assumed 24 annualised clients at an average cost of £499k per annum. The Q1 outturn contains 36 annualised clients at £543k per annum. Contained within the 36 annualised clients in the Q1 Outturn, growth for the year to go is forecast at 5 annualised clients (with a cost of c.£3.0m) based on the observed trend since the Budget was set in December 2025. See below mix analysis table outlining all residential costs including placement costs. The cost is driven by the complexity of children's needs, and the market for placements (there is a national shortage of suitable residential placements for children with the most complex needs). The delivery of these services is a statutory function. Ongoing work to mitigate cost continues through commissioning, contract negotiation, placement reviews and step down planning.

Multi Agency Safeguarding costs have increased vs Budget as a result of the Joint Legal Team; higher volumes, complexity of care proceedings, and other statutory legal activity required to safeguard vulnerable children drive have increased costs. Demand for legal support remains closely linked to safeguarding activity and court processes, and is therefore largely demand led. Financial pressure is largely unavoidable given the Council's statutory safeguarding responsibilities and duty to take timely legal action where this is necessary to protect children.

Net staffing costs have decreased vs Budget as a result of new grant funding now reflected in the Q1 outturn.

See below mix analysis table relating to Placement costs (being a +£9.4m adverse vs Budget). Excluding volume driven placement cost variances, £7.8m/ 82% of the increased cost relates to changes in the volume of children being cared for, and £1.7m/ 18% of the increased costs relates to the cost of the service being provided:

Service type	Budget			Q1 Outturn			Variance			Variance analysis	
	Annualised Clients	Net Expenditure	Average Cost	Annualised Clients	Net Expenditure	Average Net cost	Annualised Clients	Net Expenditure	Average Net cost	Volume driven	Price driven
In-house Fostering	62.43	1,786,110	28,609	62.43	1,664,380	26,659	0.00	(121,730)	(1,950)	0	(121,730)
Kinship Carers	58.33	1,281,990	21,979	58.33	1,267,290	21,727	0.00	(14,700)	(252)	0	(14,700)
Special Guardianship Order (SGO)	106.39	1,332,540	12,526	113.25	1,428,910	12,617	6.86	96,370	92	86,604	9,766
Child Arrangements Order (CAO)	10.54	112,710	10,694	10.01	112,490	11,237	(0.53)	(220)	544	(5,949)	5,729
Adoption Placements & Allowances	13.24	167,660	12,663	15.08	298,440	19,792	1.84	130,780	7,129	36,393	94,387
Supported Accommodation	0.00	0	0	2.79	679,280	243,794	2.79	679,280	243,794	679,280	0
Care Leavers	28.34	1,100,470	38,827	28.34	1,247,430	44,012	0.00	146,960	5,185	0	146,960
Residential Care	23.54	11,758,420	499,413	35.90	19,494,180	543,068	12.35	7,735,760	43,655	6,707,927	1,027,833
Parent & Baby Residential Placements	0.67	169,420	252,785	0.67	238,690	356,140	0.00	69,270	103,355	0	69,270
Independent Fostering Agencies	21.63	1,245,870	57,603	26.28	1,525,040	58,041	4.65	279,170	439	269,685	9,485
Disability Support	92.64	695,650	7,509	103.17	497,480	4,822	10.53	(198,170)	(2,687)	50,785	(248,955)
Residential - Disability	9.92	2,773,090	279,472	9.89	2,923,430	295,481	(0.03)	150,340	16,009	(8,510)	158,850
UASC	26.46	(96,960)	(3,664)	26.46	124,750	4,714	0.00	221,710	8,379	0	221,710
UASC Post 18	37.18	(324,220)	(8,720)	37.18	(12,450)	(335)	0.00	311,770	8,386	0	311,770
Additional Placement Costs		400,000			240,440			(159,560)			
Family Time - FSM, Walnut & CIC		50,290			54,730			4,440			
Family Help & Section 17 (CIN)		83,890			136,990			53,100			
Corporate Parenting & CWD - Section 17		8,970			2,000			(6,970)			
Adoption Support Fund		0			0			0			
	491.32	**22,545,900**		**529.78**	**31,923,500**		**38.46**	**9,377,600**		**7,816,215**	**1,670,375**

4.3 **Education & SEN, and DSG - +£2.2m:** Education & SEN - +£1.8m, DSG and DSG Planning Adjustment - +£0.4m. These functions have been aggregated because of related impacts across all three, as outlined below:

Education & SEN:

School Improvements and SEN Services adverse variance +£0.8m: Broken down by i) Special Needs Assessment Team +£0.1m due to use of agency over and above planned establishment, ii) +£0.4m School Improvement Team and Special Needs Assessment team as a result of investment in the local outcomes framework, and iii) Elective Home Education +£0.1m, salary transfer from DSG.

Home to School Transport adverse variance of +£0.3m, primarily driven by an increase in Special Education Home to Schools transport costs.

Management and Strategy adverse variance of +£0.5m, driven primarily by a capital salaries recharge reduction, based on a reassessment of allowable capital recharging in the team.

Traded Services adverse variance of +£0.2m: +£0.1m due to the cessation of the Education Psychology and Emotional Health Academy buy back services. +£0.1m due to a reduction in school Improvement buy-in from Schools.

4.4 Alongside aforementioned pressures, key Council services have been able to generate forecast underspends, partially offsetting the full impact of social care pressures as follows:

4.5 **Development and Housing – (£0.7m):** Migration Schemes favourable (£0.3m) due to additional grant funding received vs Budget. Planning is (£0.2m) favourable vs Budget through a combination of staff savings, and planning application fees & pre application advice. Smaller favourable variances also exist in Housing Operations and Housing Accommodation, both at (£0.1m).

4.6 **Community Services – (£0.4m):** Primary favourable drivers are Libraries (£0.1m) due to staff, premises savings vs Budget and incremental income form Public Health, room bookings and pop up libraries, and Sport and Leisure at (£0.1m) driven by staff savings, plus repairs and maintenance savings.

Appendix C walks net revenue expenditure from 2026/ 27 Budget to Q1 2026 /27 by Directorate. The table in Appendix D outlines gross and net revenue expenditure by Directorate for 2026/ 27 Budget vs 2026/ 27 Q1 Outturn.

5 Revenue Savings

5.1 £4.5m of targeted savings were identified as opportunities in the 2026/ 27 Budget setting process. **£5.1m/ 113%** of this value is assessed at the end of Q1 on track to be delivered/ green status. The percentage is possible because of forecast over delivery in some Directorates. Therefore, the sum of the three statuses below does not equal 100%. The breakdown for the RAG status is:

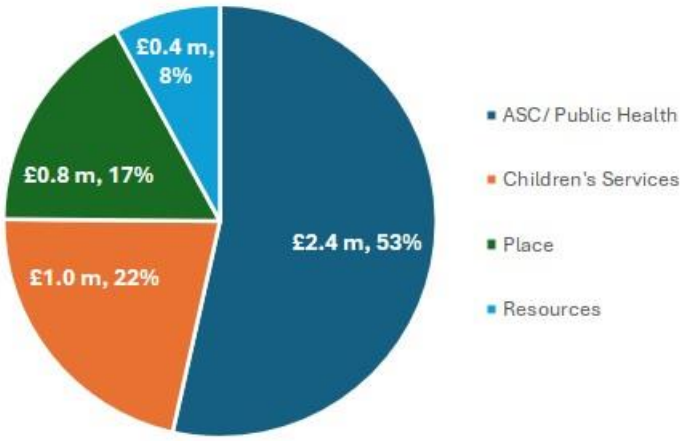
- **Green £5.1m/ 113% of original target** – on track, either already delivered or no forecast issues with delivery.
- **Amber £1.2m/ 27% of original target** – concerns over delivery, actions required to be implemented, needs to be closely monitored.
- **Red £0.1m/ 2% of original target** – highly unlikely to be delivered this year, actions not yet identified, forecast as a pressure in budget monitoring.

5.2 See below tables that:

i) Outline the Q1 outturn assessment by Directorate, by RAG rating:

	Target	Red	Amber	Green	Green % variance to Target
ASC/ Public Health	£2.4 m	£0.0 m	£1.1 m	£3.2 m	132%
Children's Services	£1.0 m	£0.0 m	£0.0 m	£1.0 m	100%
Place	£0.8 m	£0.0 m	£0.0 m	£0.7 m	93%
Resources	£0.4 m	£0.1 m	£0.1 m	£0.2 m	62%
Total: £	**£4.5 m**	**£0.1 m**	**£1.2 m**	**£5.1 m**	
Total: %	**100%**	**2%**	**27%**	**113%**	

ii) Target summary by Directorate value and %:



6 Transformation

6.1 Transformation costs are adverse Q1 vs Budget by +**£0.8m/ 20%** (£4.2m Budget, Q1 Outturn £5.0m). This is due to a number of existing Transformation projects (6) showing adverse cost movement vs Budget, and number of new Transformation projects (3) added the project schedule. The below table summarises the position by Service.

6.2 Transformation spend is funded through the application of capital receipts in accordance with the Council's flexible use of capital receipts policy. The balance on this account is currently £4.5m, with planned disposals anticipated in the financial year. Should planned disposals not be realised, a financial pressure against the General Fund of c£500k will crystalise against the General Fund based on Q1 forecasts.

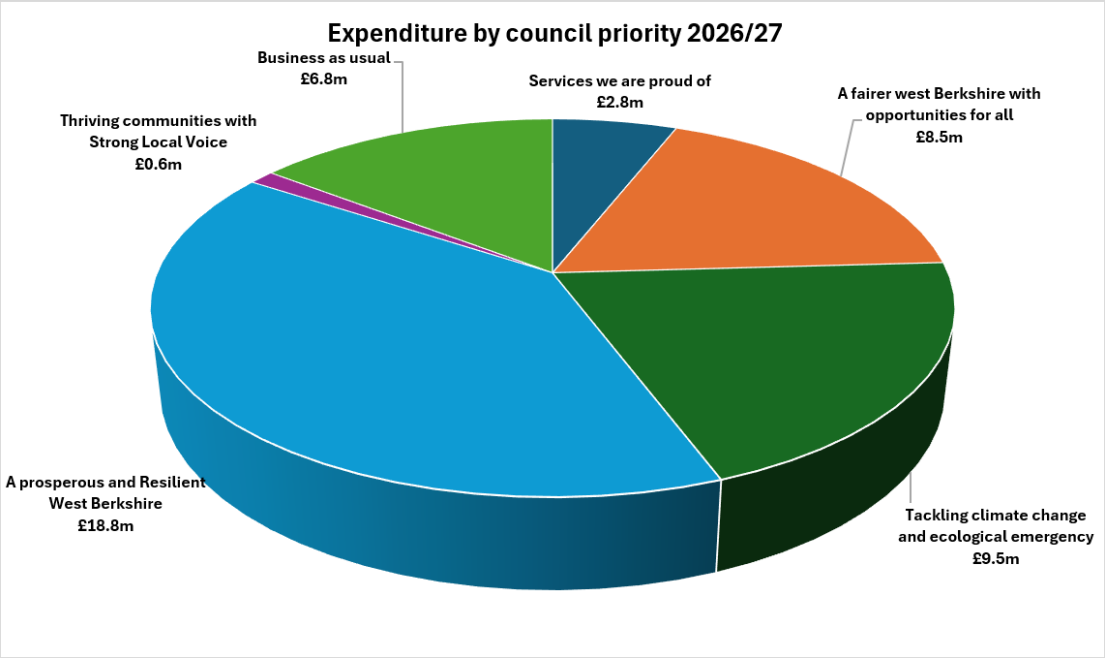
Number of projects	Service	Drawdown from Transformation 2024/25	Drawdown from Transformation 2025/ 26	Budget 2026/27	Q1 Outturn 2026/27	Variance: Q1 2026/27 vs Budget 26/27
4	Strategy & Governance	£167 k	£182 k	£29 k	£108 k	£79 k
10	Transformation, Customer & ICT	£622 k	£489 k	£253 k	£454 k	£202 k
4	Finance, Property & Procurement	£68 k	£307 k	£467 k	£150 k	-£317 k
7	Adult Social Care	£37 k	£1,877 k	£800 k	£1,968 k	£1,167 k
2	Children's Social Care	£0 k	£1,049 k	£2,025 k	£1,647 k	-£378 k
0	Adult Social Care / Strategy & Governance	£0 k	£0 k	£0 k	£0 k	£0 k
2	Education and SEND	£0 k	£264 k	£537 k	£625 k	£88 k
1	Development & Housing	£0 k	£29 k	£0 k	£0 k	£0 k
1	Chief Executive	£0 k	£98 k	£0 k	£0 k	£0 k
1	Community Services	£0 k	£49 k	£49 k	£49 k	£1 k
32		**£895 k**	**£4,342 k**	**£4,159 k**	**£5,002 k**	**£843 k**

7 Executive Summary – Capital Expenditure

7.1 This section does not provide a project progress update on individual capital schemes; it reports on the utilisation of approved capital budgets and the associated financing impacts for the Council. Capital financing decisions can have long-term revenue and treasury management implications across multiple financial years, including borrowing, Minimum Revenue Provision (MRP) and debt servicing costs. These implications are therefore monitored through the Council's capital financing arrangements and prudential indicators, with further detail set out in Section 8 of this report.

7.2 The projected 2026/27 outturn position at Q1 is **£47.0m** of capital expenditure incurred against a revised budget of **£55.0m**. Please refer to Appendix B for a reconciliation between the original and revised 2026/27 budget.

7.3 The capital programme is aligned to the approved Council Strategy (2023-2027, adopted in October 2023) and its key themes. This is demonstrated in the graph below, which splits the projected £47.0m of capital expenditure for 2026/27 by Council priority:



7.4 The table below summarises the projected 2026/27 outturn position at Q1 and budget from a directorate and service level perspective:

	Q1 Outturn (£'m)	Budget (£'m)		
Service	**Forecast**	**Budget**	**Variance to budget**	**Reprofiling into 2027/28**
People	**9.4**	**14.2**	**4.8**	**1.8**
Adult Social Care	1.1	1.1	(0.0)	0.0
Children's Social Care	0.0	0.0	0.0	0.0
Education & SEND	8.4	13.1	4.8	1.8
Place	**35.3**	**36.1**	**0.8**	**0.5**
Development & Housing	3.4	3.5	0.1	0.0
Community Services	3.3	3.8	0.4	0.5
Environment	28.6	28.9	0.3	0.0
Resources	**2.2**	**4.5**	**2.3**	**0.0**
Finance, Property & Procurement	1.2	3.0	1.8	0.0
Transformation, Customer & ICT	1.0	1.5	0.5	0.0
Strategy & Governance	0.0	0.2	0.2	0.0
Total	**47.0**	**54.9**	**7.9**	**2.3**

Actual vs Budget / Forecast	**85.65%**

7.5 The projected 2026/27 capital expenditure outturn position at Q1 is **£8.1m** less than the revised budget. **£2.3m** of the 2026/27 capital budget is required to be reprofiled into the 2027/28 capital programme. Appendix A summarises the Capital Reprofiling. The forecast capital expenditure position will continue to be reviewed as part of the quarterly budget monitoring process and further reprofiling requests from budget holders will be raised for approval as required.

7.6 Key projects undertaken in-year include enhancements to bridges, highways and public infrastructure (£8.8m), continued investment in the replacement of 8 classrooms at Falkland Primary School (£3.3m), decarbonisation of Northcroft Leisure Centre (£2.8m), reduction in the level of nutrients entering the River Lambourn (£2.2m), the expansion of the Berkshire Records Office (£2.1m), enhancements to educational buildings across the district (£2.1m) and upgrades to active travel infrastructure including cycle lanes and footways (£2.0m).

8 Capital Financing and Debt Service Cost

8.1 Of the £47.0m capital expenditure forecast in 2026/27, **£14.7m** is expected to be funded by the Council. The remaining **£32.3m** is expected to be financed from external sources, primarily grants, the Community Infrastructure Levy (CIL) and Section 106 contributions.

8.2 The Ministry of Housing, Communities and Local Government (MHCLG) has provisionally agreed Exceptional Financial Support (EFS) of up to £30.0m for the Council in 2026/27. Following confirmation of the Council's final EFS requirement for 2026/27 (upon closure of the 2025/26 financial accounts), the entire balance will be treated as capitalised expenditure and financed by the Council. Based on the Q1 2026/

27 revenue forecast, which indicates an overspend of **£9.3m**, the Council's total EFS requirement for 2026/27 is currently expected to exceed the provisional £30m allocation. Any increase in EFS will require further consideration and approval by MHCLG and will result in higher capital financing costs in future years, if the impact cannot be mitigated using useable reserves.

8.3 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new Council funded capital expenditure and reduces with the MRP and capital receipts used to replace debt. The table below shows the Council's CFR forecast at Q1:

	31/03/2026 Actual £'000	31/03/2027 Forecast £'001	31/03/2028 Forecast £'002	31/03/2029 Forecast £'003
Opening CFR	319,711	349,775	397,328	439,661
Capital expenditure	14,997	14,700	10,400	8,600
IFRS16 Impact on Assets	4,882	750	750	750
EFS 2025/26	16,800	30,000	40,000	47,000
Minimum Revenue Provision	-6,615	-7,197	-8,817	-10,519
Closing CFR	**349,775**	**388,028**	**439,661**	**485,492**
Potential Risk impact of Q1 Forecast : EFS	0	9,300	0	0
Closing CFR	**349,775**	**397,328**	**439,661**	**485,492**

8.4 To inform its long-term borrowing strategy, the Council uses the Liability Benchmark, a recognised measure of its underlying borrowing requirement. The benchmark assesses the funding needed to support the future capital expenditure (including investments in the capital programme and EFS) after taking account of available internal resources, including usable reserves and the Council's minimum working capital balance of £10m. It also reflects other financing pressures, such as accumulated DSG deficits. Based on Q1 forecasts, external borrowing is expected to increase to £365.6m by 31 March 2027 and £486m by 31 March 2029:

	2026 Actual 'm	2027 Projection 'm	2028 Projection 'm	2029 Projection 'm
Loans Capital Financing Req.	337.9	381.6	422.7	470.4
Less: Balance Sheet Resources	-47.2	-26.0	-1.3	5.6
Net Loans Requirement	290.7	355.6	421.4	476.0
Preferred Year-end Position	14.0	10.0	10.0	10.0
Liability Benchmark	**304.7**	**365.6**	**431.4**	**486.0**

8.5 Based on current estimates, the liability benchmark is projected to exceed the CFR in 2027/28. This suggests that the Council is expected to fully utilise its internal cash resources over the medium term. As a result, the Council will become increasingly reliant on external borrowing to support both its capital programme and liquidity requirements, thereby exposing it to heightened interest rate and refinancing risks. Consideration will therefore need to be given to the timing and structure of longer-term

borrowing to mitigate these risks and ensure ongoing affordability and sustainability. The position will continue to be closely monitored as part of the Council's treasury management and capital planning processes.

8.6 The forecast liability benchmark assumes balance sheet resources reduce to £1.3m by 2028. Any future Government support for DSG deficits, including the proposed recoupment of up to 90% of historic deficits, would strengthen balance sheet resources, reduce the Council's reliance on external borrowing and lower the projected liability benchmark. Consequently, the current forecasts may represent a prudent upper range of the Council's future borrowing requirement.

8.7 The Council's borrowing strategy has focused on securing shorter-term loans, typically 12 to 18 months, to limit exposure to long-term interest rate risk and retain flexibility to refinance should market rates fall. This approach has enabled the active management of borrowing costs and resulted in a relatively low weighted average borrowing rate of 3.90% compared with prevailing long-term PWLB certainty rates at quarter end (for example, 5.92% for a 25-year PWLB certainty-rate loan).

8.8 While treasury management activities generated borrowing cost savings during the year, these were largely offset by the inclusion of approximately £1.0m of IFRS 16 lease-related financing costs within the 2026/27 forecast. As a result, actual financing costs were broadly in line with budgets.

8.9 As at 30 June 2026, short-term borrowing accounted for 29.12% of the Council's total borrowing portfolio of £306.1m (£217m long-term and £89m short-term), remaining within the 30% limit established in the Treasury Management Strategy.

8.10 The Council makes an annual MRP charge in respect of its underlying need to borrow for capital purposes. For capital expenditure funded from Council resources, MRP is charged from the financial year following the acquisition or construction of the asset and is spread over its estimated useful life. The Council applies the annuity method in calculating MRP, which results in lower charges in the earlier years of an asset's life, increasing progressively over time. Whilst this differs from the straight-line method, which applies an equal charge each year, the annuity approach ensures that the full capital cost of the asset is ultimately charged to revenue over its lifetime.

8.11 As the annuity methodology has been adopted relatively recently, the Council's existing MRP profile reflects a position where annual charges, although already material, are expected to increase over the medium term. The forecast MRP charge for 2026/27 at Q1 was £7.1m, compared with an MRP charge of £6.6m in 2025/26. Based on the current Capital Programme and approved borrowing assumptions, the annual MRP charge is forecast to increase to approximately £15.3m by 2032/33. Of this total, around £6.7m relates to the repayment of borrowing associated with Exceptional Financial Support (EFS), highlighting the longer-term revenue implications of the Council's capital financing strategy and EFS arrangements. This rising trajectory represents an important consideration in assessing the ongoing affordability of the capital programme.

8.12 MRP is an accounting adjustment between the General Fund and the Capital Adjustment Account (unusable reserves) that reduces the Council's underlying borrowing requirement (CFR).

Conclusions:

8.13 The forecast shows a financial pressure, driven primarily by demand in Children's social care. The revenue position has significant long term consequences due to capital financing implications of EFS which currently underpins the revenue budget. The 2026/27 budget was approved by Council with an EFS financed gap of £30m, the forecast position would effectively generate a £40m EFS gap (although there is potential to deploy earmarked revenue reserves to partially mitigate the increase). EFS is not guaranteed, an annual application is undertaken in December by the 151 Officer, MHCLG provides notification of EFS decisions in the subsequent February annually.

9 Appendices

Appendix A – Capital Reprofiling

Appendix B – Capital Budget Reconciliation

Appendix C - Net revenue expenditure from 2026/ 27 Budget to Q1 2026 /27 by Directorate

Appendix D - Gross and net revenue expenditure by Directorate 2026/ 27 Budget vs 2026/ 27 Q1 Outturn

Background Papers:

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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