

Cabinet

Report Title	Quarter 3 Budget Monitoring 2025/26
Date of Meeting	Wednesday, 11 March 2026
Report Author	Claire Spencer, Service Director - Finance
Lead Officer	Alex Thompson - Executive Director - Finance & Transformation
Lead Cabinet Member(s)	Cabinet Member for Finance & Resources and Deputy Leader
Why is this a key decision?	N/A
Wards Affected	(All Wards);
Identify exempt information and exemption category	Open
Is the report urgent?	No
Reasons for urgency (only where applicable)	N/A
Appendices (if any)	1. Revenue Monitoring Summary 2. Summary of Revenue Budget Virements 3. Forecast Delivery of Required Efficiencies 4. Earmarked Reserve Balances 5. General Fund Capital Programme Budget Monitoring Position 6. HRA Capital Programme 7. Treasury Management Update 8. Collection Fund Monitoring

1. Executive Summary

- 1.1 The report sets out the forecast outturn position for the 2025/26 financial year for both revenue and capital budgets, as at 31st December 2025. The report includes commentary on revenue budget variations by service, including those

within the General Fund, Housing Revenue Account and Dedicated Schools Grant. The report also gives an update on the forecast delivery of the capital programme for both the General Fund and Housing Revenue Account.

- 1.2 At Quarter 2, a risk continued to be highlighted relating to overspending within the High Needs Block of the Dedicated Schools Grant. At Quarter 3, the forecast medium-term impact on the General Fund of that overspending has reduced, following the government's announcement in February 2026 that 90% of any deficit incurred to the end of 2025/26 is likely to be eligible to be funded by the government during 2026/27, subject to Department for Education approval of a local SEND reform plan.

Recommendations

The Cabinet is recommended to:-

- 2.1 Ratify the financial monitoring position as at 31st December 2025 (Quarter 3) and refer the report to the Budget and Corporate Scrutiny Management Board for consideration and comment.

3. Proposals – Reasons for the Recommendations

- 3.1 Section 151 of the 1972 Local Government Act requires the Chief Financial Officer to ensure the proper administration of the council's financial affairs. Budgetary control, which includes the regular monitoring and reporting of budgets is an essential element in discharging this statutory responsibility. The reporting and analysis of financial performance versus budget supports the financial sustainability of the council.

General Fund Forecast Outturn

- 3.2 The General Fund has a gross budget of £821.682m and a net budget of £365.784m. The overall forecast outturn position for the General Fund, as at Quarter 3, is an underspend of (£1.656m). This is a forecast underspend of 0.45% when compared with net budget. This forecast outturn position excludes ringfenced budgets for the Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA), where variations are managed through ringfenced reserves without impacting on the General Fund. The forecast outturn position also excludes the financial position of the Sandwell Children's Trust (SCT), which is a separate legal entity, although wholly owned by the council.
- 3.3 The council's net budget of £365.784m is split between directorate budgets of £337.951m, that directly deliver council services, and centrally held corporate budgets of £27.833m, that relate to council-wide matters such as investments and borrowing. In relation to directorate budgets, there is a forecast overspend of £2.309m, following the use of reserves. The variance for each directorate is analysed in more detail within paragraphs 3.11-3.18 of the report and within Appendix 1. There is a forecast underspend of (£3.966m) in relation to centrally held corporate budgets, which is described in paragraph 3.19. The variance for each budget heading, and the use of reserves, is summarised in the following table.

Directorate	Appendix	Net Budget	Projected Outturn Before Reserve Transactions	Projected Outturn Variance Before Reserve Transactions	(Use of)/ Contribution to Reserves	Projected Outturn Variance Following (use of)/Contribution to Reserves
		£'000	£'000	£'000	£'000	£'000
Children and Education	1A	109,923	118,730	8,807	(5,622)	3,186
Adult Social Care and Health	1B	94,620	99,531	4,911	(2,823)	2,088
Place	1C	91,280	85,810	(5,470)	3,553	(1,917)
Finance and Transformation	1D	29,063	30,472	1,409	(1,851)	(442)
Assistant Chief Executive	1E	12,585	12,154	(431)	(90)	(521)
Chief Executive	1F	480	396	(84)	0	(84)
Net Service Expenditure		337,951	347,093	9,142	(6,832)	2,309
Capital Charge Adjustment		(26,461)	(26,461)	0		0
External Interest Payments		22,100	18,627	(3,473)	3,473	0
Interest/Dividend Receipts		(10,000)	(15,772)	(5,772)	2,773	(2,999)
Contingency Budgets		1,187	325	(862)		(862)
Budgeted Earmarked Reserve Contributions		(292)	0	292	(10)	282
Revenue Contributions to Capital Expenditure		2,992	2,710	(282)		(282)
Corporate Items	1G	25,625	28,238	2,613	(2,718)	(105)
Aspiration Fund		11,500	0	(11,500)	11,500	0
Apprenticeships		1,182	282	(900)	900	0
Centrally Held Budgets		27,833	7,949	(19,884)	15,918	(3,966)
Collection Fund Deficit		3,455	3,455	0		0
Council Tax		(146,565)	(146,565)	0		0
Business Rates		(121,750)	(121,750)	0		0
Business Rates Top-Up		(43,246)	(43,246)	0		0
Section 31 Grants		(41,985)	(41,985)	0		0
New Homes Bonus		(379)	(379)	0		0
Recovery Grant		(11,784)	(11,784)	0		0
National Insurance Reimbursement Grant		(3,529)	(3,529)	0		0
Sources of Funding		(365,784)	(365,784)	0	0	0
Total Net General Fund Expenditure		0	(10,742)	(10,742)	9,086	(1,656)

- 3.4 The impact on the council's unearmarked reserve, the General Fund balance, of the forecast outturn underspend of (£1.656m) is described in paragraph 3.38.
- 3.5 Separately from the General Fund, the HRA has a gross budget of £157.023m and a net budget of nil. The position for the HRA is forecast overspend of £5.564m, which will be offset in full by a contribution from HRA reserves. Paragraphs 3.28-3.29 provide further detail on the HRA position.
- 3.6 Also separately from the General Fund, the DSG has a gross budget of £290.911m and a net budget of nil. The position for the DSG is a forecast overspend of £6.863m, £2.696m of which would be offset by DSG reserves, which would therefore result in a deficit balance for the DSG and for the High Needs Block specifically. Paragraphs 3.22-3.27 provide further detail on the DSG position.
- 3.7 In order to return Sandwell Children's Trust to a financially stable position without any residual deficit, on 4th November 2025, Full Council approved a revised contract sum to be paid to the Trust within this financial year, resulting in additional payments in comparison with the budget available within the Children and Education directorate as follows:

	£m
Additional contract sum relating to Sandwell Children's Trust costs to be incurred during 2025/26	5.528
Additional contract sum to mitigate Sandwell Children's Trust's historic deficit – To be funded from council earmarked reserves	6.597
Total Additional Contract Sum Cost	12.125

- 3.8 This additional cost is included within the Quarter 3 forecast outturn position for the Children and Education directorate.
- 3.9 The report to Council set out that £6.597m would be drawn from earmarked reserves to fund the element of the increased cost that relates to the Trust's cumulative deficit built up to the end of 2024/25. The report also stated that the council's plan to fund the £5.528m additional cost relating to the 2025/26 financial year would be to offset the overspend in the Children and Education directorate with underspends across the rest of the council, if possible, and only if that were not possible then further earmarked reserves would have to be applied to balance the position. The forecast underspend for the General Fund of (£1.656m) at Quarter 3 demonstrates that sufficient underspends are forecast across the council overall to accommodate the budget pressure of £5.528m within the Children and Education directorate.
- 3.10 The forecast outturn position, following transfers to/from reserves, is explained in further detail within the following paragraphs. Individual outturn reports for each directorate, HRA and DSG can be found within Appendices 1A to 1I.

Children and Education (1A)

- 3.11 The forecast outturn variance against budget for Children and Education is an overspend of £3.186m. The main reasons for this forecast overspend are as follows:

- £5.528m additional contract sum to be paid to Sandwell Children's Trust for delivery of children's social care services within the current financial year
- £1.000m contribution to SEND transformation reserves
- £0.386m additional staff costs within Inclusive Learning Services, required due to the additional demand placed on the service by the volume of Education Health and Care Plans to be processed
- £0.300m net income shortfall for Sandwell Residential Education Service

Partly offset by:

- (£1.539m) forecast underspend relating to home to school transport costs, following SEND3 procurement
- (£0.742m) external funding achieved by the Employment and Skills team
- (£0.435m) additional forecast income and efficiencies relating to 'No Recourse to Public Funds' expenditure
- (£0.404m) vacancy management efficiencies achieved within Education Services and Education Support Services
- (£0.240m) vacancy management efficiencies and additional income generated within Sandwell Adult and Family Learning Service
- (£0.240m) recharges of staff costs to the Holidays and Activities Fund
- (£0.200m) rebate on the council's contribution to the regional adoption agency
- (£0.158m) net additional fines and training income received by the Attendance Service
- (£0.070m) other minor underspends and additional income generated

- 3.12 Included within the forecast outturn position for the Children and Education directorate is a contribution of £1.000m to earmarked reserves. The council has commenced a procurement process to award a contract for the appointment of a service provider to support transformation activity to improve the provision of SEND services. The cost of the contract will be funded from earmarked reserves. Part of the underspend arising from the SEND3 procurement of home to school transport will be set aside to be added to reserves for this purpose.

Adult Social Care and Health (1B)

- 3.13 The forecast outturn variance to budget for Adult Social Care and Health is an overspend of £2.088m. This forecast overspend is within the Adult Social Care service area. The main reasons for this forecast overspend are as follows:
- £1.510m budget pressure relating to external adult social care placement costs, partly as a result of new high-cost learning disability placements, which are complex and can cost in excess of £0.005m per week, thus a significant increase in costs can result from a small growth in client numbers. 5 new learning disability placements added to the forecast during Quarter 3 have resulted in a budget pressure of £0.750m.
 - £0.891m employee related budget pressures within the social work teams, as a result of job evaluation outcomes and the use of agency staff to fill essential vacancies
 - £0.550m budget pressure relating to Best Interest Assessments and Deprivation of Liberty Safeguards Assessments
 - £0.096m budget pressure relating to preventative and outreach contracts
 - £0.059m other minor overspends
- Partly offset by:
- (£0.643m) vacancy management efficiencies within the Direct Services teams
 - (£0.275m) additional income generated at Fountain Court
 - (£0.100m) additional income generated within the Community Alarms service

- 3.14 There is no forecast variance to budget in relation to Public Health, after the use of reserves. Public Health is funded by a ringfenced grant and therefore any underspend at year-end is transferred into a specific Public Health Grant reserve, and, correspondingly, any overspend at year-end is funded from the reserve. The projected outturn variance is currently an overspend of £0.903m in comparison with the value of Public Health Grant funding being received in year. This overspend will be entirely funded from the Public Health Grant reserve. There is a multi-year programme in place to bring down the reserve balance, which built up over the Covid-19 period, and therefore expenditure in year has been planned at a level above the level of Public Health Grant funding provided by the Department of Health and Social Care in 2025/26.

Place (1C)

- 3.15 The forecast outturn variance against budget for Place is an underspend of (£1.917m). The main reasons for this forecast underspend are as follows:
- (£2.555m) vacancy management efficiencies achieved

- (£1.000m) forecast underspend in relation to temporary accommodation costs for homeless households, due to reduced usage of bed and breakfasts and additional grant income received from the Ministry of Housing Communities and Local Government (MHCLG)
- (£0.275m) forecast utilities efficiencies in relation to leisure contracts
- (£0.200m) additional Highways income relating to traffic management
- (£0.187m) other additional income within the Housing team secured for the Welfare Rights team
- (£0.140m) use of external funding to towards costs within the Growth and Spatial Planning team

Offset in part by:

- £0.690m underachievement of planning and building regulation fee income
- £0.652m asset rationalisation efficiencies likely not to be achieved in year
- £0.621m forecast overspend on fleet costs
- £0.190m business rates pressure following charges against vacant properties awaiting redevelopment
- £0.143m security and premises expenditure required within Libraries
- £0.141m forecast underachievement of garages income
- £0.003m other minor overspends

Finance and Transformation (1D)

3.16 The forecast outturn variance to budget for Finance and Transformation is an underspend of (£0.442m). The main reasons for this forecast underspend are as follows:

- (£1.294m) vacancy management efficiencies achieved across Revenues and Benefits, Business Management, Elections, ICT and Corporate Transformation
- (£0.289m) increased fees and charges and recharge income expected to be achieved within Legal and Assurance
- (£0.280m) underspend on ICT licence and revenue project costs, and additional income received from resale of used ICT equipment
- (£0.087m) other minor underspends and additional income generated

Offset in part by:

- £0.720m additional staff costs within Legal and Assurance, due to use of locum and agency staff, required to provide additional capacity to work on safeguarding and contracting work. The service will be actively recruiting into permanent posts to reduce the reliance on agency staff
- £0.275m required efficiencies within the Procurement team forecast not to be achieved, relating to reductions in contract specifications and early payment discounts
- £0.264m additional staff costs within the Procurement team
- £0.249m forecast overspend for Registration Services due to shortfall in income, particularly relating to burials and cremations income, and overspends on employees, premises, transport and supplies and services costs within the service

Assistant Chief Executive (1E)

- 3.17 The forecast outturn variance to budget for Assistant Chief Executive is an underspend of (£0.521m). The main reasons for this forecast underspend are as follows:

- (£0.842m) vacancy management efficiencies achieved

Offset in part by:

- £0.213m required efficiencies relating to voluntary and community sector grants, forecast not to be delivered in year
- £0.100m required efficiencies relating to the contact centre model, forecast not to be delivered in year
- £0.008m other minor overspends

Chief Executive (1F)

- 3.18 The forecast outturn variance for Chief Executive is an underspend of (£0.084m). The forecast underspend relates to employee budgets not required in year.

Centrally Held Budgets

- 3.19 The council has several centrally held budgets. The nature of these is such that they are not within a specific service directorate but instead are managed by the Finance team, under the Section 151 Officer. The council also holds (limited) contingency budgets, makes budgeted contributions to general reserve balances and makes use of reserve balances towards one-off expenditure and as revenue contributions to capital outlay. The net forecast outturn variance against these budgets is an underspend of (£3.966m). The main reasons for this forecast underspend are as follows:

- (£2.999m) increased investment income
- (£0.862m) release of contingency budgets held for specific expenditure items that are no longer forecast to materialise in year, or are not forecast to materialise for the full year
- (£0.105m) underspend on corporate items; particularly centrally held pension budgets. Appendix 1G provides a full breakdown of the forecast variance for corporate items.

Delivery of Ongoing Efficiencies

- 3.20 Delivery of the required efficiencies for 2025/26 has been RAG rated and is presented in Appendix 3. 67% of the required efficiencies have been rated as delivered on an ongoing basis (rated green), with a further 1% with plans in place to be delivered by year end (rated amber). In addition to this, 14% of efficiencies are forecast to be delivered on a one-off basis in year (rated blue).
- 3.21 Managers have provided assurance that plans are in place to deliver the efficiencies categorised as amber. There remains a risk that these efficiencies could impact on the outturn position for 2025/26. As the year progresses, these amber efficiencies should gradually be rated green as the evidence of their delivery becomes available.

Dedicated Schools Grant (DSG) (1H)

- 3.22 The table in Appendix 1H shows an overall budget of £290.911m for council-maintained schools within the four blocks of the DSG. The overall forecast outturn variance against budget for the DSG is nil, as any surplus or deficit at year-end is offset by a corresponding transfer to/from DSG reserves. The

overall forecast outturn variance against budget for the DSG is a deficit position of £6.863m prior to transfers from reserves. This forecast deficit relates to the High Needs Block.

- 3.23 In relation to the High Needs Block, a cumulative surplus has been carried forward into 2025/26 of (£2.696m). This surplus is not sufficient to offset the forecast deficit within 2025/26 of £6.863m. Therefore, at the end of the financial year, it is forecast that the High Needs Block cumulative balance will switch from a cumulative surplus position to a cumulative deficit of £4.167m.
- 3.24 Like many other councils across the country, the cost of the High Needs Block exceeds the grant provision available. The council has been in the position to date that reserves carried forward from previous years have been sufficient to fund overspends in year, however, it is expected that the position for 2025/26 will see the reserve position becoming a deficit reserve.
- 3.25 In February 2026, the government announced that it intends to fund 90% of High Needs Block cumulative deficits incurred by councils to the end of 2025/26, through a new 'high needs stability grant' although further details of the timing and eligibility criteria are yet to be announced. It is assumed that, subject to Department for Education approval of a local SEND reform plan, £3.750m of the council's forecast cumulative deficit would be eligible to be funded by the government during 2026/27, which would leave a residual deficit balance of £0.417m for the council, relating to the period to the end of 2025/26. There are currently accounting regulations in place until March 2028 that prevent any deficit becoming a charge on the General Fund and therefore it will instead be held as a negative balance on overall council resources.
- 3.25 The net forecast overspend on the High Needs budget is largely due to the increase in the number of new education and health care plans issued, and consequently children placed across various school settings. This is a direct correlation to the increase in requests coming to the council; a national trend that has increased since the Covid-19 pandemic.
- 3.26 In addition, there have been insufficient places within Sandwell schools to accommodate the increasing number of eligible children. This has resulted in Sandwell children being placed in other boroughs and independent provision, at proportionately higher costs. This reflects broader national trends and highlights the urgent need to ensure that all children can access appropriate, high-quality education and support within their local communities.
- 3.27 The council is working on a mitigation strategy to address the significant demand on the High Needs Block going forward. Work is underway to engage with a strategic partner to manage the SEND Transformation programme over a 12-month period. A series of anticipated areas of work have been identified that will consider:
- SEND strategy and forward planning
 - Locality model
 - Design a front door model for Inclusive Learning Services
 - Development of a 'whole school SEND and inclusion offer' for schools
 - Home to school transport

Housing Revenue Account (HRA) (1I)

- 3.28 The overall forecast outturn variance against budget for the HRA is nil, as any surplus or deficit at year-end is offset by a corresponding transfer to/from HRA reserves. Prior to the use of reserves, the forecast variance against budget for the HRA is an overspend of £5.564m. The main reasons for this forecast overspend are as follows:

- £2.536m budget pressure associated with responsive asset management works
- £2.158m budget pressure in relation to works carried out at void properties
- £1.400m forecast budget pressure as a result of housing disrepair claims
- £1.000m estimated council tax liabilities relating to void properties, some of which are backdated liabilities
- £0.310m other minor overspends

Offset in part by:

- (£1.086m) vacancy management efficiencies achieved and other employee related budget efficiencies, including an underspend on past service pension costs
- (£0.754m) capitalisation of costs of electrical works

- 3.29 The HRA general reserve balance as at 1st April 2025 is £51.150m, and a contribution from the reserve to offset the forecast overspend of £5.564m would result in a reserve balance of £45.586m at year-end. This reduced reserve balance is still significantly above the minimum risk-assessed balance required for the reserve, as set out in the council's Reserves Strategy.

- 3.30 The Council's Medium-Term Financial Strategy of February 2026 provided assurance that HRA reserves can be used to address short-term HRA deficits, however it also identified several mitigations that are essential to ensuring that the HRA remains sustainable financially over the medium-term. The S25 report of the council's S151 Officer set out that progress against these mitigations must become a feature of the ongoing reporting of the Housing Improvement Programme.

Sandwell Children's Trust (SCT)

- 3.31 SCT is a separate legal entity that is wholly owned by the council. The council commissions SCT activities via the Children and Education budget. The Trust also draws direct funding from other partners. At the end of 2024/25, the Trust was carrying a deficit of £19.8m. Financial pressure has been attributable to higher than budgeted for children's social care placement costs, which is a position being reported for councils nationally.
- 3.32 As described in paragraph 3.7, Full Council has approved a contract sum payable to the Trust in the current financial year which includes £6.6m funds to reduce the cumulative deficit built up by the Trust, with the aim of significantly reducing the cumulative deficit by the end of this financial year.
- 3.33 At Quarter 3, the Trust is forecasting an overspend in the current year of £2.1m, mainly due to further increased children's social care placement costs being incurred. This overspend will reduce the amount by which the cumulative deficit will be reduced in year, however, the council will expect the Trust to take action

to ensure that the overspend is offset in full by equivalent underspends over the next two financial years, so that there is no impact on the timetable to offset the cumulative deficit in full by the end of 2027/28.

Earmarked Reserves

- 3.34 At the beginning of the 2025/26 financial year, the council is holding general earmarked reserves of £159.558m. The forecast outturn position for 2025/26 as at Quarter 3 includes net contributions to earmarked reserves of £2.223m, which would result in earmarked reserve balances of £161.782m at the end of the financial year.
- 3.35 Significant forecast contributions to earmarked reserves include:
- £11.500m contribution to reserves to carry forward the 'Aspiration Fund' budget that is forecast not to have been used within the year.
 - £4.781m contribution to waste management reserves following receipt of new government grant funding which is now funding costs originally budgeted for within core council budgets
 - £3.473m underspend on capital financing budgets will be contributed to reserves in order to 'smooth' the profile of capital financing costs in future years, in accordance with the council's Reserves Strategy.
 - £2.773m contribution to reserves of dividends received relating to Birmingham Airport. These will be set aside for use towards capital financing costs in future years.
- 3.36 Forecast contributions from reserves include draws to fund planned expenditure, such as transformational expenditure and on projects funded through legacy Covid-19 grant funding, through other grant funding and through the Better Care Fund. Other significant forecast contributions from earmarked reserves include:
- (£6.863m) draw from reserves to offset the entirety of the forecast overspend within the Dedicated Schools Grant (DSG) – This will result in a deficit reserve balance for the DSG. As stated in paragraph 3.25, the council may be able to recoup some of this deficit from the government during 2026/27
 - (£6.597m) draw from reserves to fund additional contract sum payments to Sandwell Children's Trust in order to reduce the balance of the Trust's cumulative deficit, accumulated to the end of 2024/25
- 3.37 Further detail on forecast contributions to and from earmarked reserves is provided in Appendix 4.

General Fund Balance

- 3.38 The council maintains the General Fund balance in order to be able to mitigate any unforeseen shocks, such as climate events such as flooding, or rapid reductions in available resources due to changed national policy. At 1st April 2025, the General Fund balance is £22.468m, which equates to 6.1% of the council's net budget in 2025/26. Independent advice is that General Fund unearmarked reserves should equate to 5% - 10% of net expenditure.
- 3.39 The working assumption is that the forecast outturn underspend of (£1.656m) for the General Fund would be likely to be added to the General Fund balance, which would result in an increased balance of £24.124m at year-end. This

balance would still be within the tolerance of 5%-10% of net budgeted expenditure for 2025/26, and would also be within the same tolerance in relation to 2026/27 net budgeted expenditure.

General Fund Capital Programme

- 3.40 The revised capital programme budget for 2025/26 as at Quarter 3 is £81.974m. Forecast expenditure for the year as at Quarter 3 is £64.886m, meaning that (£17.086m) of budget is forecast to be re-phased (slipped) into 2026/27, with a final forecast underspend for the year of (£0.002m).
- 3.41 The most significant underspend within 2025/26 relates to the Disabled Facilities Grant (DFG) allocation, where (£6.639m) of budget is forecast to be slipped into 2026/27. While national funding for the DFG has increased, many local authorities struggle to spend their full allocation within the same financial year, leading to significant carry-forward amounts. Historically, a cumulative balance has built up in Sandwell over a number of years. The Housing team is proposing to scale up provision during 2026/27 in order to increase the number of projects that are awarded funding, in order to bring the cumulative grant balance down.
- 3.42 The 2025/26 budget has increased by £0.280m during Quarter 3, as follows:
- A new project with a value of £0.180m has been added to the programme in relation to the Hollies Day Centre boiler replacement.
 - £0.100m of budget has been brought forward from 2026/27 into 2025/26 in respect of the Causeway Green Primary School new build scheme. Funding for the scheme had been earmarked within the programme as at Quarter 2 but, following formal approval of the scheme in January 2026, the budget has now been re-profiled in accordance with the project timeframe.
- 3.43 Appendix 5 provides details of the additions and re-profiling of budgets, and all other amendments to the total programme budget, during Quarter 3.

Housing Revenue Account Capital Programme

- 3.44 The revised HRA capital programme budget for 2025/26 at Quarter 3 is £92.552m and all expenditure is forecast to budget.
- 3.45 During Quarter 3, budgets relating to new build schemes were reprofiled to reflect a larger proportion of expenditure now taking place in 2026/27. The budget in 2025/26 has reduced from £31.437m to £26.800m, with an equivalent increase in budget in 2026/27. Reprofiling largely relates to the Tipton Levelling Up Fund and Hawes Lane schemes.
- 3.46 During Quarter 3, budgets relating to investment schemes have also been reprofiled overall to reflect a larger proportion of expenditure now taking place in 2026/27. The budget in 2025/26 has reduced from £69.018m to £65.752m, with an equivalent increase in budget in later years. However, within 2025/26, the budget relating to high rise and building safety schemes has increased by £0.513m, as part of an overall increase in budget of £1.013m across the five-year programme for this area of works, reflecting increased activity in this area. The budget for home improvements has also increased by £2.217m across the five-year programme. Both of these increases in budget are funded by a reduction in budget for “other projects”.

- 3.47 Appendix 6 provides details of the re-profiling of budgets, and all other amendments to the total programme budget, during Quarter 3.

Treasury Management

- 3.48 Appendix 7 provides the Quarter 3 update on Treasury Management activity.

Collection Fund

- 3.49 Appendix 8 provides the Quarter 3 update in relation to the Collection Fund. Collection Fund forecasts for council tax and business rates income show small variances in comparison with original estimates for the year, a proportion of which will be funded from, or credited to, the council's General Fund revenue account in future years.

4 Alternative Options Considered

- 4.1 Not applicable

5. Consultation

- 5.1 Not applicable

6. Financial Implications

- 6.1 Financial implications are detailed within the main body of the report.

7. Legal and Governance Implications

- 7.1 No direct implications arising from the recommendations.

8. Risks

- 8.1 A regular review of the emerging financial position for the year is an essential part of the risk management approach of the council during the year. Budget pressures and unachieved efficiencies present a risk for the 2025/26 budget, and council-wide management intervention measures to bring the budget back into balance if necessary, such as a discretionary expenditure freeze or vacancy freeze, could be enacted if the level of risk were to increase. The level of earmarked reserve balances that the council is holding also helps to mitigate these risks. Budgeted contingencies and reserves are reviewed quarterly to help to manage the financial implications of identified risks. The council's Reserves Strategy, approved in February 2025, requires review of the allocation and ongoing levels of reserves to manage risks and opportunities.

9. Equality and Diversity Implications (including the public sector equality duty)

- 9.1 No direct implications arising from the recommendations.

10. Other Relevant Implications

- 10.1 No direct implications arising from the recommendations.

11. Background Documents

- 11.1 Quarter 1 Budget Monitoring Report 2025/26 – Cabinet, 10th September 2025
- 11.2 Quarter 2 Budget Monitoring Report 2025/26 – Cabinet, 10th December 2025

12. How does this deliver the objectives of the Strategic Themes?

- 12.1 The council's financial status underpins the resourcing of the council's Corporate Plan, Medium Term Financial Strategy and the associated strategies and aspirations. Analysis of the forecast financial outturn position supports ongoing strategic planning.