

Appendix A – General Fund Budget Variance Analysis

Business Performance & People (£239k underspend)

1. This was because Car parking income over-achieved by £211k revealing a stronger than expected local economy despite the high cost of living. Also a net £28k worth of other minor underspends occurred.

Chief Executive & Legal (£34k underspend)

2. This included a one-off underspend of £248k due to a release of a historic provision in land charges which was offset by a £244k overspend in Legal services for agency costs. (A budgeted new structure was approved as part of the 2025/26 budget setting process however there has been limited progress in implementing it, therefore the overspend is likely to continue for the majority of the current year.). Plus a net £30k worth of other minor underspends took place.

Corporate Services (£103k underspend)

3. There were £56k worth of vacancies in Customer Services together with £32k vacancies in Communications leading to an underspend of £88k. Then residual net underspends of £15k.

Digital Services & Commercialisation (£511k overspend)

4. £242k of IT contract costs could not be capitalised so have been accounted for as revenue. Budgets have accordingly been adjusted in the 2025/26 budget to cover this ongoing cost.

5. £266k of Property Services costs could not be capitalised so have been accounted for as revenue costs against commercialisation. This was budgeted below net cost of services as Revenue funding of Capital Outlay, so no impact on the bottom line.

6. The remaining £3k variance represents minor over and underspends.

Environmental Services & Climate Change (£184k overspend)

7. There were £22k of extra costs due to a delay with the depot sale.

8. Overall, the waste fleet drove the overspend in the service of £524k. This was due to a £92k overspend on diesel, plus £255k vehicle hire overspend and £177k overspend on vehicle parts due to the aging fleet. 3 new waste vehicles have been acquired in 2025/26 as part of the capital programme which should mitigate this additional cost in the future.

9. Waste challenges continued with £62k of lower recycling credits due to lower tonnage than budgeted and £34k of lower-than-expected volumes in bulky waste income.

10. There were £108k worth of vacancies in street cleansing services during the year.

11. The 2024/25 HRA recharge for grounds maintenance of £269k underspent because it was not budgeted for in the HRA for 2024/25, but is budgeted for in 2025/26.

12. There was an £81k underspend in climate change expenditure.

Resources (£482k underspend)

13. Corporate Management underspent by £886k. This was driven by the salary pay rise being agreed lower than budget by £312k and the contingency of £329k not being utilised, as well as a higher recharge to the HRA by £240k due to an increase in staff numbers and agency workers.

14. Finance overspent by £235k as it caught up with 5 years of accounts successfully. The overspend is expected to be a 2024/25 issue only.

15. Housing Benefits overspent by £167k due to the growth in the Housing Benefit Subsidy gap. This is when the Temporary Accommodation costs are higher than the local housing allowance. (£100k has been added to the base budget in 2025/26 and there is a further £100k held in the contingency against the level of risk. Unfortunately, the worsening situation at year end suggests this may be fully required and more. From 2026/27 onwards £200k was assumed per year in budget growth).

16. There was a release of £41k from the court costs income bad debt provision due to a review of the collection rates.

17. Otherwise, there was a range of minor over and under spend variances making up the residual £38k overspend.

Housing, Health & Communities (£37k underspend)

18. Temporary Accommodation costs were a net £160k above budget.

19. There were £63k of vacancies in health improvement and £49k of additional income in community partnerships.

20. The residual net underspend in the directorate was £11k.

Planning (£161k overspend)

21. The £190k underspend in Building Control is driven by the income from a commercial contract with KJC (a conservatory and roof replacement company) of £182k, which is outside the standard scope of Building Control, without which the underspend would have been merely a sundry £8k.

22. The (non-Building Control) Planning variance of £351k was because the service spent £508k more on employee costs, although this was partially offset by £174k of increased income. The residual £17k net overspend is made up of multiple variances.

Transformation (£400k underspend)

23. The Council did not need to utilise any of its £400k Transformation budget.

Investment Property (£649k underspend)

24. The overall Investment Property underspend is made up of several variances set out in the table below. Explanations are below that.

Investment Properties	Budget £000	Outturn £000	Variance £000
Investment property income (net of management costs)	(11,973)	(12,129)	(155)
Borrowing costs	11,017	10,207	(810)
Movement to MTFP reserve to offset future year savings gaps	0	800	800
Phoenix loan savings	-	(1,053)	(1,053)
Movement to Commercial Reserve	132	632	500
Sub-total before MRP	(824)	(1,543)	(718)
Minimum revenue provision (MRP)	2,768	2,837	69
Total	1,944	1,294	(649)

25. An historic accrual has led to the council overachieving its investment property income budget in 2024/25 by £155k.

26. Borrowing costs were lower than budgeted leading to a £810k underspend, which has been added to the MTFP Reserve.

27. Any under/overspends on interest are smoothed out by the MTFP Reserve, which means the borrowing underspend leaves more resources to offset the future MTFP Gap.

28. The repayment of the Phoenix Loan generated a £1.053m saving in 2024/25. This is because the savings must be spread across 10 years in the General Fund as per local government regulations (as opposed to being recognised fully in the year it occurs) as per International Financial Reporting Standards.

29. The £500k addition to the Commercial Reserve is an annual contribution towards future costs of end of lease refurbishment, loss of rent, interest free loan periods to Aspire etc.

30. It is important to note that the council faces a minimum revenue provision (MRP) cost, which is a local government accounting charge to reflect the underlying need to fund borrowing. Without this £2.837m charge, the council would expect to record a £1.217m surplus in 2024/25. However, MRP leads to a deficit of £1.294m. But this is still better than the budgeted £1.944 deficit.

Corporate Items incl. Treasury (£489k overspend)

31. The overall Treasury overspend is made up of several variances set out in the table below. Explanations are below that.

Corporate Items	Budget £000	Outturn £000	Variance £000
Capital financing	1,957	2,801	844
Leisure PFI interest	319	319	-
Corporate pension costs (added years and deficit repair)	85	77	(8)
Treasury investment income	(446)	(485)	(39)
Movement to/(from) Reserve	(232)	(358)	(126)
Section 106	0	(124)	(124)
Net recharges to Housing Revenue Account (HRA)	(799)	(857)	(58)
Total	884	1,373	489

32. The capital financing and section 106 budgets were higher by £844k due to financing capital from revenue. This will mean MRP charges (which are calculated on an annuity basis) in future years will be lower, benefitting future revenue budgets, also meaning the overall Capital Financing Requirement will continue to fall.

33. Treasury Investment income overachieved by £39k due to interest rates staying higher for longer than expected.

34. The better than expected Reserve usage and Section 106 receipts partially offset the additional revenue financing of capital in paragraph 40.

35. The increase in HRA recharges by £58k reflect a more accurate recharging model.

External Funding (£31k underspend)

36. The underspend reflects the unbudgeted impact of the net surplus of the renewable disregard (100% retained business rates for renewable schemes in the district).

Council Tax Income (On Budget)

37. Council Tax Income was as set and budgeted.