
CABINET

Subject Heading:

Council Revenue and Capital Outturn Report 2025/26

Cabinet Member:

Councillor Sue Benjamins

SLT Lead:

Kathy Freeman
Strategic Director of Resources

Report Author and contact details:

Richard Tyler
Head of Financial Strategy and Business Intelligence
01708 433 957

Richard.Tyler@Havering.gov.uk

Policy context:

The report provides detail of the outturn position on Capital and Revenue for 2025/26 including the funding of the outturn and impact on reserves and balances

Financial summary:

This report includes:

- 2025/26 Revenue Outturn Position
- Analysis of Service variances to budget and mitigating corporate items
- Update on savings delivery in 2025/26
- Financing and impact on reserves and balances
- Capital Outturn position for 2025/26
- DSG Outturn Position
- HRA Outturn Position

Is this a Key Decision?

No

1. Executive Summary

- 1.1. This Report sets out the revenue outturn position for the Council and includes commentary on the variances to budget by service. The report also includes explanation of mitigating corporate items and explains how the outturn position will be financed.
- 1.2. The report also sets out the Capital outturn for 2025/26 compared to revised budget and explains the variances and capital achievements against the budget.
- 1.3. The table below sets out the final revenue outturn position of the Council which is a £37.7m overspend against the original budget without exceptional financial support. This table also provides a comparison to the Period 10 forecast which was submitted to cabinet in March

Table 1: Revenue Outturn 2025/26

Directorate	Revised Budget (m)	Final Actual (m)	Variance to Budget (m)	Period 10 Forecast Outturn (m)
Resources	30.0	30.0	0.0	0.5
People	200.2	196.5	(3.7)	3.3
Place	19.7	14.6	(5.1)	(3.3)
Corporate	24.7	1.0	(23.7)	(17.7)
Worst Case contingent budget	17.8	0.0	(17.8)	(17.8)
TOTAL	292.4	242.1	(50.3)	(35.0)
Capitalisation requirement	(88.0)	(37.7)		
TOTAL BUDGET	204.4	204.4	0.0	0.0
Settlement Funding Assessment	(40.1)	(40.1)	0.0	0.0
Council Tax	(164.3)	(164.3)	0.0	0.0
Total Funding	(204.4)	(204.4)	0.0	0.0

- 1.4. Further details of the reported departmental variances are set out in Section 4 of this report. There are then sections setting out the Corporate position, including Treasury management, HRA and Capital Outturn.

2. RECOMMENDATIONS

- 2.1. Councillors are asked to note the revenue outturn position for the Council and the financing of the overspend (section 7 of the report)
- 2.2. Councillors are asked to approve the Capital Outturn position for 25/26 as set out in section 9 of this report

- 2.3. Councillors are asked to note the outturn position for the Council's earmarked reserves and General balances as set out in section 6 of this report
- 2.4. Councillors are asked to note the write off of debt approved by the Strategic Director of Resources as set out in paragraph 5.4

3. BACKGROUND

- 3.1. The Council has had increasing difficulty in balancing its budget in recent years through a combination of sharply increasing demographic demand and unit costs and also underfunding from central Government over many years prior to the introduction of the fair funding review
- 3.2. The Council has no alternative but to set budgets using exceptional financial support as a balancing item. For 2025/26 the Council requested £88m of exceptional financial support to balance the budget based on a worst case scenario. The Council fully expected to be able to maintain spend within or below the most likely budget scenario of £70.2m but wisely agreed with the Government a higher figure to safeguard against further spikes in demand for Social Care and Housing Demand
- 3.3. The budget position has been reported to cabinet on a quarterly basis through the year culminating in this outturn report setting out the final position for the year. The Council has had tight spending controls in place for over two years in order to minimise the value of support required at year end. These controls have been strictly enforced over the last year resulting in the significantly improved position presented in this report
- 3.4. These actions have limited and reduced the spend of the Council culminating in the position set out in this report. The overspend however is an underlying budget gap and so therefore forms part of the 2026/27 requirement for further exceptional financial support. It should be noted that the medium term financial plan will be updated to reflect the ongoing impact of the improved position over the last quarter of 2025/26. The Government have introduced funding reforms from 2026/27 onwards which have provided a fairer distribution of grant based on current relative need. This has helped the Council's position from 2026/27 onwards but still leaves the Council far short of what it needs to balance the budget.
- 3.5. **Controls in place which have resulted in an improved outturn position**

- Recruitment board to review all proposed appointments

The Council has a board in place which meets weekly to review all service requests to recruit to new and currently vacant roles. Services are required to clearly set out why roles need to be filled and clearly demonstrate the benefit to the organisation or consequence if the recruitment does not take place. This process has resulted in services in some areas managing without the recruitment of additional staff which is reflected in the improved outturn position presented in this report.

- Review of all agency expenditure

The Council has worked hard over the last two years to significantly reduce the level of agency expenditure across the Council. This has been achieved through a systematic review of all project posts and a drive to recruit on a permanent basis to any post covered by agency workers. This has resulted in a significant reduction in agency costs across all areas with the exception of Starting Well who needed a large investment in staffing in to deliver the recommendations of the OFSTED improvement plan. That service is now working hard to increase percentages of permanent staff and reduce dependency on agency workers. The table below sets out the reductions in agency costs over the last two years by department

Table 2: Agency Expenditure 2023/24 to 2025/26

	2023/24 (m)	2024/25 (m)	% reduction	2025/26 (m)	% reduction
Resources	4.8	3.1	36%	1.6	49%
One Source Shared	2.3	2.0	12%	1.5	28%
Starting Well	7.1	11.0		10.8	2%
Ageing Well	1.7	1.6	6%	1.4	14%
Living Well	2.9	2.2	25%	1.3	38%
Place	7.9	7.1	10%	5.7	21%
Total Spend	26.7	27.0		22.2	

Agency spend across all Departments is down a total of £4.8m in 2026/27 due to the strict controls in place and is a leading contributor to the improved outturn position

- Review and reduction in the use of Purchase Cards

The Council has reviewed the use of all Purchase Cards over the last year to ensure they are only used where absolutely necessary. The review checked card controls such as single transaction limits, monthly caps, and limiting category codes to make sure cards are being utilised correctly

- Boards set up across departments to control and review spend

These control boards oversee expenditure for each department and ensure that spend is only undertaken where absolutely necessary. These boards have stopped all non essential spend and have contributed to the reductions in cost compared to budget shown in this outturn report

- Panels set up to review social care placements

Panels are in place to review all Social Care Placements. High-cost placements are regularly reviewed to agree pathways including possible stepdowns in care. The outcomes of these panels have delivered reduced costs across both Adult and Childrens social care. The panels consider the best and most cost-effective pathway for the user whilst meeting the Council's statutory duties. The effectiveness of these plans are reviewed regularly for high-cost placements to identify if any stepdown in care can safely be accelerated.

- Review of all service areas to identify in year savings and efficiencies

All departments are fully aware of the Council's financial situation and all officers are encouraged to limit spend and identify any efficiencies in their areas. This discipline has resulted in small underspends at outturn across many cost centres which have contributed to the more favourable outturn. A full review will be taken in the development of the 2026/27 budget to ascertain whether these underspends are one off or can be presented as ongoing budget savings

- Joint working with Health to ensure costs are appropriately shared

The Council continues to work very closely with our Health partners to deliver joint outcomes for users of the services. Part of that process from the Council's prospective is to review all costs incurred to ensure that all Health related costs are picked up by our partners.

- Review of existing and forthcoming contracts

The Council has undertaken a huge amount of work to improve and enhance its procurement process. The Council's procurement rules have been updated and adherence to these rules have enabled the Council to drive efficiency and secure the best contracts possible. The Council continues to develop its contract database to ensure forward planning of all its major contracts

4. REVENUE OUTTURN POSITION – SERVICE EXPENDITURE

- 4.1. This section sets out the service reported outturn position for 2025/26. The Council budget was set based on a most likely scenario which assumed that £70.2m of the Capitalisation directive would be required to balance the budget. The variances shown are from this base budget position.
- 4.2. Services closely monitored their budgets and this was reported to cabinet through the year at the end of each quarter. The table below shows the reported variances through the year culminating in the final outturn variance.

Table 3: Revenue variance by Service

DEPARTMENT	Forecast Variance Period 3 £m	Forecast Variance Period 6 £m	Forecast Variance Period 10 £m	Outturn Variance £m
Starting Well	0.2	0.6	(0.1)	(1.8)
Ageing Well	1.0	0.8	(0.1)	(1.7)
Living Well	3.8	5.7	3.5	(0.2)
TOTAL PEOPLE	5.0	7.1	3.3	(3.7)
Planning & Public Protection	(0.2)	(0.2)	0.1	(0.6)
Environment	(3.7)	(3.1)	(3.1)	(4.3)
Housing & Property	0.2	0.0	(0.3)	(0.2)
TOTAL PLACE	(3.7)	(3.3)	(3.3)	(5.1)
TOTAL RESOURCES	1.5	0.7	0.5	0.0
TOTAL DIRECTORATES	2.8	4.5	0.5	(8.8)
Corporate Budgets	(3.8)	(12.2)	(17.7)	(23.7)
Worst Case contingent budget	(17.8)	(17.8)	(17.8)	(17.8)
Exceptional financial support	88.0	88.0	88.0	88.0
EFS REQUIREMENT	69.2	62.5	53.0	37.7

- 4.3. The paragraphs below set out departmental commentary on the outturn variances . Further details on departmental variances including explanations of any variances from Period 10 can be found at **Appendix 2**.

- 4.4. **Resources Outturn Level Spent.** Resources outturn was on Budget, with minor cost pressures resulting from bailiff income shortfalls, loss of housing benefit subsidy income and an additional contribution to the Adults Social Care Change Programme from partnership budget being offset by the holding of Vacancies within several areas and the receipt of addition income into the Exchequer Services.
- 4.5. **People Outturn £3.7m Underspent.** The People Pillar continues to be a volatile service with costs responding to demand pressures and market conditions. The underspend in this area was driven by several factors that reflect the management actions taking place in this area to contain and reduce costs where possible.
- 4.6. Starting Well has seen a reduction in costs due to a combination of a reduction in staff costs, as staff vacancies are being held, ICB health contributions, reduced expenditure on Leaving Care & Section 17 due to management action around reviews and spending panel and further work on the maturity of forecasting and trend analysis. Reduced realised spend against forecast in Home to School transport and S17 Children in need spend has also led to the improved position.
- 4.7. Ageing Well continues to benefit from the implementation of a market strategy that has led to rate acceptance and agreement with providers increasing substantially. This combined with a steadier state of demand has reduced costs enabling the service to stay within budget. Each year the Council reviews and negotiates charges with its providers and this commissioning process is a key part of the Councils strategy in ensuring value for money for the Council.
- 4.8. Within Living Well Learning Disabilities has overspent by £1.95m, reflecting the impact of high-cost transition cases and increasing levels of client complexity. Complexity pressures continue to be an area of concern. This overspend has been offset by underspends in Temporary Accommodation that have resulted in the processing of backdated Housing Benefit Claims from 2024/25 being realised in year and the release of grant.
- 4.9. **Place Outturn £5.1m Underspent.** The Place Pillar underspend was primarily driven by increased income within Parking in the Environment Pillar primarily due to a Londonwide decision to increase PCN charges. The cross London Fee increases in penalty charges commenced in April 2025, post budget setting, generating additional income. There has also been a slight increase in the number of Penalty Charge Notices and Moving Traffic Contraventions issued. With other minor movements combining to generate a further £1.15m underspend in this area. Totalling £4.25m.
- 4.10. Planning also realised £0.4m of statutory fees income which is driving the net underspend £0.9m in this area caused by increased fees in 2025/26 and the receipt of several major planning applications and additional commercial income and the holding of vacancies saw an underspend of £0.2m against budget for Housing and Property.

4.11. Minor pressures such as the decreasing On-street and off-street Parking income and increases in running costs, such as camera maintenance, software and other minor variances across the Place Pillar have reduced the underspend position by £0.2m to £5.1m.

4.12 Delivery of Savings in 2025/26

4.12.1 In setting the 2025/26 budget the Council included £10.3m of revenue savings to be delivered. The majority of these savings were fully delivered as can be seen in the table below.

Table 4: Savings Delivery

Directorate	Savings Delivered (m)	Savings Delayed (m)	Savings not achieved (m)	Total (m)
People	2.8	1.9	0.7	5.4
Place	0.1	0.0	0.0	0.1
Resources	0.7	0.1	0.0	0.8
Corporate	3.4	0.0	0.5	3.9
	7.0	2.0	1.2	10.2

4.12.2 A number of savings however were not achieved and the resultant overspend is included within the revenue outturn position reported in this report. Some of these savings proposals are simply delayed and will be achieved in 2026/27 whilst others will not be delivered. These savings will be written out of the 2026/27 budget with departments asked to contain spend in a sustainable fashion within their assigned budgets in order to achieve this.

5 CORPORATE BUDGETS AND CONTINGENCY

5.1 The Council had a number of Corporate items which were reported during the year and by outturn had mitigated the budget position by £23.7m. These items had been identified through the year and were reported on in the quarterly monitoring reports. The year end position showed a further improvement primarily due to two specific items

- Release of Central Contingency (£1m)
- Review of the balance sheet clearing historic suspense items and unmatched goods receipted credits back to revenue (£4m)

These items are both one off benefits and so will not impact on the 2026/27 budget.

The table below sets out the Corporate variances at year end

Table 5: Corporate Budgets

	Revised Budget £m	Outturn £m	Variance £m
Corporate Contingency	1.0	0.0	(1.0)
Treasury Management	18.1	10.4	(7.7)
Contribution to Pension Fund	8.6	6.8	(1.8)
Returned Service Growth	0.0	(3.9)	(3.9)
Unutilised inflationary budgets	3.1	0.0	(3.1)
Release of contingent items	2.5	0.0	(2.5)
Corporate Savings	(2.7)	(2.2)	0.5
Other Corporate Budgets and central grants	(5.9)	(6.1)	(0.2)
Review of balance sheet items	0.0	(4.0)	(4.0)
TOTAL	24.7	1.0	(23.7)

5.2 Analysis of Corporate Budgets

5.3 The most significant corporate underspend related to treasury management. The table below breaks the underspend down into the four main areas all of which have recorded an underspend against budget

Table 6: Treasury Management underspend

Treasury Management	Budget (£m)	Outturn (£m)	Variance (£m)
Interest Payable	7.4	4.1	(3.3)
Minimum Revenue Provision	8.7	7.7	(1.0)
Interest Receivable including Regen Loans	(3.0)	(2.9)	0.1
MRP and Interest due on EFS	5.0	1.5	(3.5)
Total Treasury Management	18.1	10.4	(7.7)

5.3.1 The Council had been expecting to borrow to finance the capital programme during the course of 2025/26. There was some slippage in the capital programme and the Council was able to finance spend through internal borrowing which meant that further external borrowing was not needed for the general fund. This resulted in a significant underspend for 2025/26 but it should be noted that general fund capital internal borrowing still stands at over £240m at year end. It is highly likely therefore that further new external borrowing will be needed in 2026/27 both to finance that years capital programme but also to reduce the level of internal borrowing as those funds are needed for other purposes. This assumption has been built into the 2026/27 budget

5.3.2 The Minimum revenue provision budget (MRP) is set each February based on the projected Capital Financing Requirement (CFR) for the commencement of that financial year. The Outturn position for 2024/25 showed slippage in the final quarter resulting in a lower CFR and as a result a lower level of MRP needing to be set aside in 2025/26. This has resulted in a £1.1m underspend for 2025/26 which has been reported throughout the financial year.

5.3.3 The Council has a prudent policy of only budgeting for loan interest from Mercury Land Holdings (MLH) when the loan has actually been activated. New loans for Quarles and further working capital were taken out with the interest paid to the general fund resulting in a £0.5m underspend in the accounts. As these loans have now been activated the Council budget was adjusted for 2026/27 as part of the budget process to reflect this ongoing income

5.4 **Debt Write Offs**

5.4.1 The Council collects income during the year both for services provided including Social Care and also for Council Tax and Business Rates. The Council has a good track record of debt collection but inevitably given the scale of the collectable income a small proportion is written off each year. The Council maintains bad debt provisions for all categories of debt the value of which is calculated using an aged debtor analysis and the services experienced view of the likelihood of collection based on that data.

5.4.2 The Council has recently set up a debt board to monitor all income and debt collection. This board has cross party representation and already has received papers setting out current collection of debt. The board will review bad debt provisions and oversee debt write off where necessary.

5.4.3 In accordance with Part 3.3 of the Constitution, the Strategic Director of Resources has specific powers to write off sums which are irrecoverable provided that all write-offs are reported to cabinet.

Social Care Debt Write Off

- 5.4.4 The Council invoices over £18m each year to recipients of Adult Social Care support representing the client contributions they have been assessed as needing to make. The Council is successful in collecting the majority of this debt and many users have either direct debits in place to pay or have agreed a deferred charge on their property to meet their care costs.
- 5.4.5 The Council however has recently undertaken a full review of older debts to establish the likelihood of successfully either collecting the debt or securing a deferred charge. Each case has been individually considered and it has been concluded that a write off of £0.953m is required. All of these debts have been chased without success through the Council's collection process and as a result write off has been approved by the Strategic Director of Resources.

Parking Debt Write Off

- 5.4.6 The Council also has a number of parking penalty charge notices (PCN's) which are now several years old and have been through the full recovery process without success. The Council has increased traffic enforcement in recent years and now issues over 180,000 PCN's a year of which around 80% are paid. Inevitably however a number of tickets remain unpaid despite the Council making every effort to recover the debt. The main reasons for non-payment include deceased owner, non-registered keeper, cloned or stolen vehicles. It is proposed that a write off of £1.353m is made representing tickets for which there is little or no chance of recovery

6 EARMARKED AND GENERAL RESERVES

- 6.1 The Council holds general balances to mitigate against unforeseen risks. At the start of 2025/26 The Council held £15.2m in General Balances. The Council's budget included a £5m planned contribution to reserves which has resulted in general balances increasing to £20.2m. This is still below the Council's target of £25m and even this increase has only been possible due to the Council being able to utilise the capitalisation directive as discussed in Section 7 of this report.
- 6.2 The Council also holds Earmarked reserves which are set aside for specific time limited projects in the future. These reserves are reviewed regularly and if the reserves are no longer required they are either transferred to revenue or added to general balances.

The table below shows the 2025/26 outturn position on Earmarked Reserves:

Table 7: Earmarked Reserves

RESERVE TYPE SUMMARY	Opening Balance 25/26 (£m)	Outturn Position (£m)	Movement (£m)	Comment
Risk Mitigation Reserves	(16.8)	(22.2)	(5.4)	Addition to the Insurance and Business Rates Reserves
Contractual Reserves	(9.8)	(9.3)	0.5	Better Care Fund utilised
Internally Earmarked Projects	(13.4)	(16.8)	(3.4)	New Reserve Afghan Resettlement Programme
TOTAL	(40.0)	(48.3)	(8.3)	

6.2.1 As part of the year end process the Council made the following planned contribution to reserves.

- £3m contribution to the Rates Reserve. The deficit on collection fund for business rates was higher than originally projected and with the likelihood of a significant increase in future appeals following the latest revaluation it is prudent to contribute to this reserve to safeguard against future variances.
- £1.6m contribution to the Insurance Reserve. This contribution will take the Council to 95% coverage of proposed liabilities which is a prudent and sensible measure given the current level of uncertainty in this area.
- £0.5m contribution to the Public Health Reserve. For the last two years general fund activity which meets public health aims has been financed from the public health reserve to meet those aims and provide a general fund saving. This contribution will allow the Council to continue to fund activity currently financed in the general fund which delivers public health aims.
- Creation of a £2.7m reserve to fund the ongoing support the settlement of Afghan refugees. The Council has received grant funding for this purpose and whilst not ringfenced the Council has future obligations expected nationally in this area.

7 FINANCING THE COUNCIL'S REVENUE OUTTURN POSITION

7.1 The Council has put in strict spending controls in order to reach the final outturn position which will require utilisation of **£37.7m** of the capitalisation allowance available.

7.2 The Council requested and was granted a capitalisation directive of £88m for 25/26. In the CIPFA review undertaken following the 2024/25 Exceptional financial support (EFS) request it was made clear that the Council should prioritise maintaining and enhancing its reserves and balances position to ensure that the Council has sufficient funds to mitigate future risk. The utilisation of the capitalisation directive has allowed the Council to continue

to move towards this aim including increasing general balances by a planned £5m and contributing to new reserves to offset future one off planned spending. The Council will therefore utilise £37.7m of the capitalisation directive for 25/26 in order to mitigate the reported overspend

- 7.3 The financing of the EFS will largely be through raising the Capital Financing Requirement (CFR) and borrowing to finance the capitalisation. The Government has removed the 1% premium on borrowing for EFS and so when borrowing is undertaken it will be at normal Public Works Loan Board (PWLB) rates. The Council will need to set aside minimum revenue provision (MRP) over 20 years to finance the increase in the CFR. This has been provided for in the 2026/27 budget
- 7.4 The Council will review the Capital programme during the first few months of 26/27 to ascertain whether the programme is on track or whether there is slippage. Part of that review will also consider the capital receipts that are likely to be achieved during the year. The Council is aware of the risk relating to the financing of the Capital programme and reviews its reserves regularly to ensure there is additional funding to support the position should it be needed.
- 7.5 The Council has balanced the 26/27 budget using a further capitalisation directive and it under no illusion that if that if the majority of that directive were required then the Council will need to borrow to finance it. The Council has made a provision in its revenue budget for borrowing for the directive but will only borrow when the cashflow position dictates that that is necessary. The Council will also maintain tight spending controls to minimise spend and keep the budget under control.

8.0 HOUSING REVENUE ACCOUNT OUTTURN 2025/26

- 8.1 The Housing Revenue Account recorded a £4.3m underspend in 2025/26. The underspend position will increase HRA held balances at year end. There were a number of variances across the HRA which are shown in more detail in **Appendix 2** the most notable of which was a net underspend on treasury management of £3.9m and a reduction in costs through improved void turnaround times of £0.6m

9 THE CAPITAL PROGRAMME OUTTURN POSITION

- 9.1 In 2025/26, there was £135.353m of capital expenditure; this has resulted in notable capital outcomes, which are outlined below:
- The Highways Improvement Programme (HIP) has led to over 17.5 km of roads resurfaced, and 6.9 km of footways replaced
 - The opening of Riverstone House, a new facility to support young adults as they transition toward independent living, with on-site support and overnight facilities to ensure a safe and nurturing environment.
 - £2.3m has been spent on home adaptations in the borough to allow residents to continue living in their own homes instead of incurring expensive care costs
 - We have replaced 452 street lighting columns ensuring the borough is well lit at night and as safe as possible.

- Expenditure of £5.7m on building and enhancement works to our schools to ensure that our young adults have the appropriate facilities to maximise their education
- £1.7m has been spent as part of the Authorities commitment to build a brand-new, purpose built Special Educational Needs and Disabilities (SEND) school located in Gidea Park.
- The Council has invested over £7.8m in the Councils wholly owned development company Mercury Land Holdings which aims to increase the provision of housing supply in the borough.
- Spend of over £35m enhancing the Councils existing housing stock and ensuring properties continue to meet and exceed the Decent Homes Standard (DHS) a set of minimum technical and safety criteria for rented housing.
- In addition, over £31m has been spent purchasing additional properties within the borough to increase the number of properties owned by the Council.
- In 2025/26 alone the Council has spent over £24m on the 12 estates regeneration project, a joint venture aiming to deliver over 3,500 much-needed new homes across 12 existing housing sites within the borough
- The purchase of 29 vehicles for the Passenger Travel Service (PTS) providing accessible transport for vulnerable residents.
- £2.8m has been spent enhancing our IT infrastructure including the Havering Roadmap Programme which has delivered significant modernisation across the Council's technology estate, the modernisation of our staff telephony and the migration to the new Havering environment

9.2 Further details of the Capital Outturn can be found at **Appendix 1** to this report

10. DEDICATED SCHOOLS GRANT (DSG) OUTTURN

Schools Outturn.

- 10.1 Havering has 38 Maintained Primary and 1 Maintained Special Schools. Management of School Budgets are delegated to the Governing Bodies of those schools but they still form part of the Council's overall financial position.
- 10.2 Schools in Havering are facing a number of financial pressures at the moment as the funding available from the Department of Education has not kept pace with teachers and other staff pay and other cost increases. In addition the high proportion of children with special educational needs and the cost of providing support is an issue for a number of schools.
- 10.3 As a result the level of balances held by schools at the end of the financial year decreased from a total of £1.86m surplus to an overall deficit of £0.72m – a fall of £2.58m. Within this overall total there were 15 schools in deficit with a total of £6.3m and 23 schools in surplus with an overall total of £5.6m.
- 10.4 The Council has required all schools to produce a recovery plan to get back into balance within a defined timescale and will be working with Headteachers and Governors to ensure that this is achieved.

IMPLICATIONS AND RISKS

Financial Implications and Risks

The financial implications of the 2025/26 Outturn position are the subject of this report and are therefore set out in the body of this report. The underlying elements of the overspend have been fully incorporated into the 2026/27 budget but it should be noted that the 2026/27 budget is underpinned by a capitalisation directive of £77m. The Council will review the reasons for the favourable service variances in the final quarter and will adjust the 2026/27 service budgets for any ongoing underspends. The report also sets out the final Capital Outturn position and the end of year position on Balances and reserves.

The overspend has been financed by utilising the Capitalisation directive agreed with the Government for 2025/26. This has been financed by increasing the Council's Capital Financing requirement which will result in borrowing and repayment costs over the next 20 years

Legal Implications and Risks

Under S151 of the Local Government Act 1972 a local authority must make arrangements for the proper administration of its financial affairs.

The Council is required under s28 of the Local Government Act 2003 to review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget position.

Section 3 of the Local Government Act 1999, imposes a continuing obligation on the Council to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." (This is the best value duty).. Monitoring the Council's financial position and reviewing performance information on a regular basis assists the authority in fulfilling that duty.

Human Resource Implications and Risks

There are no immediate Human Resource implications or risks arising from the report at this stage and any specific workforce impact is difficult to assess at the present time. However, any current or future savings proposals or changes to the funding regime that impact on staff numbers or job roles, will be managed in accordance with both statutory requirements and the Council's Organisational Change policy and associated procedures.

Equalities and Social Inclusion Implications and Risks

There are no immediate Equalities and Social Inclusion implications arising from the report.

