REPORT of
DIRECTOR OF FINANCE

to
STRATEGY AND RESOURCES COMMITTEE
24 SEPTEMBER 2026

BUDGET MONITORING REPORT – QUARTER 1

1. PURPOSE OF THE REPORT

1.1 To provide Members of the Committee with an updated Quarter 1 (Q1) financial position for the Council the period ended 30 June 2026. It should be noted that Q1 is still early in the year and may change in the coming months.

1.2 This matter is brought forward for consideration with the agreement of the Chairperson of this Committee so that the Council has clarity on the available funding for 2026/27 to be able to carry out its operations in a timely manner.

2. RECOMMENDATIONS

(i) That Members note the forecast revenue outturn as at 30 June 2026 is £101,000 over budget (0.7%) Further information can be found at **APPENDIX 1** along with reasons for significant variances;

(ii) That Members consider the forecast capital outturn as at 30 June 2026 which is for a total capital programme delivery of £7,054k against the revised budget of £7,119k. Further information can be found at **APPENDIX 2** along with reasons for significant variances.

(iii) That the balances within the Earmarked Reserves and General Fund set out in **APPENDIX 3** be noted;

(iv) That the revenue budget reconciliation in **APPENDIX 4** be noted.

3. KEY ISSUES

3.1 The Q1 Budget Monitoring report provides a financial forecast for the Council for the full year ending 31 March 2027 including revenue and capital forecasts and the impact of those on retained reserves (general and earmarked). It shows performance is closely aligned to budget demonstrating good financial management in operational areas.

3.2 As detailed in **APPENDIX 4,** there is a £110k virement to align the directorate salary budgets with the outcome of the recent staffing restructure. Within the financial regulations, this virement, as it relates to pay, has been approved and signed off by the Head of Paid Service and does not require the separate approval of the Strategy and Resources Committee. The impact of this adjustment is reflected in the Revised Budget, used as the comparator for Q1 forecasting.

3.3 **Revenue Budget Monitoring – Quarter 1**

3.3.1 The forecast for the revenue budget projects an overspend of £101,000 against the 2026/27 budget equating to a variance of 0.71% of budget, within a +/- 1% tolerance. The most material individual forecast overspend is in relation to planning appeals (£179,800 over budget). This is driven by inherent uncertainty in relation to forecasting the likelihood or timing of planning appeals and their associated cost. To mitigate the uncertainty within service base budgets, the use of an earmarked reserve for planning appeals is being considered as a mechanism to manage these costs.

3.3.2 Other areas of overspend include expenditure in relation to carried forward activities from the previous financial year. As at Q1, this expenditure has not been drawn from reserves as, where possible, costs will be contained within existing budgets. A reserve drawdown would be requested and undertaken if costs are not containable as the year progresses.

3.3.3 Areas of underspend primarily relate to savings resulting from vacant posts across directorates in year. Further detail is included in **APPENDIX 1**.

MDC: Quarter 1 forecast	FULL YEAR 2026/27			
Directorate	**Revised Budget (£000)**	**Q1 Forecast (£000)**	**Variance to budget**	**Variance to budget**
Total Net Service Expenditure	14,137	14,238	101	0.7%
Total Funding	(14,137)	(14,137)	0	0.0%
Total Net Expenditure	0	101	101	

Figure 1 - summary revenue forecast at Quarter 1

3.4 **Capital budget Monitoring – Quarter 1**

3.4.1 The forecast for the capital budget projects an underspend of £65,000 against the revised 2026/27 Capital programme of £7,119k. The main project details can be found at **APPENDIX 2**.

3.5 **Reserves**

3.5.1 The Council holds a number of earmarked reserves (provisions) for specific purposes and the General Fund Balance as a general unallocated amount.

3.5.2 At the start of the financial year, earmarked reserves totalled £2.8m and general fund reserves totalled £7.6m. While there were no formal decisions in Q1 requiring an allocation or draw on reserves, there are a number of items expected to impact on the reserves position in Quarter 2. These include the creation of a provision for the Local Plan delivery work, purchase of Friary Fields as six Temporary Accommodation units, and some use of underspends identified at the end of the last financial year which were moved to general reserves pending a clearer view of spending needs in the new year. Within the General Fund Balance, a ‘core’ reserve of £2.3m is retained as a funding source ’of last resort’.

3.5.3 Reserves brought into 2026/27 are detailed at **APPENDIX 3**, which is aligned to the pre-audit (raft) accounts.

4. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2025 - 2028

4.1 **Delivering good quality services.**

4.1.1 Regular reporting and monitoring of the Council's financial position is a key control in ensuring the Council makes the best use of its resources and is able to make informed decisions to support our residents.

5. IMPLICATIONS

(i) **Impact on Customers** – None directly.

(ii) **Impact on Equalities** – None directly.

(iii) **Impact on Risk (including Fraud implications)** – None directly.

(iv) **Impact on Resources (financial)** – The subject of the report.

(v) **Impact on Resources (human)** – None directly.

(vi) **Impact on Devolution / Local Government Reorganisation (LGR)** – The financial position of the Council will be scrutinised in advance of reorganisation as part of planning for LGR delivery. This report is written with that scrutiny in mind.

Background Papers: None.

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