REPORT of
DIRECTOR OF FINANCE

to
STRATEGY AND RESOURCES COMMITTEE
26 NOVEMBER 2026

BUDGET MONITORING REPORT – QUARTER 2

1. PURPOSE OF THE REPORT

1.1 To provide Members of the Committee with an updated Quarter 2 (Q2) financial position for the Council for the period ended 30 September 2026. Covering the first half of the year, this report provides a good indication of the likely outturn and identifies a firm basis to support planning for the coming year.

1.2 This matter is brought forward for consideration with the agreement of the Chairperson of this Committee to provide assurance that the financial management of the council is effective and ensure the sustainability of council operations now and into the future.

2. RECOMMENDATIONS

(i) That Members comment on the forecast revenue outturn as at 30 September 2026 which is £126,000 over budget (0.9%) and the analysis of this;

(ii) That Members confirm the change in treatment of Planning Appeal costs;

(iii) That Members agree the adjustments recommended arising from previous Committee decisions for one-off funding now the actual values are known and adjustments can be made;

(iv) That Members consider the forecast capital outturn as at 30 September 2026, which is £7,578k against the revised budget of £7,526k and the commentary on this;

(v) That Members accept the balances held as Earmarked Reserves and General balances;

(vi) That the revenue budget reconciliation be noted.

3. KEY ISSUES

3.1 Overview

3.1.1 This is a positive report which provides details of the current financial position of the council and the expected position at the end of the financial year. All key measures are performing within expectations – revenue spending is close to budget, as is capital spending, debt is being reduced and reserves continue to be at a good level.

There are some variations to budgeted estimates, but these are detailed in the report and under review. A further update will be provided in the next report.

3.2 **Revenue Budget Monitoring – Quarter 2**

3.2.1 The Quarter 2 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) as at 30 September 2026. This is the mid-point of the year and allows considerable certainty in the forecast. It also helps identify any issues to be addressed in the budget planning for the coming year.

3.2.2 Within the revenue forecast (**APPENDIX 1**), it is assumed that final approvals will be given for a number of transfers to and from reserves. These are detailed below and reflect decisions previously taken by Members to fund in principle to a defined limit and where full costs are now known, and the transactions can be fully applied.

3.3 **Revenue Budget Monitoring – Quarter 2**

3.3.1 The forecast for the revenue budget projects an overspend of £137,000 against the 2026/27 budget equating to a variance of 0.96% of budget, just within the target +/- 1% tolerance.

3.3.2 <u>Planning appeals</u>

3.3.2.1 The Quarter 1 report highlighted a key pressure relating to planning appeals, where the applicant had appealed against the decision taken by Committee. Review of previous appeals costs shows that most appeals cost around £100,000 (although this can vary for size, complexity etc). Currently 5 appeals are anticipated to take place within the current year. Previous budget provision was to the value of £184,000 – which is clearly insufficient for potential costs of around £500,000. Further, the budget is part of 'base' budgets – that is, anticipated budgets ongoing from year to year. This does not reflect the highly variable frequency of appeals. It has therefore been determined by the s151 officer, in consultation with the Committee Chair and Chief Officers, that it would be preferable to remove the base budget provision and instead fund the appeals from reserves, creating an Earmarked Reserve for this purpose. This will enable transparent reporting of likely costs while also recognising that the Director of Place, Planning and Growth is not truly accountable for these costs.

3.3.2.2 As a result, the Q2 revenue forecast assumes all planning appeals costs are fully funded from reserves, removing that pressure. The reserves position is updated accordingly.

3.3.3 The current revenue forecast is summarised below and shows a forecast variance of £126k more than budgeted. This is a favourable position overall but relies upon significant pay underspending due to the delay of recruiting to posts either newly created or already vacant within Council structures. This is a one-off benefit which will not be available to support non-pay spending in the coming year.

Directorate	Budget (£000s)	Forecast P6 (£000s)	(Under) /Over Budget (£000s)
Neighbourhood and Community Services (NHC)	6,614	6,636	22

Directorate	Budget	Forecast	(Under) /Over
Strategy and Improvement	3,286	3,378	92
Place, Planning and Growth	1,595	1,655	61
Finance (Operational)	1,681	1,653	(28)
Legal and Governance	1,060	1,066	6
Chief Executive	325	325	0
Corporate Finance	475	499	24
Operational Total	**15,035**	**15,212**	**177**
Minimum Revenue Provision (MRP) and Investment Income	(800)	(851)	(51)
Total	**14,235**	**14,361**	**126**

Figure 1 - summary revenue forecast at Quarter 2

3.4 A number of adjustments are included in the £126k overspend position reported above. These adjustments are shown in the following table. The adjustments have already been approved in principle by Councillors, but the actual spending is now known and adjustments can be made.

directorate	purpose	value	rationale	governance
NHC	Dredging costs	(£100,000)	completion of funds transfer from reserves per council decision now final account is settled	13 Feb. 2025 Council meeting for £135k
	Tree Surgery	(£60,000)	underspent in 25/26; recouped to reserves pending spending review in 26/27; now being returned to the service	130k supplementary estimate agreed in November 2022
	Cemeteries management software ('Plotbox')	(£55,000)	underspent in 25/26; recouped to reserves pending spending review in 26/27; now being returned to the service	November 2025 Strategy and Resources Committee (S&R) Minute No. 357 refers
	Climate action plan	(£41,000)	underspent in 25/26; recouped to reserves pending spending review in 26/27; now being returned to reserves	Budget approved in 24/25
	Base budget from EPR	£364,000	application of EPR to offset additional costs of waste collection; this is the base budget released as a result of that which can be recouped to reserves	appropriate use of grant funding
Neighbourhood & Community Services		**£108,000**		

directorate	purpose	value	rationale	governance
Place, Planning and Growth	Housing strategy	(£85,000)	underspent in 25/26; recouped to reserves pending spending review in 26/27; now being returned to the service	Approved in 25/26 Budget unspent and now being spent in 26/27
	Local Plan delivery	(£595,000)	per Council decision and spending plan included	10 Sept. 2026 by the Council
	Planning appeals (funding)	(£500,000)	allocation of general fund general balance, offset by the contribution below	S&R Nov. '26
	Planning appeals (recouping base budget disapplied)	£184,000	recurrently reduces base budget	S&R Nov. '26
Place, Planning and Growth		**(£996,000)**		
Strategy and Infrastructure (S&I)	Recruitment capacity (Essex County Council (ECC))	(£50,000)	implementation of phase 2 of restructure	Chief Executive (CX) (Head of Paid Service (HoPS)) delegations
S&I	Council Chamber	(£119,968)	upgrade to AV system in the chamber	Member approval
S&I	Community Grant	(£172,000)	Underspent in 25/26 recouped in reserves, spending review in 26/27 being returned to the service	Member approval (UKSPF Match funding)
Corporate Finance	Corp. finance (Insurances)	(£88,000)		Delegations
Legal and Governance (L&G)	Compensation payment against legal claim	(£22,000)	settlement of long-standing legal dispute	agreed by Monitoring Officer (MO) and S&R Chairperson
Other areas		**(£451,968)**		
total		**(£1,339,968**		

Figure 2 – Q2 adjustments included based on previous decisions where final values are now known

3.5 To notify the Committee that funding was agreed for the Promenade Park Management Plan (PPMP). The Wi-Fi project was part of the PPMP and has been ongoing since last year. Due to anti-social behaviour in Promenade Park, additional works were required to protect the equipment from damage. This resulted in an additional £15,000 cost to install more substantial posts for the Wi-Fi receivers. This cost has been funded from an underspend within another project.

3.6 In Figure 2, it can be seen that there is a forecast overspend in Strategy and Improvement. This is largely driven by the forecast in ICT services, offset by pay underspending elsewhere in the directorate. ICT costs are under review as a result to ensure that appropriate budget provision is made for the coming year.

3.7 It was identified previously in this report that the overall position is heavily reliant on underspending in pay budgets. The table below provides more detail on this position. This shows that pay budgets overall are underspent by £647k, which is a combination of 53 Full Time Equivalent (FTE) vacancies across the Council, which generates an underspend of £1.8m. Against this, where posts are critical to service delivery and so interim staff are employed, costs of interim staff amount to £1.2m. This results in the over £647k underspend in all pay budgets. The majority of interim costs are in planning (Development Control) services. These staff are covering vacancies to ensure that the expected level of service delivery can be achieved. There is ongoing work to recruit permanent staff and to convert interims to permanent contracts where possible.

Directorate	FTE (budget)	FTE (actual)	FTE (variance)	Budget (£000s)	Forecast outturn (£000s)	(Under) / Overspend (£000s)	Agency / Interim Forecast (£000s)	Net (£000s) plus net cost
Neighbourhood Services and Communities	75.79	62.79	15.00	4,084	3,556	(528)	230	(298)
Place, Planning and Growth	68.21	46.21	22.00	3,091	2,433	(658)	917	259
Strategy and Improvement	42.49	35.49	7.00	2,580	2,200	(380)	13	(367)
Finance	39.96	31.96	8.00	2,325	2,114	(211)	0	(211)
Legal and CX	9.00	8.00	1.00	870	840	(30)	26	(30)
Total	**235.45**	**184.45**	**53.00**	**12,950**	**11,142**	**(1,807)**	**1,186**	**(647)**

Figure 3 – pay analysis at Quarter 2

3.8 **Capital budget Monitoring – Quarter 1**

3.8.1 The forecast for the capital budget projects a potential overspend of £52,000 against the revised 2026/27 Capital programme of £7,526k. This is based on current information but may well change during the remainder of the year.

3.8.2 At the end of September 2026, the capital programme spend was 24% of budget. This compares to 13% at the same time last year.

Capital Programme 2026/27	Total Budget (£000)	Predicted (£000)	Potential variance (£000)	
Leisure Centres	3,522	3,522	0	In progress - 1 of 5 schemes completed. Includes works undertaken by MDC (as landlord) and works led by Place Leisure.
Promenade Park	1,930	1,944	15	4 of 13 schemes completed (Secret Garden, service roads resurfacing, drainage for Maldon Saints/Bowls club accommodation, recycling bins)
Playsites	660	656	(4)	In progress
Housing	539	539	0	In progress

Capital Programme 2026/27	Total Budget (£000)	Predicted (£000)	Potential variance (£000)	
Sports	225	225	0	Not yet started
Other Parks and Open spaces	220	224	4	Complete
Town centre car parks	87	87	0	In progress
Council Offices	80	109	30	In progress
Vehicles	65	65	0	1 of 3 schemes completed
Public Conveniences	58	58	0	Not yet started
Brickhouse Farm	55	48	(7)	In progress
I.T.	47	61	14	In progress
Cemeteries	20	18	(2)	Not yet started
Riverside Park	18	21	3	In progress
	7,526	**7,578**	**52**	

Figure 4 – capital programme forecast as at Quarter 2

3.8.3 Schemes completed in the year so far are set out in the table below.

Project Description	budget
Schemes brought forward from last year	
Recycling bins	£45k
Prom park secret garden project	£24k
Kiosk Refurbishment	£30k
Princes Road, Fire system, windows and doors	£80k
UK Shared Prosperity Fund (UKSPF) Riverside Park HER space Burnham-on-Crouch	£18k
Coronation Shelter	£110k
Subtotal	£307k
New schemes this year	
Recycling Bins – Promenade Park	£45k
Prom roads resurfacing	£126k
Maldon Saints / Bowls club drainage	£21k
Leisure centre Air handling unit	£47k
Ventrac Tough deck flail	£15k
Secret Garden project	£24.5k
Road repairs Station Road, Burnham-on-Crouch	£220k
Subtotal	£498.5k
Total	**£807.5k**

Figure 5 – capital programme - completed schemes so far this year

3.9 **Reserves**

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

3.9.2 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 Quarter 1 (Q1) requiring an allocation or draw on reserves, there are a number of items expected to impact on the reserves position in Q2. 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'.

3.9.3 Reserves brought into 2026/27 are detailed at **APPENDICES 2A** and **2B**, which is aligned to the pre-audit (draft) accounts.

3.10 **Debt (General Fund)**

3.10.1 At the end of September 2026, the Council was owed £326,000 for debts invoiced from the General Fund. Of this, £94,359 was overdue (over 55 days old). Of this, £57,993 is covered by payment plans (e.g. standing orders), £24,042 has been passed to debt collection agencies, and £11,472 is being progressed by Council officers.

3.11 **Other matters**

3.11.1 The Council has received two claims which it is in the process of reviewing. One relates to the impact of the cancellation of the 'Fire and Smoke' event planned for Promenade Park, the other to the review of the Tollesbury planning decision. While it is likely that costs will arise from these claims, it is not possible to estimate the likely cost to the council at present as that will be contingent on decisions made by third parties (independent legal advance, insurers or actuaries assessments etc).

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** – 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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