

Report to: Cabinet

Date of Meeting 9 July 2026

Heading/Title: Finance Report: Outturn 2025/26

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Key decision No

If a Key Decision has it appeared on Forward Plan

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Exemption applied: None

1. Background

- 1.1 The 2025/26 outturn report brings together the year-end position for the General Fund, Housing Revenue Account and capital programme. The tables show the impact of in-year budget movements, reserve transfers and year-end adjustments, including the agreed closure of the Transformation Fund and transfer of the uncommitted balance, together with the General Fund annual surplus, to the Medium-Term Financial Plan Reserve. This strengthens the Council's financial resilience and provides flexibility to manage future budget pressures, including costs associated with Local Government Reorganisation preparation.
- 1.2 The General Fund position reflects a year of continuing financial pressure, including inflationary cost increases, service demand pressures and in areas difficult recruitment market conditions. The report notes that budget movements in year were mainly driven by organisational structural changes, particularly the movement of Car Parks out of the Finance Portfolio, and by additional use of additional external project funding and contributions to earmarked reserves of unused funding in the period.
- 1.3 The Housing Revenue Account continues to face sector-wide pressures from constrained income, cost inflation, regulatory requirements and long-term

capital investment needs. The tables show that the revenue and capital split across property and asset workstreams has been reviewed, with virements made primarily from revenue into capital to better reflect the nature of the expenditure and support delivery of the housing investment programme. The planned £0.25m transfer to the HRA balance is also confirmed.

1.4 Overall, the outturn position supports the recommendations to note the final financial position and approve the proposed reserve transfers. These actions ensure that year-end balances are appropriately allocated, support compliance with financial regulations, and maintain a prudent reserve position ahead of the Medium-Term Financial Strategy update.

1.5 General Fund Outturn

1.6 In the 2025/26 financial year, district councils across England faced widely recognised pressures on their General Fund budgets, including persistent funding uncertainty, high inflation driving up core costs such as staff pay and contracts, increased demand for local services, and volatile income streams requiring prudent financial management.

1.7 The table below shows the General Fund Balance movement and proposed notable reserve transfers and final balances. This shows the closing of the Transformation fund, allocating the uncommitted balance to the Medium-Term Financial Plan Reserve along with the General Fund final annual surplus. The use of balances will be revisited in preparing an update position of the Medium Term Financial Strategy which will include costs of LGR preparation and consideration of resources in key project delivery within the timeframe of Local Government Reorganisation (LGR).

Reserve	GF Balance	Transformation Fund	MTFP Reserve
Closing Balance 24/25	4,800	-3,317	-3,712
In Year Movements 25/26	-658	1,514	150
Final Year End Transfers	658	**	-658
Closing Balance 25/26	4,800	-1,803	-4,220

* The 2026/27 budget approved £0.3m reduction in the General Fund Balance to be used to meet general expenditure.

** Final sum transferred will be determined once commitments have been confirmed.

1.8 The following tables provide analysis and commentary on both the budgetary movements in year as well as the anticipated outturn against these revised budgets. The two main reasons for the budget changes are;

1.8.1 Organisation restructure – the most material impact being the transfer of Car Parks out of the Finance Portfolio.

1.8.2 Earmarked Reserves – additional use or contribution to the service’s reserves as result in large part to additional external funding on significant projects and financial pressures.

Portfolio Budget - Net Expenditure	Including Capital Charges				Capital Charges			Excluding Capital Charges				NOTES
	2025/26 Outturn				25/26 Outturn			2025/26 Outturn				
	Actuals	Budget	Surp/Def	%age	Actuals	Budget	Surp/Def	Actuals	Budget	Surp/Def	%age	
Corporate Business	107,521	136,909	-29,388	-21%	0	0	0	107,521	136,909	-29,388	-21%	1
Corporate Services	909,215	379,282	529,933	140%	0	0	0	909,215	379,282	529,933	140%	2
Economy And Regenrtn Portfolio	-821,788	-2,586,123	1,764,335	-68%	1,834,050	290,943	1,543,107	-2,655,839	-2,877,066	221,227	-8%	3
Environment Portfolio	6,030,413	6,582,308	-551,895	-8%	1,202,345	1,276,666	-74,321	4,828,068	5,305,642	-477,574	-9%	4
Finance	2,609,358	2,593,801	15,557	1%	0	0	0	2,609,358	2,593,801	15,557	1%	5
Strategic Development & P'Ship	2,014,620	2,364,694	-350,074	-15%	0	0	0	2,014,620	2,364,694	-350,074	-15%	6
Street Scene Portfolio	17,733,628	16,269,404	1,464,224	9%	3,958,299	2,575,318	1,382,981	13,775,329	13,694,086	81,243	1%	7
Sustainable Homes & Communitie	1,844,553	2,222,507	-377,954	-17%	4,898	45,181	-40,283	1,839,655	2,177,326	-337,671	-16%	8
Portfolio Totals	30,427,521	27,962,782	2,464,739	9%	6,999,593	4,188,108	2,811,485	23,427,928	23,774,674	-346,746	-1%	
Reversal of Capital Charges	-6,999,593	-4,188,108	-2,811,485	67%	-6,999,593	-4,188,108	-2,811,485	0	0	0		
Portfolio Totals excluding Capital Charges	23,427,928	23,774,674	-346,746	-1%	0	0	0	23,427,928	23,774,674	-346,746	-1%	
Reversal of IAS 19 Pensions Adjustment	1,166,000	1,166,000	0	0%				1,166,000	1,166,000	0	0%	
Portfolio Totals after IAS 19	24,593,928	24,940,674	-346,746	-1%	0	0	0	24,593,928	24,940,674	-346,746	-1%	

Capital Charges Variations to Budget & Pensions

The capital charges that are included within the budget are based off of the most up to date data available at the time, which results in the prior year's charges being included in the budget for the year ahead adjusted by estimates. This is only really effective for depreciation, being that this is a continually applicable charge year on year, with revaluation rather difficult to predict and impairments by their nature, being one off, in year impacts. This year to tie in better with the SOA, the IAS pensions adjustment and reversal is included and budgeted for as this also has a 0 impact on the General Fund.

Budget Variations

The budget for the portfolios above when compared to the Budget Book for 2025/26 looks completely different. The below table compares the value provided in the budget book with the budget currently being reported with an explanation against each line as to why the variation has occurred for the material budget movements. The below shows that the material movements are either restructures or Budget changes v Earmarked Reserves. The £1.1m reduction in pension costs has also been allocated across the portfolio to present the data as it will be in the Statement of Accounts, with both actuals and budget equal, with the reversal included within the movement in reserves statement.

Portfolio Budget - Net Expenditure	2025/26 Outturn			Variation Explanation
	Original	Revised	Variation	
Corporate Business	140,281	136,909	-3,372	No material variations
Corporate Services	255,489	379,282	123,793	Organisational Development & IT Service's increases versus reserve plus new Governance Mgmt CC
Economy And Regenrtn Portfolio	904,248	-2,586,123	-3,490,371	RESTRUCTURE-£3.4m Car Parks Budget moved into Portfolio from Finance
Environment Portfolio	6,622,456	6,582,308	-40,148	Various budget variations v reserve included Sports Centres, Arts Dev and AONB/Countryside
Finance	-862,223	2,593,801	3,456,024	Car Parks plus Financial Assistance Budget increase v Reserve
Strategic Development & P'Ship	3,760,773	2,364,694	-1,396,079	Heat Distribution Project & New Community Delivery budget applied v Reserves - £1.6m total
Street Scene Portfolio	16,139,104	16,269,404	130,300	No significant variations
Sustainable Homes & Communitie	2,643,602	2,222,507	-421,095	Agreed carry forward of Homelessness surplus into reserve plus pensions allocation.
Portfolio Totals	29,603,730	27,962,782	-1,640,948	

(A) ADVERSE VARIATION

(F) FAVOURABLE VARIATION

Portfolio Revenue Commentary - Excluding Capital Charges

1 Corporate Business

The surplus arises from lower employment costs, primarily due to the information and complaints officer position remaining vacant within the service.

2 Corporate Services

The Council CC contains both the anticipated budgetary saving on the assumption that a 100% establishment isn't a realistic possibility of £0.45m(A) as well as the Central Government reimbursement of the National Insurance impact, which has been detrimental to all councils, with costs largely outweighing the grant income provided. The unbudgeted profit contribution from Strata of £0.3m plus establishment savings within Comms, Culture & Marketing provided a marginal offset to the this deficit.

3 Economy And Regenrtn Portfolio

The first major variance is Car park income which was below expectations (£0.4m(A)) due to reduced volumes with parking permits partially offsetting what would have been a significant deficit. There are many factors impacting smaller districts such as EDDC across the country due to tourism-driven volatility with weather & water conditions being significant factors. Ongoing cost-of-living pressures also reduce visitor numbers, plus other known lifestyle changes such as hybrid working and lower high street footfall. The marginal increase versus 24/25 is in line with National statistical trends. The second major variance is Establishment related with minor variances across the portfolio. (£0.2(F))

4 Environment Portfolio

The Climate Change service is again showing a significant surplus (£0.2m(F)) as the Support Officer role remains unfilled and is the primary driver of the saving - the net surplus on the cost centre has been added to the Climate Change pot, contributing an offsetting Earmarked reserve variance, per the agreement of councillors to retain all allocated Climate related budget. A similar sized surplus (£0.25(F)), also establishment related, has been achieved within the Public Health team due to staff turnover and recruiting issues.

5 Finance

The largest variances are within the Revs & Bens cost centres, however they are not material considering the base budgets involved, the largest being an adverse variance against Supplies & Services of £0.03m(A) across the service and a New Community Grant Scheme expecting £0.03m(F) expenditure which is yet to see any costs.

6 Strategic Development & P'Ship

Throughout 24/25, planning fees were considerably lower than expectations. Fee income has picked up markedly in 25/26 as volumes have increased, combined with a few larger applications that have materialised and contributed significant sums. Income from Planning Performance Agreements (PPAs) has also contributed to the significant surplus in Development Management. These project management tools have been encouraged by Central Government and are used to agree timescales, actions and resources for handling and setting out an efficient and transparent process for large scale or more complex planning applications.

7 Street Scene Portfolio

The vast majority of the underspend in Street Scene is the result of vacant posts throughout the year as recruitment and retention has been challenging, particularly at the beginning of the financial year. This has also had the knock on effect of reduced Transport costs and spend within Supplies and Services due to the reduced capacity. The Refuse and Recycling related cost centres were continually reviewed throughout the year producing an overall adverse variance of £0.21m(A) with the overspend in the cost plus agreement partially offset by better prices and income levels from materials sales.

8 Sustainable Homes & Community

The surplus is primarily driven by the savings in Staffing costs within the Housing and General Health Group, notably the Technical Officer and Sampling Officer positions. The Homelessness Cost Centre achieved a significant surplus at the year end with emergency accommodation costs significantly lower which was agreed to be carried forward as there are plans in place to use this amount to add to the temporary accommodation owned and utilised by the council. This has therefore been included as a budget adjustment.

Portfolio Totals Carried Forward	24,593,928	24,940,674	-346,746
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Revenue Financing & Funding	2025/26 Outturn		
	Actuals	Budget	Surp/Def
Net Interest Income	-2,519,083	-1,688,277	-830,806
PWLB Financing Cost	20,887	341,790	-320,903
Capital Receipts Funding Revenue (EdenServ)	-394,424	-394,424	0
Principal Repayment Provision & Soft Loans	1,102,105	1,114,430	-12,325
Financing Total	-1,790,514	-626,481	-1,164,033
New Homes Bonus Grant	-685,037	-685,039	2
Epr Grant	-921,380	-899,004	-22,376
Rev Support Grant	-320,251	-282,188	-38,063
Funding Guarantee Grant	-2,097,873	-2,096,868	-1,005
Government Grant Total	-4,024,541	-3,963,099	-61,442
Business Rates Income incl Surplus/Deficit	-9,610,948	-9,698,064	87,116
Business Rates - Movement in Reserves	1,323,188	1,323,192	-4
Council Tax Income	-11,190,182	-11,190,182	0
Council Tax Surplus/Deficit	-217,545	-218,088	543
Council Tax - Movement in Reserves	-246,034	-246,036	2
CTAX & Business Rates Funding Total	-19,941,520	-20,029,178	87,658

Movements in Reserves	2025/26 Outturn		
	Actuals	Budget	Surp/Def
Cont to/(from) General Fund Balance	0	0	0
Cont to/(from) Earmarked Reserves	504,950	-77,423	582,373
Movement in Reserves Total	504,950	-77,423	582,373

General Fund Outturn	-657,697	244,493	-902,190
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9 Net Interest Income

The 25/26 budget included the assumption that borrowing would be required for the General Fund capital program and that the temporary internal borrowing arrangements with the HRA and a third party would be externalised with PWLB. This treasury decision has not been required due to the council continuing to hold the Heat Network funds, therefore income is markedly higher than anticipated.

10 Capital Receipts Funding Revenue (EdenServ)

In July 2025 Cabinet was made aware of the approval of specific MHCLG/DLUHC permission that is required to allow the funding of a revenue programme (EdenServ) from capital receipts, otherwise Capital receipts must fund CAPEX.

11 Principal Repayment Provision

The increase in both actuals and budget versus those reported in Period 10 within Minimum Revenue Provision (MRP) is due to the inclusion of right-of-use lease assets. This has no net impact on the General Fund because it is fully reversed out through the Movement in Reserves Statement (MiRS) into the Capital Adjustment Account (CAA). A Temporary budgeted estimate for right-of-use lease assets was used.

12 Government Grants

The small variations in the Government Grant Funding is the result of the timing of the announcement of the Final Settlement information and their allocations down to the local authority level. The budget includes the provisional settlement figures as the final announcement was made on the 3rd Feb 2025.

13 Business Rates Income

The business rates income has come in materially on budget after reserve transfers have been applied. The Enterprise zone income has been ringfenced and so is not included in this income line and the movement on the collection fund from Deficit to Surplus has been covered by the release of the Business Rates Volatility reserve which is specifically for this purpose.

14 General Fund Contribution

The 24/25 budget and final accounts included a £0.5m contribution to the general fund balance. No such contribution has been included in the 25/26 budget, therefore the General fund balance is expected to remain at the 31st March 2025 level.

15 Earmarked Reserves Variations

The variation in Earmarked reserves is predominantly due to carry forward requests that were made at the year end to reserve unutilised expenditure budget or better than anticipated income levels within 25/26 for spend in future years. Carry forward requests have been signed off at director level and can be overridden by the Section 151 Officer if it is determined that the General Fund requires the surpluses.

Movements in Reserves are given in Appendix 1.

1.9 Housing Revenue Account Outturn – 2025/26

- 1.10 The Housing Revenue Account (HRA) is the ring-fenced account for providing Council housing and associated services. This is shown as a separate line within Cost of Sales on the Comprehensive Income & Expenditure Statement.
- 1.11 2025/26 was a year of intense budget pressure for district council HRAs, shaped by policy-imposed income limits, economic headwinds, new regulatory duties, and the compounding effect of long-term capital needs. Councils responded with a mix of maximum rent rises, cost-cutting, use of reserves, borrowing, and advocacy for policy change and central Government assistance. These measures were aimed at managing immediate strains and ensuring legal compliance, but they underscore the delicate balancing act required to sustain council housing into the future. The dual mission of maintaining decent, safe, energy-efficient homes for current tenants while expanding affordable housing to meet local needs remains a central challenge for district councils.
- 1.12 The Revenue and Capital split across the Property & Asset related work streams has been reviewed in year and virements have been made, primarily moving budget and expenditure from Revenue and into Capital, with a relatively immaterial amount of budget reducing supplementary estimates. The below table provides a comparative of the original budget figures versus the revised amounts that are included in the HRA tables that follow, plus a summarised outturn position against them for 2025/26.

HRA Predicted Outturn 2025/26	In Year Budget Variation			Outturn £'000s		
	Original	Revised	Variance	4Cast	Budget	Surp/Def
Housing Revenue Account	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
INC - Rental & Other Income	-22,666	-22,666	0	-22,802	-22,666	-136
EXP - Repairs & Maintenance	7,134	6,834	-300	5,432	6,834	-1,402
EXP - Supervision & Management	9,102	8,426	-675	8,480	8,426	54
EXP - Other	1,090	1,166	76	1,213	1,166	47
EXP - Capital Charges etc.inc MIRS	2,068	2,069	1	11,702	2,069	9,633
FIN - Net Financing Requirement	3,272	3,272	0	-4,026	3,272	-7,297
HRA Balance Impact	0	-899	-899	0	-899	899
Housing Capital	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
EXP - Affordable Housing	750	750	0	1,633	750	883
EXP - Property & Asset	17,691	18,361	669	9,337	18,361	-9,023
FIN - Funding	-3,287	-3,287	0	-7,353	-3,287	-4,066
Additional Borrowing Requirement	15,154	15,824	669	3,618	15,824	-12,206

Total Revenue Summary	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Rental & Other Income	-22,801,610	-22,665,930	-135,680
2 Revenue Expenditure	26,827,151	28,175,926	-1,348,775
3 Financing & Movement In Reserves	-4,025,541	-6,408,951	2,383,410
TOTAL	0	-898,955	898,955

NOTES

Brief Summary:

The 2025/26 Financial year HRA outturn shows a significantly lower than expected capital outlay, which has been carried forward into the 26/27 Property & Asset spending plans. The Property & Asset team has taken time to reach capacity, with all management roles now filled, ready to tackle the required future investment in the stock through a structured and well tendered approach, reducing the councils reliance on our primary contractor. Revenue savings have also contributed towards a significant overall surplus, through improved Void turnarounds increasing rental income, lower than expected interest charges and lower than anticipated compliance revenue expenditure demands, further improving the borrowing position with a capital contribution.

Revenue Income Category	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Gross Property Rents	-21,800,717	-21,659,900	-140,817
2 Garage Rents	-192,653	-262,800	70,147
3 Other Income	-808,240	-743,230	-65,010
TOTAL	-22,801,610	-22,665,930	-135,680

Total Capital Summary	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Capital Expenditure in Year	10,970,605	19,110,781	-8,140,176
2 Capital Funding Sources	-7,352,967	-3,286,870	-4,066,097
2025/26 ADDITIONAL BORROWING REQUIREMENT	3,617,638	15,823,911	-12,206,273
1 Assumed Borrowing Rate	4.50%	4.50%	4.50%
Annual Additional Revenue Interest Cost	162,794	712,076	-549,282

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Revenue Expenditure Category	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Repairs And Maintenance - General	5,221,347	6,018,167	-796,820
2 Repairs And Maintenance - Special	210,882	815,700	-604,818
3 Supervision & Management	8,479,975	8,426,405	53,570
4 Other Expenditure	1,213,397	1,166,225	47,173
5 Capital Charges & Bad Debt	11,701,549	11,749,430	-47,880
TOTAL	26,827,151	28,175,926	-1,348,775

Capital Expenditure Category	25/26 Outturn		
	Actuals	Budget	Surp/Def
1a Affordable Housing - Right to Buy Funded	1,616,552	750,000	866,552
1b Affordable Housing - Local Authority Housing Fund	16,571	0	16,571
2 Compliance Capital Expenditure	301,032	3,000,000	-2,698,968
3 Planned Capital Programme	883,838	4,299,520	-3,415,682
4 Major Repairs	8,152,612	11,061,261	-2,908,649
TOTAL	10,970,605	19,110,781	-8,140,176

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Financing & Movement In Reserves	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Net Interest Cost	2,649,904	3,021,608	-371,705
2 Capital Charges - MIRs	-11,756,993	-9,680,560	-2,076,433
3 Contributions to Earmarked Reserves & HRA Balance	589,567	250,000	339,567
4 Contribution to Capital Net of Other Income	4,491,981	0	4,491,981
TOTAL	-4,025,541	-6,408,951	2,383,410

Capital Funding Sources	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Ring Fenced RTB Receipts & Capital Grants	-1,616,552	-750,000	-866,552
2 Unringfenced Right to Buy Receipts	-1,312,199	-468,000	-844,199
3 Major Repairs Contribution (Depreciation)	-1,879,541	-2,068,870	189,329
4 Additional Capital Contribution from Revenue	-2,544,675	0	-2,544,675
TOTAL	-7,352,967	-3,286,870	-4,066,097

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1 Revenue Income

Dwelling income lost due to void properties was circa £0.1m lower than budget due to the continuing focus on turnaround efficiency. In addition, rental collection rates remain excellent ensuring weekly actuals track with the anticipated budgets. This surplus is partially offset by a marginal shortfall in garage rental income as their refurbishment has been deprioritised while options for the garage sites are appraised.

2 Revenue Expenditure - Repairs & Maintenance

There are three key variations forecast within the Repairs and Maintenance revenue expenditure. Compliance related spend is significantly below budget following recruitment and procurement delays. These issues are currently being addressed to enable much greater progress next financial year and compliance KPIs remain on target. A small portion of this underspend has been offset by higher than anticipated expenditure on jobs that are excluded from the PPP within the IAMC contract and on higher than expected disrepair legal costs which are notoriously difficult to predict. Going forward the Service has invested in processes and expertise to ensure spending is targeted, controlled and provides best value and outcomes for tenants.

3 Revenue Expenditure - Supervision & Management

The Housing Service has been restructured and successful recruitment to key roles has taken place over the course of the year to enable effective and impactful management that is driving change. This has resulted in some overspending within the Property and Assets team which should be considered as an investment in the future of the service to provide greater value for money for tenants. Vacant posts and efficiency savings in Tenancy Services and Central Housing Management and Administration have mostly compensated for this impact.

4 Net Interest Cost

The contribution from the general fund for interest earned through Treasury investments on the HRA balances, being the reduced HRA Revenue Balance and the Capital Receipts Reserve from RTB sales, has meant a reduced annual contribution, however, the predicted significant fall in rates has not materialised which has resulted in an overall surplus. The interest burden is also significantly lower than budget as the borrowing requirement in 24/25 was much lower than initially anticipated due to reduced levels of capital spend in 24/25.

5 Revenue Contributions made in year

The interim sustainability roadmap, that was approved for the HRA while the Asset Management Strategy and long term Business plan are in development, stated that the HRA balance be restored to the original threshold of £3.1m in £0.25m instalments per annum. After this contribution the surplus on account was £2.5m, however, the Depreciation estimate (which is also a capital contribution through the major repairs reserve) was £0.2m lower than expectations. A revenue contribution to capital will be made for this amount to reduce the annual borrowing requirement and the resultant interest burden on revenue in each year going forward.

6 Earmarked Reserve Contributions

As previously mentioned the budget contained £250k to restore the HRA Balance, however there have been variances due to carry forward requests of budget surpluses, plus an additional contribution which immediately reverses in 2026/27 due to the final week in the Financial Year ending on a Tuesday. This has required accruals to be made and surpluses to be reserved as the statement of accounts should only include 2/7ths of the total weeks income.

7 Affordable Housing Capital Expenditure

Acquisitions of new affordable housing in 2025/26 have been fully funded by a combination of Local Authority Housing Fund grant and Section 106 receipts. Five new build homes were purchased on Jasmine Walk within Cranbrook Town and a further acquisition of a flat in Ottery St Mary is currently under consideration; this will complete in 2026/27 so has not been included in the outturn. No acquisitions have been or will be made with right to buy receipts in the financial year which has no knock on implications as the council has already met the spending limit to prevent repayment of receipts under the revised regulations.

8 Capital Expenditure - Property & Assets

Although the capacity issues that drove the Capital underspend in 24/25 have now been addressed through recruitment, this has been phased throughout the year. The process of recruiting, onboarding and training of the new property and asset managers and officers has taken precedence in 25/26 in order to create a cohesive, driven team. These unavoidable delays have been exacerbated by the lengthy procurement lead times dictated by legislation, resulting in the start dates for a large number of the budgeted capital programmes and projects being rescheduled. The financial impact of this is predicted to be a significant underspend in year to be taken as slippage, to be delivered in 26/27.

9 Capital Funding - Receipts and Grants

The budgeted affordable housing right to buy receipt funding has been replaced by the availability of Section 106 receipts which are required to be spent within a set timeframe, otherwise they can be reclaimed by the contributing developer. The additional funds required to meet the £1.6m purchase price of the Cranbrook properties has been claimed through a successful application to the Local Authority Housing Fund. The remaining variance is solely due to the difficulty in predicting the income from unringfenced right to buy receipts. The volume of sales in 25/26 is expected to be the highest that the council has experienced due to the change in regulation. The significant reduction in available discounts in future years has resulted in a tidal wave of applications.

Portfolio & Service Name			25/26 Outturn £'000's		
			Actuals	Budget	Surp/Def
1 Corporate Services	Capital Comms Business System	Cap Ex	64,809	1,835,885	-1,771,076
		Income	0	0	0
		Net Exp	64,809	1,835,885	-1,771,076
1 Corporate Services	Capital Ict Infra And Projects	Cap Ex	76,438	935,629	-859,191
		Income	0	0	0
		Net Exp	76,438	935,629	-859,191
2 Community - Housing	Capital Improvements Grants	Cap Ex	570,118	1,249,620	-679,502
		Income	-1,143,261	-1,138,960	-4,301
		Net Exp	-573,143	110,660	-683,803
3 Economy & Regeneration	Capital Corp Build And Security	Cap Ex	97,627	369,368	-271,741
		Income	0	0	0
		Net Exp	97,627	369,368	-271,741
3 Economy & Regeneration	Capital Industrial Sites	Cap Ex	62,119	93,541	-31,422
		Income	0	0	0
		Net Exp	62,119	93,541	-31,422
3 Economy & Regeneration	Capital Public Halls Pavilion	Cap Ex	702,776	1,290,238	-587,462
		Income	0	0	0
		Net Exp	702,776	1,290,238	-587,462
3 Economy & Regeneration	Capital Regeneration Economy	Cap Ex	1,876,750	19,894,245	-18,017,495
		Income	-880,367	-14,915,114	14,034,747
		Net Exp	996,383	4,979,131	-3,982,748
4 Environment	Capital Car Park	Cap Ex	925	491,161	-490,236
		Income	0	0	0
		Net Exp	925	491,161	-490,236
4 Environment	Capital Countryside	Cap Ex	4,980	4,180,697	-4,175,717
		Income	-4,980	-4,090,000	4,085,020
		Net Exp	0	90,697	-90,697
4 Environment	Capital Spts Centres And Pool	Cap Ex	148,574	684,615	-536,041
		Income	-104,815	-94,756	-10,059
		Net Exp	43,759	589,859	-546,100
5 Street Scene	Capital Beaches And Foreshores	Cap Ex	2,573,305	4,604,748	-2,031,443
		Income	-1,864,964	-675,000	-1,189,964
		Net Exp	708,341	3,929,748	-3,221,407
5 Street Scene	Capital Cemeteries	Cap Ex	0	150,000	-150,000
		Income	0	0	0
		Net Exp	0	150,000	-150,000
5 Street Scene	Capital Flood Alleviation Sch	Cap Ex	1,979,657	1,392,668	586,989
		Income	-691,000	-50,000	-641,000
		Net Exp	1,288,657	1,342,668	-54,011
5 Street Scene	Capital Parks And Pleasure Grn	Cap Ex	60,172	1,051,387	-991,215
		Income	0	0	0
		Net Exp	60,172	1,051,387	-991,215
5 Street Scene	Capital Play Equipment	Cap Ex	1,370,103	1,695,965	-325,862
		Income	-202,631	0	-202,631
		Net Exp	1,167,472	1,695,965	-528,493
5 Street Scene	Capital Public Conveniences	Cap Ex	629,630	5,113,880	-4,484,250
		Income	-10,000	0	-10,000
		Net Exp	619,630	5,113,880	-4,494,250
5 Street Scene	Capital Refuse And Recycling	Cap Ex	134,497	1,423,426	-1,288,929
		Income	0	0	0
		Net Exp	134,497	1,423,426	-1,288,929
5 Street Scene	Capital Sports Grounds	Cap Ex	0	109,200	-109,200
		Income	0	0	0
		Net Exp	0	109,200	-109,200
5 Street Scene	Capital St Scene Cleansing	Cap Ex	170,171	124,002	46,169
		Income	0	0	0
		Net Exp	170,171	124,002	46,169
5 Street Scene	Capital St Scene Grounds Maint	Cap Ex	64,649	692,928	-628,279
		Income	0	0	0
		Net Exp	64,649	692,928	-628,279
6 Strategic Development	Gypsy And Traveller Sites	Cap Ex	0	500,000	-500,000
		Income	0	0	0
		Net Exp	0	500,000	-500,000
6 Strategic Development	Self-Build Pilot	Cap Ex	0	750,000	-750,000
		Income	0	0	0
		Net Exp	0	750,000	-750,000

Brief Summary:

The below table shows the total net capital outturn against budget (after grants and contributions) for 2025/26. As in prior years, unused Capital funding will be appropriately reserved, either within Capital Grants Unapplied or within bespoke Capital Earmarked Reserves, in those cases where income outweighs expenditure. Underspends or surpluses created from lower than anticipated Capital Expenditure will be carried forward, in terms of annual slippage, where the capital project remains live.

Net Capital	25/26 Outturn £'000's		
	Actuals	Budget	Surp/Def
1 Corporate Services	141,247	2,771,514	-2,630,267
2 Community - Housing	-573,143	110,660	-683,803
3 Economy & Regeneration	1,858,905	6,732,278	-4,873,373
4 Environment	44,684	1,171,717	-1,127,033
5 Street Scene	4,213,590	15,633,204	-11,419,614
6 Strategic Development	0	1,250,000	-1,250,000
TOTAL CAP EX	5,685,283	27,669,373	-21,984,090

Capital Expenditure	25/26 Outturn £'000's		
	Actuals	Budget	Surp/Def
1 Corporate Services	141,247	2,771,514	-2,630,267
2 Community - Housing	570,118	1,249,620	-679,502
3 Economy & Regeneration	2,739,273	21,647,392	-18,908,119
4 Environment	154,479	5,356,473	-5,201,994
5 Street Scene	6,982,185	16,358,204	-9,376,019
6 Strategic Development	0	1,250,000	-1,250,000
TOTAL CAP EX	10,587,301	48,633,203	-38,045,902

Capital Income	25/26 Outturn £'000's		
	Actuals	Budget	Surp/Def
1 Corporate Services	0	0	0
2 Community - Housing	-1,143,261	-1,138,960	-4,301
3 Economy & Regeneration	-880,367	-14,915,114	14,034,747
4 Environment	-109,795	-4,184,756	4,074,961
5 Street Scene	-2,768,595	-725,000	-2,043,595
6 Strategic Development	0	0	0
TOTAL CAP Income	-4,902,018	-20,963,830	16,061,812

2. Recommendations/Decision

- 2.1 That Cabinet considers and recommends to Council the outturn position for 2025/26 including the implications and proposals relating to the Balances and Reserves held by the Council.
- 2.2 That Cabinet recommend to Council the proposed reserve transfers contained within the report and give delegated authority to the Director Finance in consultation with the Finance Portfolio for any amendments to these transfers as any additional year end data becomes available.

3. Reasons for Recommendations/Decision

- 3.1 To accord with the Council's financial regulations, this report presents the outturn position for the Council's approved budgets for the General Fund, Housing Revenue Account and Capital Expenditure. The report updates Members on the overall financial position of the Authority and includes recommendations to reserve transfers.

4. Options

- 4.1 The principal option is to recommend the 2025/26 outturn position and proposed reserve transfers as set out in the report. This ensures that the Council's year-end financial position is formally noted, reserve movements are approved, and balances are positioned to support the Medium-Term Financial Strategy and future financial resilience.

5. Relevance to Council Plan/priorities

Set out how report links to the Council Plan/priorities:

- A supported and engaged community that has the right homes in the right places, with appropriate infrastructure
- A sustainable environment that is moving towards carbon neutrality and which promotes ecological recovery.
- A vibrant and resilient economy that supports local business, provides local jobs and leads to a reduction in poverty and inequality.
- A well-managed, financially secure and continuously improving council that delivers quality services

6. Financial Comments/Implications

- 6.1 Contained in the report.

7. Legal Comments/Implications

7.1 Any legal implications are identified in the report, and no further comment is required.

8. Risk Implications

The principal risks relate to the Council's financial resilience, accuracy of the reported outturn position, appropriate treatment of reserves and the need to maintain effective financial control in preparing the Medium-Term Financial Strategy.

8.1 If the proposed decision is not taken, there is a risk that the 2025/26 outturn position and associated reserve transfers are not formally approved in a timely manner. This could delay the closure of the financial year, reduce clarity over available balances and weaken the Council's ability to plan for future financial pressures, including the update of the Medium-Term Financial Strategy and preparation for Local Government Reorganisation.

8.2 If the proposed decision is taken, the residual risks are that further year-end information may require minor adjustment and that the level of reserves may need to be reviewed as part of the Medium-Term Financial Strategy. These risks will be managed through existing financial monitoring, the external audit process, officer review of final year-end data and delegated authority for the Director Finance, in consultation with the Finance Portfolio Holder, to make any necessary amendments to reserve transfers.

Activity/ decision	List significant hazards	People at risk	Assessment of Risk			Existing controls	Further action required to control/mitigate the risk
			Impact 1-4	Likelihood 1-4	Risk Score		
Approval of 2025/26 outturn and reserve transfers	Delay or non-approval could reduce financial clarity, delay year-end closure and weaken financial planning.	Council, Members, services and residents	2	2	4	Financial regulations, budget monitoring, year-end closedown, officer review and audit processes.	Continue monitoring through the MTFS update and apply delegated authority for any final reserve transfer adjustments if required.

*Impact – Major = 4 Serious = 3 Significant = 2 Minor = 1

*Likelihood – Very Likely = 4 Likely = 3 Unlikely = 2 Remote = 1

9. Equality Implications (Public Sector Equality Duty)

9.1 This relevance assessment aims to analyse gathered information for potential relevance to equality. At the minimum, the following table must be completed.

Scope (<i>Provide an overview, including objectives and desired outcomes</i>)	N/A
Evidence gathered and engagement (<i>List stakeholders consulted and relevant processes, policies, and data sources</i>)	
Relevance assessment findings (<i>If relevant to equality, undertake a full EIA or If no relevance to equality, explain why with supporting information</i>)	<p>A full EIA is required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, this assessment has demonstrated relevance to equality with regard to: Please check relevant boxes</p> <p><input type="checkbox"/> Age <input type="checkbox"/> Pregnancy and maternity <input type="checkbox"/> Disability <input type="checkbox"/> Sexual orientation <input type="checkbox"/> Race <input type="checkbox"/> Gender reassignment <input type="checkbox"/> Sex <input type="checkbox"/> Marriage or Civil Partnership <input type="checkbox"/> Religion or Belief <input type="checkbox"/> Armed Forces <input type="checkbox"/> Other, e.g. carers, care leavers, low income, rurality/isolation, etc.</p> <p>If no, explain why:</p>
Relevance ranking	<input type="checkbox"/> High – Very relevant to protected characteristics <input type="checkbox"/> Medium – Somewhat relevant to protected characteristics <input type="checkbox"/> Low – Not relevant to protected characteristics
Key findings and impacts	
Conclusion drawn (<i>i.e No major changes needed; EIA found no negative impact or adjust policy/process to remove identified barriers</i>)	
Actions (<i>Proposed actions to mitigate negative impacts on identified groups</i>)	
Signed off by	

10. HR and Workforce Implications

10.1 N/A

11. Community Safety Implications (Crime and Disorder)

11.1 N/A

12. Climate Change Implications

12.1 N/A

13. Health & Safety and Health & Wellbeing Implications

13.1 N/A

14. Procurement and Social Value implications

14.1 N/A

15. Land and Buildings (non-housing)/Asset Management Implications

15.1 N/A

16. Overview and Scrutiny Committees Comments/Recommendations

16.1 N/A

17. Digital and Data

17.1 N/A

18. Consultation and Engagement

18.1 N/A

19. Communications

19.1 N/A

20. Next Steps

20.1 Subject to approval of the recommendations, the final outturn position and approved reserve transfers will be reflected in the Council's accounts and supporting year-end working papers. Any further adjustments arising from additional year-end information or audit review will be considered by the Director Finance in consultation with the Finance Portfolio Holder under the delegated authority recommended in this report. Relevant approved carry-forward requests and other budget adjustments will be incorporated into the 2026/27 budget monitoring position, and the updated reserves position will inform preparation of the Medium-Term Financial Strategy. Any material issues arising will be reported back to Members through the usual budget monitoring, audit and financial reporting processes.

21. Appendices

21.1 Movement in reserves

22. Background Papers

22.1 N/A