CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

30 JUNE 2026

REPORT OF THE CORPORATE DIRECTOR (FINANCE & IT)

A.1 FINANCIAL OUTTURN 2025/26

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To provide an overview of the financial outturn for the year 2025/26 and to seek approval of the associated financial decisions related to the end of year accounting processes.

EXECUTIVE SUMMARY

Similarly to previous years of the financial forecast cycle and set against the context of an on-going and challenging financial environment, strong, effective and proactive financial management continues to influence the outturn position each year. Set against this approach, the complementary and comprehensive reviews as part of the quarterly financial performance / budget reports during the year, have provided opportunities to reflect on issues affecting the Council's general financial position in 2025/26, with timely revisions made where necessary.

The majority of budget areas have therefore performed to this adjusted position, with only a limited number of variances being highlighted at the end of the year as set out in **Appendix A,** with many of the items relating to issues highlighted / discussed during the year rather than new items emerging.

Following the introduction of the two-year financial plan that was developed as part of the budgeting setting process for 2026/27 that in-turn reflected an holistic approach to a two-year window leading up to 1 April 2028 (the potential vesting day for the new Unitary authority based on the Government's current timetable), the outturn position forms an important element of this wider position.

The two-year financial plan includes balancing the underlying budget alongside the Forecast Risk Fund and the Corporate Investment Funds and aims to provide the Council with the necessary flexibility to adequately address associated challenges over the next two years. This will place the Council in a strong position to support the continued protection of front-line services, timely investment in priorities, alongside meeting any emerging statutory obligations relating to the incoming new Unitary Council from as early as April 2028.

Following the completion of the comprehensive end of year processes, the financial outturn position for 2025/26 has been prepared across the various areas of the budget with a summary of the position set out in the table below.

Table 1
Summary by Key Areas of the Budget

Key Area	Outturn Position
General Fund	
General Fund Revenue - Overall favourable variance after allowing for current carry forward requests.	**(£3.389m)**
Capital Programme – Overall variance after allowing for the carry forward requests.	**Deminimus**
Housing Revenue Account	
Surplus for the year contributed to HRA General Balances (over and above any budgeted transfer to / from the reserve)	**(£1.652m)**
General Fund Reserves (excluding requested carry forwards)	
Earmarked Reserves – Reduced use of reserves compared to budget *(excluding use of S106 reserve)* Additional Contributions to reserves compared to the budget *(excluding carry forwards)* ***There was no change in the level of the Uncommitted Reserve which remains at £4.000m***	 **nil** **nil**

Reserves
The Council's overall general fund reserves total **£44.368m** at 31 March 2026. (excluding the General Fund outturn variance of **£3.389m** for 2025/26). However, **£40.368m** is in respect of earmarked reserves, which relate to future year's commitments (including the proposed 2024/25 carry forwards). The total earmarked reserves also include the following balances that support the Council's two-year financial plan highlighted earlier:

- Forecast Risk Fund **- £7.235m**
- Corporate Investment Fund (Revenue)**- £3.306m**
- Corporate Investment Fund (Capital) **- £3.606m**

The balance of **£4.000m** is the recommended level of uncommitted reserves, which includes a 'working balance' that forms part of the Council's treasury management processes. This level of uncommitted reserves matches that previously approved.

In respect of the HRA, additional details behind the variance set out in the table above are discussed in more detail further on in this report. The surplus of **£1.652m** highlighted in the table above has been transferred to the HRA General Balance.

Use of General Fund Outturn Variance for the Year and Other Financial Matters
In-line with the two-year financial plan, the total favourable variance for the year of **£3.389m** highlighted in the table above is proposed to be transferred to the Corporate Investment Fund (Revenue), pending further consideration by Cabinet at its meeting in July 2026 and/or subsequent meetings.

General Fund revenue and capital carry forwards requested by Services remain subject to separate review via an existing delegation to the Portfolio Holder for Finance & Governance. This review is now underway with the outcome either being included within the report to Cabinet in July, or shortly thereafter. Similarly to the overall favourable variance for the year, the funding associated with any carry forwards not approved will be transferred to the relevant Corporate Investment Fund for separate consideration as necessary later.

RECOMMENDATION(S)

The Finance and Governance Portfolio Holder:

(a) notes the financial outturn position for 2025/26 as set out in this report and appendices;

(b) approves the financing of General Fund capital expenditure for 2025/26 as detailed in Appendix D;

(c) approves the movement in uncommitted and earmarked General Fund reserves for 2025/26 set out in Appendix E;

(d) in respect of the HRA, approves the movement on HRA balances for 2025/26 including any commitments set out within Appendices H and/or I along with recharges to the HRA from the General fund of £2.998m for the year and the financing of the HRA capital expenditure set out in Appendix I;

(e) notes the overall General Fund outturn variance of £3.389m for 2025/26 is being carried forward within the Corporate Investment Fund (Revenue) via the Revenue Commitments Reserve.

REASON(S) FOR THE RECOMMENDATION(S)

To set out the final financial position of the Council for 2025/26 and to seek approval of the associated end of year accounting / technical adjustments and processes.

ALTERNATIVE OPTIONS CONSIDERED

This is broadly covered in the main body of this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

At its meeting on 14 November 2025, Cabinet approved a re-alignment of the highlight priorities for the Council for the period until new Unitary Authorities take on local government services in Greater Essex. Although work will remain on-going alongside the development of the two-year work programme / plan, this report forms an important element in terms of supporting the Council's wider financial position and the delivery of its priorities, especially via the allocation of the favourable outturn variance that is planned to be undertaken separately.

Similarly to the GF position set out above, the outturn position for the HRA forms an important element of the on-going development of the 30 year Business Plan, which plays a significant role in the delivery of affordable and decent housing in the District and the Council's responsibilities as a landlord has direct implications for the Council's ability to deliver on its objectives and priorities.

OUTCOME OF CONSULTATION AND ENGAGEMENT

Internal consultation is carried out via the Council's approach to monitoring / developing the budget as set out within the Constitution.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

<table>
<tr><td rowspan="2">Is the recommendation a Key Decision (see the criteria stated here)</td><td rowspan="2">YES/~~NO~~</td><td>If Yes, indicate which by which criteria it is a Key Decision</td><td>◻ Significant effect on two or more wards
X Involves £100,000 expenditure/income
◻ Is otherwise significant for the service budget</td></tr>
<tr><td>And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)</td><td>Upcoming decision was published at least 28 days prior to the decision being made.</td></tr>
</table>

The Council operates under a broad Best Value Duty that relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 ("the 1999 Act") 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". In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in all spending decisions.

Best value authorities must demonstrate good governance, including a positive organisational culture, across all their functions and effective risk management. They are also required, pursuant to section 3 of the 1999 Act, to consult on the purpose of deciding how to fulfil the Best Value Duty.

In 2024, the former Government published revised Statutory Guidance on the Best Value Duty of Local Authorities in England under section 26 of the 1999 Act, which best value authorities are required to have regard to. To provide greater clarity to the sector on how to fulfil the Best Value Duty, the statutory guidance sets out seven overlapping themes of good practice for running an authority that meets and delivers best value. These seven best value themes build on the lessons learned from past interventions and reflect what most local authorities already do or are striving to achieve. A detailed description of these themes, including characteristics of a well-functioning local authority and indicators used to identify challenges that could indicate failure, is set out within the revised guidance and financial management and sustainability is a reoccurring expectation throughout the themes and indicators. This report, along with how the Council responds to new or developing issues remains an important element of demonstrating these key requirements.

The Council is legally required to calculate its council tax requirement each financial year. Within this framework is the requirement to monitor and report accordingly on the financial position of the authority against this requirement.

In respect of the Housing Revenue Account, it is a statutory requirement on a local authority to determine a budget before the upcoming financial year and to ensure that its implementation will not result in an overall debit balance on the Account. The plan and strategy which comprise the Housing Investment Programme (HRA Business Plan and Housing Strategy) form part of the Council's policy framework which must be approved or adopted by Full Council, as set out in Article 4 of the Council's Constitution. The original HRA 30 Year Business Plan was agreed as part of the self-financing reforms and associated borrowing agreed by Full Council in February 2012 and the budget for 2025/26 reflected the latest / updated forecast position at that time.

The outturn position set out in this report and the actions proposed are within the Council's powers and reflect the statutory requirements and responsibilities of the Council in the preparation of its accounts.

The approval of the outturn position each year is an additional specific delegation to the Finance and Governance Portfolio Holder, in consultation with the Chief Financial Officer, to provide the necessary flexibility to comply with the new statutory timetable for publishing the Council's Statement of Accounts (Part 3.41 of the Constitution).

Any further decisions that may be required following the outturn process, such as allocating money brought forward from the prior year will be reported to Cabinet at a subsequent meeting. In effect, the approval of the outturn delegated to the Finance and Governance Portfolio Holder will primarily only place available funding that needs further allocation in reserves until such time as a formal / separate decision is made by Cabinet.

No	**The Monitoring Officer confirms they have been made aware of the report and any additional comments from them are below:**

As mentioned immediately above, the approval of the outturn position is an additional specific delegation to the Finance and Governance Portfolio Holder, in consultation with the Chief Financial Officer. Any further decisions that may be required following the outturn process, such as allocating money brought forward from the prior year will be reported to Cabinet at a subsequent meeting. With this in mind, comments from the Council's Monitoring Officer will be formalised within the planned report to Cabinet in July 2026.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The main financial implications for each section of the Council's accounts are as set out in this report.

Yes	**The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:**

The S151 Officer is the author of this report.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

<table>
<tr><td>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</td><td rowspan="3">This is addressed throughout the report and appendices as appropriate.

In terms of the most recent Value for Money review undertaken by the Council’s External Auditor, they confirmed that they did not identify any significant weaknesses in respect of arrangements the Council has put in place to secure economy, efficiency and effectiveness in the use of its resources.</td></tr>
<tr><td>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</td></tr>
<tr><td>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</td></tr>
</table>

MILESTONES AND DELIVERY

This report forms part of the Council’s wider budget setting and monitoring processes. In respect of 2025/26, this report sets out a final outturn position for the year that builds on earlier financial performance reports that have been presented to Cabinet on a broadly quarterly basis throughout the year.

As highlighted elsewhere in this report, the on-going financial forecast and budget monitoring processes will need to take account of the outturn position for 2025/26 and reflect new issues or significant changes to already identified matters as part of their development during 2026/27.

ASSOCIATED RISKS AND MITIGATION

Although there are no direct risks associated with the outturn position, there will be various ‘knock on’ risks to the Council’s financial position going forward, which are either set out elsewhere within this report or will be revisited as part of developing the two-year plan that will be presented to a future Cabinet meeting. The financial position for 2026/27 and beyond will therefore be reviewed in light of this outturn position.

The Council’s reserves, including the Forecast Risk Fund and Corporate Investment Funds remain key elements of supporting the Council’s financial position in the interim period before new / successor Unitary Councils are established from the currently expected date of 1 April 2028. In respect of the Forecast Risk Fund, there has been no adverse impact on the balance held at the end of 2025/26, which totals **£7.235m** in-line with the amount highlighted within the financial forecast presented to Full Council in February 2026, which remains available to support the forecast this year and beyond.

EQUALITY IMPLICATIONS

There are no direct implications that significantly impact on the Council’s financial performance / forecast at this stage. However, the ability of the Council to appropriately address such issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery within the wider two-year financial plan.

An impact assessment will be undertaken as part of any separate budget decisions as necessary.

SOCIAL VALUE CONSIDERATIONS

There are no direct implications that significantly impact on the financial forecast at this stage.

However, such issue will be considered as part of separate elements of developing the two-year plan during 2026/27.

IMPLICATIONS RELATED TO DEVOLUTION AND / OR LOCAL GOVERNMENT REORGANISATION

As highlighted earlier, the Council's financial position now needs to be considered within an interim period before new / successor Unitary Councils are established from the current expected date of 1 April 2028. This will therefore need to be considered during 2025/26 and set against the original longer term financial plans of the Council. The proposed recommended allocations from the outturn variance of **£5.417m** as set out in **Table 3** below, recognise this significant change in the financial landscape and in turn form an important element in continuing to support the Council's successful financial management processes and the prioritisation of activities, schemes and projects within the interim period.

As set out earlier in the year and elsewhere within this report, the Council's financial position needs to be considered within an interim period before new / successor Unitary Councils are established from the current expected date of 1 April 2028. The implications and impacts will continue to be reviewed on an on-going basis over the forecast period. Statutory Officers continue to review guidance published by the Government for those Councils on the Devolution / LGR Priority Programme. Where this specifically relates to governance matters impacting decision making, Government's expectations and the Council's responsibilities will be highlighted within advice and reports.

A part of meeting its obligations to a new incoming Unitary Council, an in-principle / notional approach was set out within the budget report to Full Council in February 2026, with some additional commentary set out later on in this report.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050

There are no direct implications that significantly impact the financial forecast at this stage.

However, such issue will be considered as part of separate elements of developing the two-year financial plan during 2025/26 as necessary.

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	Please see comments above
Health Inequalities	
Area or Ward affected	

PART 3 – SUPPORTING INFORMATION

BACKGROUND
The Financial Outturn for 2025/26 underpins / supports the information included in the Council's Statement of Accounts. The Council's Statement of Accounts for 2025/26 are due to be published by the deadline of 30 June 2026 and will remain subject to external audit. Details around specific items such as Revenue, Capital, Reserves and Carry Forwards for both the General Fund and HRA are set out in the following separate sections of the report along with the appendices.

GENERAL FUND OUTTURN 2025/26 - REVENUE, CAPITAL AND RESERVES

GENERAL FUND REVENUE

The following table sets out a summary of the outturn position after taking into account the carry forwards / commitments proposed as highlighted further on in this report. A more detailed Portfolio and Departmental analysis is set out within the appendices**.**

Table 2

Overall Summary of General Fund Revenue Account Outturn 2025/26

	Budget	**Outturn**	**Variance**
	£m	**£m**	**£m**
Total Net Outturn Position *(after requested carry forwards and reserves adjustments)*	**17.097**	**15.000**	**(2.097)**
Financing			
Business Rates	(4.260)	(5.552)	**(1.292)**
Revenue Support Grant	(0.815)	(0.815)	**0**
Council Tax (including Collection Fund)	(12.022)	(12.022)	**0**
Total	**(17.097)**	**(18.389)**	**(1.292)**
Total Variance for 2025/25 ***(Contributed to the Corporate Investment Fund via Reserves within Corporate Services)***			**(3.389)**

As set out in earlier reports and earlier within this report, a significant number of budget adjustments were made as part of the in-year financial performance reports and/or budget setting process, and the outturn position demonstrates that a majority of budgets have performed broadly to this adjusted position, with further details set out within **Appendix A,** where a departmental headline outturn summary is shown. This appendix highlights the key variances within each department and reflects the most up to date position against various known / existing issues along with a limited number of new / emerging issues over the last quarter of 2025/26.

Appendix C sets out the detailed outturn position by department, with the net variance shown in column (e) of that appendix. The net variance has been further analysed by direct costs and indirect costs and is set out in columns (f) and (g) of the same appendix. Indirect costs continue to include a number of technical accounting adjustments such as those relating to pension costs.

During the external audit of the Council's Accounts over the coming months, adjustments or amendments may be recommended by the Council's External Auditor. Although subject to the actual adjustments that may be recommended by the Auditor, they may have a direct impact on the overall outturn position for the year rather than be just presentational changes. They would then be included in the Statement of Accounts that would be presented to the Audit Committee later for approval. To enable the right level of flexibility in responding to any changes recommended by the External Auditor, a delegation to the S151 Officer in consultation with the Portfolio Holder for Finance and Governance is planned to be included in the outturn report that will be presented to Cabinet in July 2026 that will, if agreed, enable the necessary adjustments to the 2025/26 outturn position to be made.

Allocation of the Overall Outturn Variance for the Year
In-line with the delegation to the Finance and Governance Portfolio Holder, the overall favourable variance for the year of **£3.389m** has been transferred to the Corporate Investment Fund (Revenue) via the Revenue Commitments Reserve until Cabinet formally considers its allocation either at its next meeting in July or shortly thereafter.

In reflecting an earlier decision regarding providing financial support to the Air Show in 2026 and 2027, it is proposed to allocate the required funding of **£0.092m** from the outturn variance above. This will be reflected in the Outturn Report planned to be presented to Cabinet in July 2026.

As highlighted earlier within this report, the outturn position for 2025/26 may present further financial challenges when developing the two-year financial plan, such as those highlighted within the appendices e.g. Cemetery and Crematorium income and alongside further potential cost pressures, projects and schemes. These will therefore be revisited as part of developing the two-year plan that will be presented to a future Cabinet meeting.

GENERAL FUND CAPITAL
Full details of the outturn position for each scheme together with the total carry forwards requested are set out in **Appendix D.** However, a summary is set out in the following table:

Table 3

	Budget 2025/26 £m	**Outturn 2025/26 £m**	**C/Fwd £m**	**Remaining Variance £m**
GF Capital Expenditure	69.580	9.746	59.836	0.002

Financing the Capital Programme
A summary of the proposed financing of the capital expenditure in 2025/26 is set out in the following table, with a more detailed analysis being provided in **Appendix D** to this report:

Table 4

	Budget 2025/26 £m	**Outturn 2025/26 £m**	**To Fund C/fwds £m**	**Variance £m**
External Contributions	0.051	0	0.051	0

S106	0.155	0.155	0	0
Government Grants	59.051	8.937	50.114	(0)
Capital Receipts	3.874	0	3.874	0
Revenue Contributions	1.656	0.201	1.455	0
Use of Earmarked Reserves	4.793	0.453	4.342	0.002
Total	**69.580**	**9.746**	**59.836**	**0.002**

The overall budget for the year takes into account adjustments that have occurred since the position was last reported to members within the Q3 financial performance report. These adjustments would have either been included as recommendations within the Q3 Financial Performance Report, been subject to separate decision making processes as necessary, or formed part of finalising the outturn position for the year where 'technical' adjustments may have been required. The significant level of requested carry forwards is primarily due to the various regeneration schemes supported by Government grant.

Although subject to the review of carry forwards mentioned in the next section of the report, there is no overall significant variance at this stage, with schemes scheduled to continue in 2026/27.

GENERAL FUND RESERVES

Earmarked reserves are shown in more detail in **Appendix E** and include the adjustments set out elsewhere in this report.

The change in the budgeted net use of earmarked reserves of **£23.167m** takes into account the proposed level of revenue and capital carry forwards highlighted earlier. The change in reserves also includes the overall outturn variance of **£3.389m**, which has been transferred to the Corporate Investment Fund (Revenue) via the Revenue Commitments Reserve until separate subsequent decisions are made.

The overall level of reserves at the end of 2025/26 is **£47.757m,** made up of **£30.687m** for commitment reserves, **£13.070m** for other earmarked reserves and **£4.000m** for uncommitted reserves**.**

In terms of the Forecast Risk Fund, which is included within the figures highlighted above, this totals **£7.235m** at the end of 2025/26. Following the transfers to and from this reserve that were set out within earlier reports, this balance is in-line with the estimated position included in the 2026/27 budget report that was presented to Full Council in February 2026.

The total earmarked reserves also include the following balances that support the Council's two-year financial plan highlighted earlier:

- Corporate Investment Fund (Revenue)- **£3.306m**
- Corporate Investment Fund (Capital) - **£3.606m**

In terms of the overall level of reserves, it should be noted however, that transfers to earmarked reserves are not an increase in the Council's longer-term unallocated general resources as it relates to future years commitments. It is important to highlight that the Council continues wherever possible to 'cash-back' the delivery of its priorities rather than being based on an assessment of affordability at some time in the future, with delivery planned to continue on a range of schemes / projects over the coming months within the newly adopted two-year financial plan.

The Financial Strategy has continued to aim to maintain the Uncommitted Reserve at **£4.000m**, which remains the case at the end of March 2026, with the actual position therefore in-line with this requirement.

GENERAL FUND REVENUE AND CAPITAL CARRY FORWARDS INTO 2026/27

It is recognised that due to the size, nature and lead-in times of some schemes, expenditure can span financial years with some schemes not completed by the 31 March in any one year. Therefore commitments for goods and services are likely to remain outstanding at the 31 March each year, examples of which include uncompleted work that the Council has a contractual obligation against or the project is either currently underway or will be started shortly with payment dates or trigger points within the process yet to be reached, finalised and paid.

Carryforwards are expected to broadly follow the principles applied in previous years such as:

- There is a 'contractual commitment';
- There is a related long-term project which is expected to span a number of financial years;
- There is non-recurring item for which no budget provision exists in the following year;

In addition to the above, requested carry forwards must now be reviewed in the context of the Council's two-year financial plan e.g. do the associated projects support a corporate priority and/or are they deliverable before the end of March 2028. With this in mind, the review of requested carry forwards remains ongoing.

Once finalised, any money associated with those items not subsequently agreed will be transferred to the relevant Corporate Investment Fund.

The above review will be undertaken separately under an existing delegation of the Portfolio holder for Finance and Governance or presented to either Cabinet in July or soon as practicable thereafter.

Notwithstanding the above and for completeness, a summary of the currently requested carry forwards is as follows:

Table 5

Area of the Budget	Total Carry Forwards
General Fund Revenue ***(As Included within Appendix C)***	£13.980m
General Fund Capital Schemes ***(As included within Appendix D)***	£60.015m

TOTAL	**£73.995m**

Although the detailed position is set out within the Appendices, the more significant items include those that are associated with Government Funding.

HRA OUTTURN 2026/27 - REVENUE, CAPITAL, BALANCES AND RESERVES

HRA REVENUE

The Housing Revenue Account (HRA) reflects a statutory obligation to account separately for the income and expenditure arising from the Council's landlord functions.

A summary of the Council's Housing Revenue Account for 2025/26 is set out in the table below with a more detailed analysis provided in **Appendix H** to this report.

Table 6

	Budget 2025/26	**Outturn 2025/26**	**Variance**
	£m	**£m**	**£m**
Direct Expenditure (including c/fwds)	14.015	11.981	(2.034)
Direct Income	(17.555)	(17.894)	(0.339)
Indirect Income / Expenditure	6.753	6.458	(0.295)
Net Use of HRA Reserves	(3.213)	(0.545)	2.668
Total HRA General Balance as at 31 March 2026			**3.996**

Net use of HRA Reserves includes the contribution of the year end 'surplus' to HRA General Balances of £1.652m as set out below.

Housing Revenue Account Overview

The outturn position for the year was an overall surplus of **£1.652m** with detailed figures set out within **Appendix H.** There were a limited number of key issues behind this overall variance, which included the following:

- **Employee and Associated Costs – Net Underspend of £0.163m** that reflects the general position against the various employee cost lines of the budget and takes account of the overall level of staff vacancies during the year.

- **Repairs and Maintenance Costs – Net Overspend of 0.132m**
  This position primarily reflects the necessary work undertaken during the year on the existing housing stock of 3,000+ properties. The work undertaken is based on planned and responsive maintenance work, which is undertaken via a mix of the in-house service and external contractors.

  Notwithstanding the above, it is important to highlight that there was a corresponding reduction in expenditure within the Capital Programme relating to the improvements and enhancements to the housing stock as set out below. When taken together, it represents the total amount spent across both revenue and capital activities associated with maintaining tenants' homes and this aggregated position therefore remained within the budget.

- **General Policy, Management, Utility Costs, Interest and Bad Debt Provision and aggregate of a number of smaller items - Net Underspend of £0.047m**

- **Income – Additional income of £0.266m**
  Income for the year was ahead of the budget, which primary reflects the position against for dwelling rents.

- **Direct Revenue Financing of the Capital Programme - Net Underspend of £1.490m**
  This reflects the position against the capital programme as highlighted below.

In addition to the above, it is important to highlight that General Fund recharges to the HRA totalled **£2.998m**, a decrease of **£0.296m** against the budget for the year. Agreement to this level of recharge forms part of the recommendations set out earlier on in this report.

Taking the above into account, along with the aggregate of other variances at the end of the year, the overall 'surplus' on the HRA is **£1.652m,** which has been transferred to HRA General Balances.

HRA CAPITAL
A summary of the Council's HRA Capital Programme for 2025/26 is set out in the table below with a more detailed analysis provided in **Appendix I** to this report.

Table 7

	Budget 2025/26 £m	**Outturn 2025/26 £m**	**C/Fwd £m**	**Remaining Variance £m**
HRA Capital Expenditure	7.312	3.427	2.395	(1.490)

<u>Financing the HRA Capital Programme</u>
A summary of the proposed financing of the capital expenditure in 2025/26 is set out in the following table, with a more detailed analysis being provided in **Appendix I** to this report:

Table 8

	Budget 2024/25 £m	**Outturn 2024/25 £m**	**To Fund C/fwds £m**	**Variance £m**
Major Repairs Reserve	3.556	2.764	0.791	0.001
Revenue funding from the HRA (Including HRA Commitments)	2.920	0.415	1.016	1.489
Capital Receipts	0.143	0.143	0	0
S106	0.693	0.105	0.588	0
HRA Total	**7.312**	**3.427**	**2.395**	**1.490**

The overall variance set out in the table above broadly reflects the timing of a number of activities that would have also reflected a short interim period where associated capacity was being developed during the year via Local Government East.

Notwithstanding the above, various schemes will continue to be progressed in 2026/27, complemented by additional work and activities that are expected to emerge from recent stock condition survey work. **Appendix I** reflects changes to the financing of the capital programme made as part of the outturn position for the year to maximise the benefit from the use of S106 or '1-4-1' capital receipts as necessary.

HRA Balances and Reserves

Although the overall level of HRA General Balances has only marginally decreased to **£3.996m** at the end of 2025/26, it remains ahead of the budgeted / expected position. Full details of HRA reserves are set out in **Appendix J,** which reflect the adjustments discussed above as necessary.

It is worth highlighting that an additional net contribution of **£0.360m** was made to the Major Repairs Reserve during the year that reflects the 'technical' accounting adjustments associated with depreciation.

As set out in earlier budget reports, the Council remains alert to any changes that may be required in managing its housing stock, including the on-going impact from the new era of social housing regulation, which will need to be reflected in the 30 Year business plan as necessary. The business plan will continue to be subject to updates during 2026/27 with the on-going aim of delivering the long-term financial sustainability of the HRA and meeting obligations emerging from LGR as highlighted earlier, which can now be supported by the favourable outturn position for 2025/26.

INCOME COLLECTION PERFORMANCE AND INCOME FROM S106 AGREEMENTS

The position against council tax, business rates, housing rents and general debt is set out in **Appendix F.**

In respect of **housing rents**, collection performance has broadly remained in-line with the previous year, with some additional comments relating to the general income from dwelling rents set out earlier within this report.

In respect of **general debt**, this covers a significant range of income streams from repairs to leasehold properties to rechargeable works and will be subject to recovery action as necessary throughout 2026/27.

In respect of **business rates and council tax,** the collection performance for the year represents a broadly comparative position to last year. Work remains on-going in 2026/27 to continue to recover money owed to the Council. As recently reported to the Audit Committee, the Department continues to develop a two-year plan, with a number of associated actions either already delivered / in progress or are being developed that will support the on-going recovery of income over the current period of the Council's wider financial plan.

In terms of how the collection performance for council tax and business rates translates into the corresponding collection fund positions, this was more positive than originally budgeted in terms of both council tax **(£0.105m)** and business rates **(£0.046m)** at the end of March 2026. Although these positions will remain subject to the collection performance in 2026/27, they provide a more positive position heading into 2026/27 than originally expected.

Details around the use of income from S106 agreements is set out in **Appendix G.** There are no significant issues to highlight and no money was returned to developers during the year.

PREVIOUS RELEVANT DECISIONS

Relating to the GF:

Executive's Proposals – General Fund Budget and Council Tax 2025/26 – Item A.1 Full Council 11 February 2025.

Financial Performance Report 2025/26 – General Update at the end of September 2025 - Item A.2 Cabinet 14 November 2025.

Reference from the Cabinet - A.1 – The Local Council Tax Support Scheme, Discretionary Council Tax Exemptions / Discounts / Premiums for 2026/2027 and Annual Minimum Revenue Provision Policy Statement for 2026/2027 – Full Council 25 November 2025.

Updated General Fund Financial Forecast / Budget 2026/27 – Item A.3 Cabinet 19 December 2025.

Updated General Fund Financial Forecast / Budget 2026/27 – Item A.2 Cabinet 30 January 2026.

Executive's Proposals – General Fund Budget and Council Tax 2026/27 – Item A.1 Full Council 17 February 2026.

Financial Performance Report 2025/26 – General Update at the end of December 2025 - Item A.2 Cabinet 24 April 2026.

Relating to the HRA:

The last iteration of the HRA 30 Year Business Plan was reported to Cabinet on 20 December 2024 with further general updates included in subsequent budget reports and regular financial performance reports as follows:

Financial Performance Report 2025/26 – General Update at the end of September 2025 - Item A.2 Cabinet 14 November 2025.

Updated Housing Revenue Account Business Plan and Budget Proposals 2026/27 – Item A.5 Cabinet 19 December 2025.

Updated Housing Revenue Account Business Plan and Budget Proposals 2026/27 – Item A.3 Cabinet 30 January 2026.

Executive's Proposals – Housing Revenue Account Budget 2026/27 – Item A.2 Full Council 17 February 2026.

Financial Performance Report 2025/26 – General Update at the end of December 2025 - Item A.2 Cabinet 24 April 2026.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL
None

APPENDICES	
Appendix A (1 - 6)	**Key Outturn Variances by Department 2025/26**
Appendix B	**GF - Portfolio / Department Outturn Summary 2025/26**
Appendix C	**GF – Revenue Departmental / Directorate Outturn 2025/26**
Appendix D	**GF - Capital Outturn 2025/26**
Appendix E	**GF - Reserves**
Appendix F	**Collection Performance – Council Tax, Business Rates, Housing Rents and General Debts**
Appendix G	**Income from S106 Agreements**
Appendix H	**HRA – Revenue Outturn 2025/26**
Appendix I	**HRA – Capital Outturn 2025/26**
Appendix J	**HRA – Reserves**

(The variance figures set out in these appendices that are presented in brackets represent either a net underspend position or additional income received)

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