CABINET

24 JULY 2026

REPORT OF THE CORPORATE FINANCE & GOVERNANCE PORTFOLIO HOLDER

A.1 OVERVIEW OF THE FINANCIAL OUTTURN 2025/26 AND PROPOSED ALLOCATION OF THE GENERAL FUND VARIANCE FOR THE YEAR AND OTHER BUDGET ADJUSTMENTS IN 2026/27 and 2027/28

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To provide an overview of the financial outturn for 2025/26 and to seek approval of the allocation of the overall 2025/26 General Fund revenue variance along with a number of proposed budget adjustments across 2026/27 and 2027/28.

EXECUTIVE SUMMARY

The Portfolio Holder for Finance and Governance agreed the overall financial outturn position for 2025/26 on 30 June 2026, with a high level summary of the General Fund revenue position set out below. The detailed report considered by the Portfolio Holder is available on the Council's website using the following link:

Decision - Financial Outturn 2025/2026

Variance for the year before carry forward requests	**(£23.167m)**
Less revenue carry forwards requested by Services	£19.778m
Variance for the year after requested carry forwards	**(£3.389m)**

- Some key highlights of the Portfolio Holder report mentioned above are as follows:

1) the favourable variance for the year of **£3.389m** is currently being held in the Corporate Investment Fund (Revenue) via the Revenue Commitments Reserve;

2) requested revenue carryforwards total **£19.778m** which remain subject to on-going and separate review. Once the review has been completed and agreed under an existing delegation to the Portfolio Holder for Finance and Governance, the money relating to any items not agreed will be transferred to the relevant Corporate Investment Fund.

3) 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.

4) 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, with many of the items therefore relating to issues highlighted / discussed during the year rather than new items emerging.

5) following the introduction of the two-year financial plan that was developed as part of the budget 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 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 currently requested carry forward amounts). Earmarked reserves therefore predominantly reflect previously identified priorities of the Council. The balance of **£4.000m** is the level of uncommitted reserves that are held based on a broad risk assessed approach, which includes a 'working balance' that forms part of the Council's treasury management processes. The total earmarked reserves also include the balance on the Forecast Risk Fund of **£7.235m,** which is in-line with the previously agreed amount that remains available to support the Council's financial plans in future years.

- In respect of the Housing Revenue Account (HRA), the outturn position for 2025/26 reflected an overall favourable variance of **£1.652m**, that has been transferred to general balances to support the HRA in future years. The HRA general balance at the end of 2025/26 totals **£3.996m.**

- This report also provides a timely opportunity to briefly reflect on the position for 2026/27 and 2027/28, with some further proposed adjustments set out within **Appendix A,** which reflect / support the delivery of Council priorities / Departmental Plans and the two-year financial plan.

- The recommendations below set out a number of delegations associated with the delivery / implementation of the various items agreed within **Appendix A** as necessary.

- As discussed in earlier reports, the Council's two-year financial plan will be subject to updates throughout 2026/27 and will need to reflect new / emerging issues along with any significant changes to issues already identified. In respect of the latter, the two-year plan will need to be reviewed in light of the outturn position for 2025/26.

RECOMMENDATION(S)

That Cabinet:

(a) **notes the high level Financial Outturn Position set out in this report and the favourable General Fund Revenue variance of £3.389m for the year, which is currently held within the Corporate Investment Fund (Revenue) via the Revenue Commitments Reserve;**

(b) **agrees the use of the General Fund Outturn for the year of £3.389m along with the other budget adjustments, as set out in Appendix A;**

(c) subject to (b) above, in respect of the additional £0.250m set aside within the existing Contingency budget, authorises the Chief Executive, in consultation with the Portfolio Holder for Corporate Finance and Governance, to utilise this funding during the year;

(d) subject to (b) above, in respect of the additional £1.000m set aside to support general capacity within the Council, authorises the Chief Executive, in consultation with the Portfolio Holder for Corporate Finance and Governance, to utilise this funding during the year;

(e) subject to (b) above, in respect of the additional £0.050m set aside in both 2026/27 and 2027/28 to support the extension to the existing local sports grant schemes, authorises the Corporate Director (Place and Wellbeing), in consultation with the Portfolio Holder for Leisure and Public Realm, to implement the necessary associated arrangements; and

(f) authorises the Council's Section 151 Officer, in consultation with the Corporate Finance and Governance Portfolio Holder, to adjust the outturn position for 2025/26 along with any corresponding adjustment to earmarked reserves / Corporate Investment Funds as a direct result of any recommendations made by the Council's External Auditor during the course of their audit activities relating to the Council's 2025/26 accounts.

REASON(S) FOR THE RECOMMENDATION(S)

To consider and note the financial outturn position for 2025/26 and allocate the overall General Fund favourable outturn variance for 2025/26 along with agreeing a number of proposed budget adjustments in 2026/27 and 2027/28.

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.

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>Publication date was at least 28 days ahead of the date of this decision.</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 Corporate Finance and Governance Portfolio Holder, in consultation with the Chief Financial Officer, to provide the necessary flexibility to comply with the 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 are reported to Cabinet at a subsequent meeting. In effect, the approval of the outturn delegated to the Corporate Finance and Governance Portfolio Holder primarily only places available funding that needs further allocation in reserves until such time as a formal / separate decision is made by Cabinet, with this latter point being the subject of this report.

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

Attention is drawn to the on-going reference to the Council's Best Value Statutory Duty and published statutory guidance, as set out within the legal requirements section above, along with highlighting that where allocations are authorised, separate recorded decision making will be required to allocate further within those budget headings to demonstrate the full purpose of the expenditure and the implications of such decisions.

Within the Best Value Guidance, characteristics of a well-functioning authority are set out under each theme, as part of 'Leadership', an expected standard is that "*The authority's financial strategy and delivery arrangements are aligned with priorities in the corporate plan, and respond appropriately to local need, including the plans of partners and stakeholders*." This linkage is demonstrated through the reference to the Council's Corporate Plan and the Highlight Priorities within this report.

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 Section 151 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 in the body of the report as necessary.

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>
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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 as necessary, 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 existing issues 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 forecast 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 is now being 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 on an on-going basis as part of developing the two-year financial plan. The proposed recommended allocations from the outturn variance of **£3.389m** as set out in **Appendix A**, continues to recognise this significant change in the financial landscape and in turn forms 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.

The implications and impacts will therefore continue to be reviewed on an on-going basis over the forecast period and Statutory Officers will 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 the outturn for 2025/26 and proposed allocation of the overall favourable variance forming a key element of the Council's on-going financial planning.

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 across 2026/27 and 2027/28 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, PROPOSED ALLOCATION OF THE OVERALL GENERAL FUND VARIANCE FOR 2025/26 AND PROPOSED BUDGET ADJUSTMENTS IN 2026/27 AND 2027/28

The Financial Outturn for 2025/26 was agreed by the Portfolio Holder for Corporate Finance and Governance on 30 June 2026.

In terms of the General Fund, the associated report considered by the Portfolio Holder set out an overall General Fund favourable variance of **£3.389m** after allowing for requested revenue carryforwards totalling **£19.778m.**

The overall General Fund favourable variance of **£3.389m** has been initially transferred to the Corporate Investment Fund (Revenue) via the Revenue Commitments Reserve until its allocation is formally considered at this Cabinet meeting.

The recommendations above also include three delegations to enable expenditure to be incurred against the corresponding budget adjustments as highlighted within **Appendix A.**

This report also provides a timely opportunity to briefly reflect on the 2026/27 and 2027/28 position in the context of the Council's current two-year plan (including the realigned priorities / Departmental Plans) with related adjustments also set out within **Appendix A.**

In addition to the above and as set out within the associated Portfolio Holder report, requested carry forwards remain subject to review within 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. Once finalised, any money associated with those items not subsequently agreed is proposed to be transferred to the relevant Corporate Investment Fund which can be considered at a later date as part of future financial performance / budget reports as necessary. This review will be undertaken separately under an existing delegation of the Portfolio holder for Finance and Governance.

In terms of the two Corporate Investment Funds held within earmarked reserves, the amounts held that are available to support the Council's two-year financial plan are as follows *(after taking into account the proposed adjustments in Appendix A and other previously agreed allocations covering the two year financial plan period)*:

- Corporate Investment Fund (Revenue) - **£4.970m**
- Corporate Investment Fund (Capital) - **£3.182m**

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 adopted two-year financial plan.

In terms of the outturn position for the HRA, this was also more positive than originally expected, with a favourable overall variance of **£1.652m**, which was transferred to the HRA General Balance.

Taking into account the wider HRA position, the overall level of HRA General Balances has only marginally decreased to **£3.996m** (from £4.052m) at the end of 2025/26 and it remains ahead of the original budgeted / expected position. 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, which can be supported by the favourable outturn position for 2025/26.

In addition to all of the matters highlighted above, 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 is included in the recommendations above to enable the Council's Section 151 officer, in consultation with the Corporate Finance and Governance Portfolio Holder, to make adjustments to the 2025/26 outturn position as may be necessary.

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 HRA 30 Year Business Plan (from 2025/26 onwards) 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. ***Financial Outturn 2025/26 Report (including GF and HRA) – Agreed by the Portfolio for Finance and Governance 30 June 2026*** ***(LINK: Decision - Financial Outturn 2025/2026)***

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL
None

APPENDICES
Appendix A – Proposed Allocation of the GF Outturn Variance for 2025/26 and Budget Adjustments for 2026/27 and 2027/28.

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