

Report to Cabinet

Subject: Budget Monitoring and Virement Report for the period April to July 2025

Date: 4 September 2025

Author: Senior Leadership Team

Wards Affected

Borough-wide

Purpose

To update Cabinet on the forecast outturn for Revenue and Capital Budgets for 2025/26. The budgets include all approved carried forward amounts from the 2024/25 financial year.

To request approval from Cabinet for the changes to the budget as set out in this report.

Key Decision

This is a key decision because the proposal includes financial implications that are above the threshold of £0.5m determined by Council for decisions to be regarded as a Key Decision.

Recommendation(s)

Cabinet are recommended to:

- 1) Approve the General Fund Budget virements set out in Appendix 1;**
- 2) Note the use of reserves and funds during April to July 2025 as detailed in Appendix 2;**
- 3) Approve the changes to the capital programme included in paragraph 2.3.**

1 Background

- 1.1 The Council has made a commitment to closely align budget and performance management. This is in line with accepted good practice.

Following the successful trial of the four monthly reporting cycles in 2024/25, it has been decided to continue on this basis. Therefore, the Cabinet & Full Council reporting cycles for 2025/26 will be carried out as follows (April 2025 - July 2025, August 2025 - November 2025 and December 2025 to March 2026). The Financial Regulations are in the process of being updated to reflect the new budget monitoring periods.

- 1.2 To deliver this commitment, systems to monitor performance against revenue and capital budgets, improvement activity and performance indicators have all been brought together and are now embedded in the way the Council works. Whilst the budget and performance information is presented in two separate reports, they are reported to Cabinet together and will appear on the same agenda.

2 Proposal

2.1 General Fund Revenue Budget Summary

The following table summarises the overall financial position of the General Fund Revenue Budget and the expected total spend for the year. This information has been compiled using the best information made available to Financial Services by the relevant spending officers as at 31 July 2025.

The Council's General Fund outturn is projected to be in line with the approved budget of £15,584,200.

General Fund Revenue Budget 2025/26 – Change Analysis

	£
Net Council Budget for 2025/26 approved by Council on 5 March 2025 and Cabinet's Maximum Budget	15,584,200
Up to the end of July 2025 expenditure less income totalled	3,166,854
In the remaining 8 months of year we expect net expenditure to be	12,417,346
Total net revenue spend for the year is currently expected to be	15,584,200
Total Projected Revenue (Under)/ Overspend 2025/26	0
Total net revenue spend for the year is expected to be	15,584,200

Appendix 1 outlines how the General Fund Revenue budget is divided between the Portfolios of the Council and includes a detailed variance analysis identifying the current proposed changes for the four month period against the approved budget for each Portfolio area. Cabinet is recommended to approve these changes.

The major variances detailed in Appendix 1 include:

Expenditure:

- Establishment of budget for Leisure Transformation Project £262,900 to fund RIBA stage 2 designs funded by Leisure Transformation Reserve.
- Additional agency and overtime costs within the Waste & Street Care and Fleet service £212,000 due to sickness levels and cover for annual leave.
- Deferrals of Capital Projects at 2024/25 outturn has led to a favourable adjustment to the Minimum Revenue Provision (£153,400).
- Impact of a lower agreed 2025/26 pay award against budgeted award (£150,000).
- Reduction in efficiency risk provision budget (£77,700) to offset programme deferrals.
- Increased insurance premiums for 2025/26 of £79,700.
- Reduction in 2023/24 Audit fees of (£53,800) as less work was needed for the 2023/24 Audit.

Income:

- Cemetery income below target by £90,000 of which £40,000 relates to a pricing review efficiency.
- Additional income for Garden & Bulky Waste Service of (£60,000).

Details of the budget virements authorising the usage of Earmarked Reserves and Revenue Budget Funds as approved by the Chief Financial Officer and relevant Corporate Director in accordance with Financial Regulations are set out in **Appendix 2**.

No virements were approved by Portfolio Holders for amounts of £50,000 or less during April to July 2025.

Whilst we are forecasting a balanced budget position at July 2025, it should be noted that there remains some risk of overspends in the Environmental Services, which is currently undergoing a transformation review to determine optimal delivery methods. Additional budget was put into the Waste service for 2025/26 in order to ensure resources were sufficient to cover the number of waste rounds needed. This was expected to reduce the need for agency staff, however, the change process is taking longer to embed than initially expected

as the Service continues on its transformation journey. A recent management restructure is now in place and these positions have now been recruited to. A revised absence management policy is being introduced Council wide, and a new waste management system has recently been introduced. There will be a period of time for the new management and workforce to get up to speed with the service changes. The actions listed are expected to help to reduce the need for additional Agency staff and reduce the current levels of sickness levels currently being experienced within the service area. Budgets are being monitored closely and reported through the Budget & Performance Board with significant overspends being referred to the Senior Leadership Team.

Currently the overspends can be contained within the approved budget envelope due to other underspends set out above, however it should be noted that any further overspends may result in the Council exceeding the approved annual budget and at that point additional budget approval will need to be obtained by Full Council.

Pay Award

The Council approved a budget of £701,500 in the 2025/26 Revenue Budget for the 2025/26 pay award based upon an assumed £1,290 per FTE post. The National Employers have agreed an increase of 3.2% on all NJC pay points 1 and above with effect from 1 April 2025. The impact of this is a budgeted saving of (£150,000).

Interest Rates

At the start of 2025/26 the Bank of England base rate stood at 4.50%, this was then reduced by The Monetary Policy Committee (MPC) on 8 May 2025 to 4.25%, with a further reduction down to 4.00% on 7 August 2025. This has had a negative impact on investment interest received by the Council on 31 July 2025, however, as the Council is expecting a Capital Receipt from the recent sale of some land the budget estimate of £1.1m for 2025/26 remains achievable. If required a revised calculation of interest will be included in the August to November 2025 Budget Monitoring report.

2.2 Efficiency programme – Progress Update

Since 2014/15 the Council has approved nine separate budget reduction programmes totalling £8.43m net of risk provision, including the new programme of £108,600 approved as part of the 2025/26 budget process for delivery in 2025/26.

The total of the current approved efficiency programme is £917,700 for delivery in 2025/26 – 2026/27.

In terms of 2025/26, the programme due for delivery is £703,200 (£108,600 as approved in the Budget Report presented to Council on 5 March 2025 and £594,600 of prior year agreed efficiencies).

At July £77,700 of adjustments to the programme are proposed (as shown in the table below) with a revised programme of £625,500 to be achieved this year. The amendments made at July 25 can be met from the Budget Risk Provision.

Approved Efficiency Programme 2025/26	(703,200)
Deferred Efficiencies to 2026/27 at Period 4	
Cemeteries Pricing Review	40,000
Waste Services Review	37,700
Total deferrals	77,700
Revised 2025/26 Efficiency Programme	(625,500)
Use of Budget Risk Provision	(77,700)
Net Impact on General Fund	(703,200)

Delivery of the 2025/26 programme will continue to be monitored, and an update provided in future reports.

The Medium-Term Financial Plan (MTFP) sets out an efficiency requirement of £4.467m and this includes the latest approved programme of £0.109m and £0.631m which is expected through digital transformation. £1.167m of the efficiencies needed have been identified, a further £1.100m of proposals are currently being considered by the Senior Management Team and will be brought to Cabinet for approval during 2025/26. This leaves £2.200m of efficiencies to identify and deliver by 2029/30 in order to maintain a balanced budget position.

Whilst current Plans for Local Government Reorganisation (LGR) mean that Gedling Borough Council may not exist as an entity beyond 2027/28, the Council will still endeavour to identify and deliver efficiency savings to ensure the Council maintains a balanced budget position prior to LGR.

Workshops will continue to be held with Cabinet Members to explore further efficiencies during 2025/26 and in-year approvals will be brought forward as a result of these discussions. Alongside this, officers will be undertaking a mid-year review of the Medium-Term Financial Plan (MTFP) to determine if this target requires amendment.

2.3 **Capital Programme**

Appendix 3 details the current projected position on the Capital Programme and its financing for 2025/26, analysed by Portfolio, this is summarised in the table below. Cabinet is recommended to approve these changes.

April – July amendments to the current capital programme of (£4,900) are presented in the table below.

Capital Budget 2025/26 - Change Analysis	
	£
Original 2025/26 budget approved by Cabinet on 5 March 2025	6,413,400
Council Approved Carry Forwards from 2024/25	3,204,400
Cabinet Report 19/03/25 UKSPF funded projects	513,500
Leader Report 10/04/25 S106 Contributions to Linby Colliery Welfare FC	33,400
Current approved budget for 2025/26	10,164,700
Proposed Amendments to the Programme at July 2025	
Additions to existing schemes:	
Disabled Facilities Grants	494,900
Hillcrest Industrial Units	43,700
Conway Road Tennis Court Refurbishment	9,000
Kneeton Close Flood Alleviation	8,000
Reductions to existing schemes:	
Vehicle Replacement Programme	(250,600)
Asset Management Fund (used to fund Hillcrest above)	(43,700)
Flood Alleviation Works (used to fund Kneeton Close above)	(8,000)
Deferrals of existing scheme:	
Play Area Refurbishments	(222,000)
Removals from existing programme:	
Bestwood Country Park car park extension	(36,200)
Total Proposed Amendments	(4,900)
Revised Capital Programme 2025/26	10,159,800
Actual Expenditure to Period 4 2025/26	1,288,225
Estimated Expenditure Period 5 to Period 12 2025/26	8,871,575
Projected Outturn	10,159,800

Vehicle Replacement Programme

A full review of the programme has been undertaken by the New Fleet Manager who has highlighted some changes totalling **(£250,600)** as follows:

- Removal of a number of Vehicles from the programme totalling (£214,000). This includes £140,000 for a Hiab Tipper Truck which due to usage would be more efficient to hire as and when needed; deferrals of £42,000 to replace vehicles at a later date; an increase of £5,400 for vehicles being replaced in 2025/26 due to price increases.

Additions to existing schemes:

- Disabled Facilities Grant £494,900, adjusted to reflect increase in 2025/26 DGF grant allocation where the notification was received after the budget was set, plus the carry forward of 2024/25 underspends.

- Hillcrest Industrial Units £43,700, additional spend due to unforeseen utility connection issues and additional Project Management and Quantity Surveyors costs, funded by the Asset Management Fund.
- Conway Road Tennis Court Refurbishment £9,000, contract slightly higher than budgeted plus additional works for smart access entry gate, funded by Lawn Tennis Association (LTA) Grant.
- Kneeton Close Flood Alleviation works £8,000, additional costs for drainage survey and drainage treatment, funded by allocation of Flood Alleviation Works budget.

Reduction to existing schemes are as follows:

- Asset Management Fund (£43,700) – Budget utilised to fund additional costs associated with Hillcrest Industrial Units
- Flood Alleviations Works (£8,000) – Budget utilised to fund drainage works at Kneeton Close.

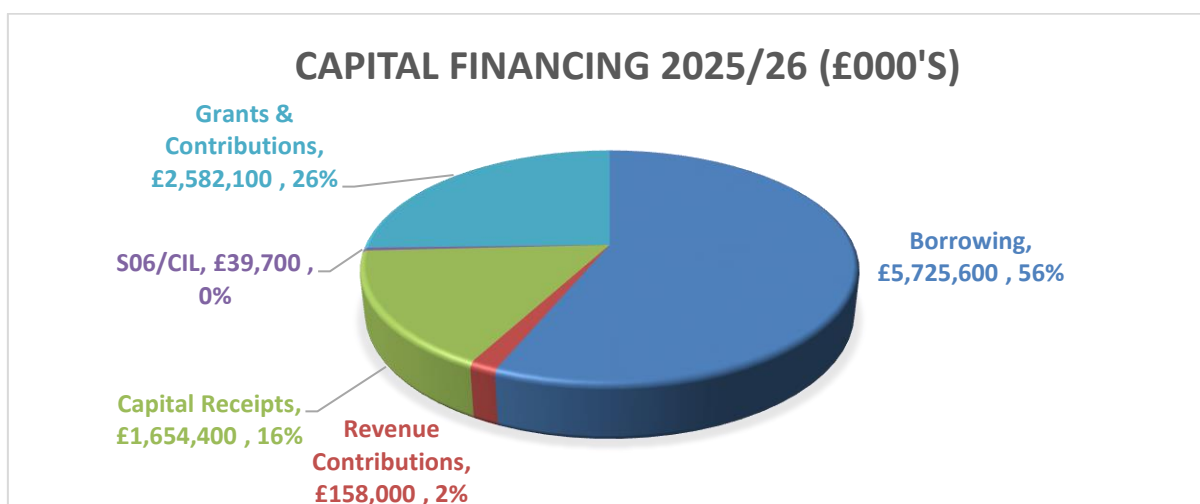
The proposed deferrals into 2026/27 and removals from the existing programme

- Play Area Refurbishments (£222,000) – Defer play areas which are now phased for delivery in 2026/27.
- Bestwood Country Parks Car Park (36,200) – Project on pause as Parish Council re-prioritise spend, therefore project removed until further notice.

It should be noted that in line with Financial Regulations underspends on capital project and removals from the capital programme cannot be transferred to other capital projects. New capital projects must each be considered and approved according to Financial Regulations.

2.4 **Capital Programme Financing**

The projected method of financing the current capital programme requirement of £10,159,800 is detailed in Appendix 3 and summarised in the chart below.



2.5 Capital Receipts Monitoring

When the Council sells General Fund assets it is permitted to use this income to fund capital expenditure. The initial capital receipts estimate for 2025/26 projects that £1,654,400 will be generated and used to finance the capital programme in 2025/26. Additional capital receipts are expected to be received during 2025/26, however, these will not be used in year and will be retained to fund future capital projects.

3 Alternative Options

Option – Not to amend the original Council approved budgets during the year to reflect the latest projected outturn position.

Advantages:

- The final outturn position of the Council can be easily compared to its original intentions when the budget was set and areas of budget risk identified.

Disadvantages:

- Budgets not aligned to current budget pressures resulting in increased likelihood of budget overspend and emerging Council priorities not being addressed;
- Restrict the effectiveness of medium-term planning process and preparation of the forward budget if pressures and areas of efficiency are not readily identifiable during budget preparation;
- Budget not reflective of latest performance information.

Reason for rejection – the option is not likely to result in the best outcomes in financial management or support delivery of priorities.

4. Financial Implications

- 4.1 The nature of the report is such that it has significant resource implications across the Council. The report itself demonstrates how resources are being managed. Whilst the April – July 25 position is currently forecasted to be on budget, focus must be maintained on the risk of potential overspend in the environment service for the remainder of the year and the identification and delivery of the £4.467m efficiency and digital transformation saving targets for 2025/26 – 2029/30.

5 Legal Implications

- 5.1 None arising directly from this report.

6 Equalities Implications

6.1 None arising directly from this report.

7 Carbon Reduction/Environmental Sustainability Implications

7.1 None arising directly from this report.

8 Appendices

Appendix 1 - General Fund Revenue Budget 2025/26 – Budgetary Control Report

Appendix 2 - Use of Reserves and Revenue Fund Budgets

Appendix 3 - Capital Programme 2025/26 – Budgetary Control Report

9 Background Papers

Detailed Quarterly Budgetary Control Exception Reports

10 Reasons for Recommendations

10.1 To align the budgets to the current pressures and priorities and ensure the delivery of Council objectives is supported.

Statutory Officer Approval

Approved by: Chief Financial Officer
Date: 26 August 2025

Approved by: Monitoring Officer
Date: 26 August 2025