

## Report to Cabinet

**Subject:** Budget Monitoring and Virement Report for the period August to November 2025

**Date:** 29 January 2026

**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. **Approve the re-purposing of Earmarked Reserves as set out in section 2.1**
3. **Note the use of reserves during August to November 2025 as detailed in Appendix 2;**
4. **Approve the removal of £374,000 of total efficiency savings, of which £247,000 relate to 2025-26 as set out in section 2.2;**
5. **Approve the changes to the Capital programme included in section 2.3.**

6. **Recommend to Council the approval of £324,800 use of borrowing to fund the developments on Arnold Front Street as part of the Ambition Arnold Project.**

## 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.

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

## 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 30 November 2025.

The Council's General Fund outturn is projected to be overspent by £219,800. In order to ensure the position remains in line with the approved budget of £15,584,200 it is proposed that Cabinet approve re-purposing of earmarked reserves of £219,800 to fund the overspend.

#### **General Fund Revenue Budget 2025/26 – Change Analysis**

	£
<b>Net Council Budget for 2025/26 approved by Council on 5 March 2025 and Cabinet's Maximum Budget</b>	<b>15,584,200</b>
Up to the end of November 2025 expenditure less income totalled	7,006,861
In the remaining 4 months of year we expect net expenditure to be	8,797,139

<b>Total net revenue spend for the year is currently expected to be</b>	<b>15,804,000</b>
<b>Total Projected Revenue (Under)/ Overspend 2025/26</b>	<b>219,800</b>
<b>Proposed Transfer from Earmarked Reserves for Approval</b>	<b>(219,800)</b>
<b>Total net revenue spend for the year is expected to be</b>	<b>15,584,200</b>

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 increases:

- Additional agency and overtime costs within the Waste & Street Care service £195,000 due to sickness levels and cover for annual leave.
- Redundancy and pension strain payments arising from efficiency programmes and restructures of £142,700 funded by a contribution from earmarked reserves.
- Additional spend on our Care Leavers Council Tax reduction scheme £45,000, due to increased participation.
- Additional HR temporary business partner £43,000 due to increased workload in the department.

Expenditure reductions:

- Saving on external Audit fees due to a lower amount of work undertaken by auditors in relation to the 2023/24 & 2024/25 Statement of Accounts to align signoff of statements with the Governments audit backstop dates (£163,000)
- Vacancy savings of (£95,000) across the Council.
- Reduction in fuel spending on fleet (£50,000), due to a fall in fuel prices.
- Underspend in delivery of Temporary Accommodation service due to fall in bed & breakfast numbers and increase in housing stock (£86,600).
- Minimum Revenue Provision adjustment (£64,600) following the 2024-25 outturn position and deferral of capital projects.

Income shortfalls:

- Reduction in investment income expected £300,000, a reduction in

interest rates and deferral of capital receipts to 2026/27 have decreased the amount of funds the Council has to invest in 2025/26, resulting in lower interest received.

- Gedling Country Park car parking income lower than initially projected in 2025/26 by £60,000.
- Building Control income shortfall of £45,000.
- Pet Cremation Service below target by £20,000, this is a demand led service, whilst income has remained consistent with previous year's growth may have plateaued in the service.

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 August to November 2025.

Whilst we are able to contain the overspend within our reserves, it should be noted that there remains some risk of the level of spend in the Environmental Services, which is continuing with 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. Budgets are being monitored closely and reported through the Budget & Performance Board with significant overspends being referred to the Senior Leadership Team.

There isn't a specific reserve for in-year budget pressures however a review of earmarked reserves has been conducted and it has been identified that some earmarked reserves can be repurposed due to sufficient balances held. Following the review, it is proposed the following reserves will be repurposed to fund the deficit:

- IT Replacement Reserve £100,000, sufficient reserves balance remains to fund forecast replacement over the coming years.
- Economic Development reserve £80,400, this reserve balance was built up to help fund various projects which have been financed by alternative means.
- Efficiency & Innovation reserve £39,400, this reserve is used to fund any expenditure needed to progress proposed efficiency saving and other service area changes.

## **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 30 November 2025. Interest rates have also been reduced further in December to 3.75%. In addition, deferral of capital receipts into 2026/27, has impacted the amount of investment income we expect to receive in 2026/27.

### **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). Deferrals of £77,700 were agreed at Period 4.

The Senior Leadership Team have reviewed the current efficiencies in light of current service pressures, outcomes from Digital Transformation related work and other service provision changes. It is proposed to remove £374,000 of approved efficiencies from the total programme as they are deemed undeliverable. £247,000 of these relate to 2025/26, and are listed in the table below. Removal of these efficiencies give a revised programme of £378,500 to be achieved this year.

Councillors are asked to note that the removal of these efficiencies will result in replacement of new achievable efficiencies to be presented for approval as part of the 2026/27 budget report.

<b>Approved Efficiency Programme 2025/26</b>	<b>(703,200)</b>
<b>Period 4 deferrals</b>	<b>77,700</b>
<b>Revised 2025/26 Efficiency Programme</b>	<b>(625,500)</b>
<b>Efficiencies to be removed at Period 8:</b>	
Review of Leisure operations	45,000
Waste round optimisation	42,300
Waste/Parks administration review	47,600
Increase premium on Empty Homes and 2nd Homes	33,000
Review of ICT practices	30,000

Parks Service Review	39,100
Remembrance Tree Leaf Income	5,000
Sponsorship of flower beds	5,000
<b>Removal of efficiencies at Period 8</b>	<b>247,000</b>
<b>Revised efficiency programme delivery for 2025-26</b>	<b>(378,500)</b>
<b>Net Impact on General Fund</b>	<b>(378,500)</b>

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

The Medium-Term Financial Plan is currently being reviewed and updated in line with the 2026/27 budget forecasts and the provisional Local Government Finance Settlement. Whilst the position will have changed from what has been previously been reported, we still expect that sufficient efficiencies will need to be identified and delivered over the next 5 years in order to maintain a balanced budget. Therefore, any efficiencies removed from the programme as undeliverable must be replaced by alternative proposals. Delivery of efficiencies are closely monitored as part of the budget monitoring process by finance staff in consultation with assistant Director and Senior Leadership Team.

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 have recently been held with Cabinet Members to explore further efficiencies for 2026/27 - these will be presented as part of the budget report.

### 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.

August to November amendments to the current capital programme of (£3,126,100) are presented in the table below.

<b>Capital Budget 2025/26 - Change Analysis</b>	
	<b>£</b>
<b>Original 2025/26 budget approved by Cabinet on 5 Mar 2025</b>	<b>6,413,400</b>
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
Programme amendments approved at 31 July 25	(4,900)
<b>Approved budget at Period 4 2025/26</b>	<b>10,164,700</b>
<b>Programme amendments following period 4 report:</b>	
Cabinet Report 10/07/25 Scout Hut Refurbishment	11,800

Cabinet Report 10/07/25 Gedling Youth & Community Hub Leader Report 06/08/25 Ravenshead Parish Council	75,000 30,300
<b>Current approved budget for 2025/26</b>	<b>10,276,900</b>
<b>Proposed Amendments to the Programme at Nov 2025</b>	
<b>Additions to capital programme:</b>	
Ambition Arnold Front Street properties	324,800
<b>Deferrals of existing scheme:</b>	
Digital Transformation	(675,000)
Vehicle Replacement Programme	(650,000)
Purchase of Temporary Accommodation	(646,200)
Disabled Facilities Grant	(600,000)
Ambition Arnold Front Street Properties	(395,000)
Redhill Replacement Gym Equipment	(270,000)
Bentwell Lagoon flood alleviation	(51,400)
Depot Works	(50,000)
Flood Alleviation Works	(42,000)
CCTV Developments	(27,400)
Carlton Cemetery Expansion	(15,000)
<b>Reductions to existing programme:</b>	
Bestwood Lodge Drive Resurfacing	(18,700)
Conway Road Tennis Court Refurbishment	(10,200)
<b>Removals from programme</b>	
Carlton Cemetery Expansion	(15,000)
<b>Total Proposed Amendments</b>	<b>(3,126,100)</b>
<b>Revised Capital Programme 2025/26</b>	<b>7,150,800</b>
Actual Expenditure to Period 8 2025/26	3,238,187
Estimated Expenditure Period 9 to Period 12 2025/26	3,912,613
<b>Projected Outturn</b>	<b>7,150,800</b>

**Additions to existing schemes:**

- Ambition Arnold improvements to public realm an additional £324,800 if requested for approval, due to additional complexities with the site being identified as part of the survey works. This is proposed to be financed by Prudential Borrowing.
- The additional budget request of £324,800 increases the total budget to £495,000, (there is currently a budget of £170,200 in the capital programme). Whilst the request is to approve the full budget in order to progress the procurement of the contract it is envisaged that the works will take 12 weeks to complete once the contract has been entered into. Therefore, we estimate that £100,000 will be spent in 2025/26 and £395,000 will be deferred into 2026/27. The above table requests

approval for the additional £324,800 but also to defer £395,000 into 2026/27.

#### Deferrals of existing schemes:

- Digital Transformation (£675,000), the project is continuing however due to a rephasing of payments and project timelines, this budget is to be rolled into 2026/27.
- Vehicle Replacement Programme (£650,000), this due to a review of the existing vehicles and lead time on new purchases.
- Purchase of Temporary Accommodation units (£646,200), the purchase of 4 additional properties scheduled to complete January 2026, given the remaining timescales it is unlikely the council will purchase any further properties by 31<sup>st</sup> March therefore deferring the balance into 2026/27.
- Disabled Facilities Grant (£600,000), forecast based on applications received and processing time, this is committed spend and the balance is be deferred into 2026-27.
- Replacement of Redhill Gym Equipment (£270,000) – The scheme is progressing and will be completed in May 2026.
- Bentwell Lagoon Flood alleviation works (£51,400), works started expected to complete in 2026/27.
- Depot Works (£50,000), amendments have been made to the project leading to a deferral of works relating to Jubilee House
- Flood Alleviation works (£42,000), expected to progress in 2026/27.
- CCTV Developments (£27,000), new CCTV cameras in were funded by grants, the budget will be carried forward into 2026-27 to fund further CCTV developments.

#### Reduction to existing schemes are as follows:

- Bestwood Lodge Drive resurfacing (£18,700), works completed and reporting an underspend against initial budget.
- Conway Road Tennis Court Refurbishment (£10,200), works complete.

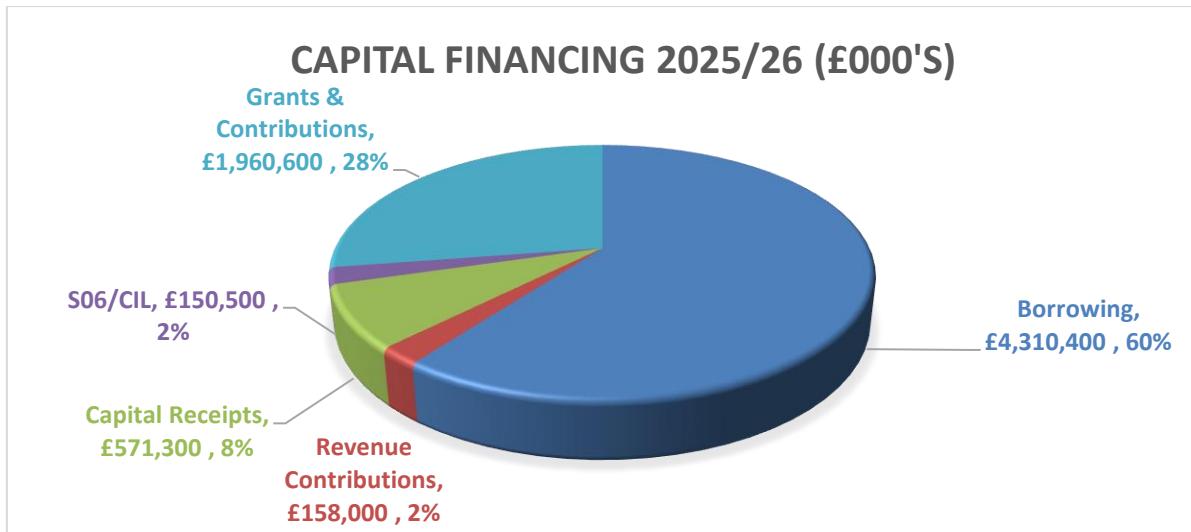
#### Removals from programme

- Carlton Cemetery Expansion (£15,000), columbarium works no longer required.

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 **£7,150,800** 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 original capital receipts estimate for 2025/26 projected that £1,654,400 will be generated and used to finance the capital programme in 2025/26, however due to delays in a land sale, capital receipts balance of £571,300 is now expected. Additional capital receipts are still expected however these are likely to fall in 2026-27 and these 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 August – November 25 position is currently forecasted to be on budget by utilising reserves, 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 significant efficiency savings between 2026/27 – 2030/31.

#### **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:** **20 January 2026**

**Approved by:** **Monitoring Officer**  
**Date:** **20 January 2026**