Report to Overview and Scrutiny Committee

Subject: Budget, Virement, and Performance Monitoring for the period April to July 2026

Date: 16 November 2026

Author: Senior Leadership Team

Wards Affected

Borough-wide

Purpose

To provide Members with an integrated update on the Council's financial and service performance position for the period April to July 2026, including the forecast revenue and capital outturn, key budget movements, progress against performance indicators and the Annual Delivery Plan, and the actions being taken through the Budget, Performance and Risk Board to manage pressures, risks and delivery priorities.

Recommendation(s)

Members are recommended to:

1. **Note the report and make comment as appropriate.**

1 Background and Strategic Context

1.1 The Council has established a Budget, Performance and Risk Board to strengthen the link between financial management, service delivery, risk management and improvement activity. The Board provides a single forum for reviewing budget forecasts, performance indicators, delivery plan milestones, emerging service pressures and corrective action, so that resources are directed to the areas that most support delivery of the Council's priorities.

1.2 This report therefore brings together the Council's revenue and capital position with performance information for the same period. The intention is not simply to place two reports together, but to highlight the relationship

between resources, demand, service performance and delivery risk. Detailed supporting information remains in the appendices, while the main report focuses on the key messages, exceptions and actions.

2 Executive Summary

The April to July 2026 position shows that the Council is continuing to deliver many key services well, with 11 performance indicators meeting or exceeding target and 48 of 52 Annual Delivery Plan milestones completed. However, the same period also shows clear links between operational demand, resource pressures and financial risk. The General Fund is currently forecasting an overspend of £546,600 before mitigation, driven principally by reduced investment income, increased fuel costs, service transfer costs, capital financing adjustments and specific service pressures. The proposed repurposing of £306,800 of earmarked reserves reduces the residual forecast pressure to £239,800. No additional budget or use of General Fund balances is being requested at this stage. Officers will continue to pursue in-year mitigation, with the position reviewed at the next monitoring period before any further funding decision is made.

3.0 Integrated Revenue, Performance and Delivery Position

The following table summarises the overall financial position of the General Fund Revenue Budget and the expected total spend for the year. The forecast has been prepared using information available to Financial Services and service managers as at 31 July 2026 and has been reviewed alongside performance and delivery information through the Budget, Performance and Risk Board.

The forecast should be considered alongside the service performance information in this report, as a number of movements are linked to operational delivery, customer demand, staffing capacity, external economic factors and the timing of capital activity.

General Fund Revenue Budget 2026/27 – Change Analysis

	£
Net Council Budget for 2026/27 approved by Council on 4 March 2026 and Cabinet's Maximum Budget	**£16,882,300**
Up to the end of July 2026 expenditure less income totalled	£1,809,978
In the remaining eight months of the year, net expenditure is expected to be	£15,428,922
Total net revenue spend for the year is currently expected to be	**£17,428,900**

Projected Revenue (Under)/ Overspend 2026/27	**£546,600**
Proposed Transfer from Earmarked Reserves for Approval	**(£306,800)**
Projected Revenue (Under)/ Overspend 2026/27	**£239,800**

Although the current forecast shows a projected overspend of **£239,800**, no additional budget is being requested at this stage. There remains an opportunity to reduce the forecast pressure through targeted marketing activity to improve leisure income, potential procurement savings from the new fuel contract, and the management of other in-year savings and underspends. The position will be reviewed at the next monitoring period, when the latest forecast and the effectiveness of these mitigating actions will be assessed and a decision taken on whether any additional budget is required to achieve a balanced outturn.

3.1 Key integrated budget and performance messages

Appendix 1 sets out the detailed General Fund Revenue budget position by Portfolio. The main report focuses on the areas where budget movements have a direct or potential relationship with service performance, delivery of the Annual Delivery Plan, customer demand or future financial sustainability. This enables Members to consider not only whether budgets are changing, but why they are changing and what this means for delivery of Council priorities.

3.2 Revenue exceptions linked to service delivery

Favourable movements

Employee savings across Parks, Waste & Street Care as a result of a number of vacancies, offset with additional expenditure to extend honoraria and correction to the contractual overtime budget (omitted in error at budget setting) result in a net savings of **(£25,000)**. An agency staffing budget is also available, where appropriate, to provide short-term cover for essential vacancies until permanent appointments are made, helping to maintain service continuity. Although this creates a favourable financial movement in the short term, it should be considered alongside operational performance, customer demand and delivery of planned efficiencies. Vacancies may affect service resilience, response times, waste and street care activity, complaints

and MP correspondence, and the ability to deliver route and schedule efficiencies without adversely affecting service standards. The position should also be monitored alongside sickness absence, customer contact performance and fuel usage to ensure that short-term salary savings do not create wider performance pressures or future costs.

Adverse movements

Reduced **investment income of £150,000** reflects lower interest rate expectations and delays in capital receipts. The position is also affected by the timing of cashflows during the year, including Council Tax and Business Rates collection performance, because slower collection reduces the cash balances available for short-term investment. Collection performance will therefore be monitored alongside treasury activity through the Budget, Performance and Risk Board.

Increased **fuel spend of £150,000** is linked to the significant increase in the unit price of HVO fuel. However, if the fleet were still operating on diesel, the forecast increase would be higher due to the rise in diesel prices. Therefore, while the cost of HVO has increased, it remains the lower-cost option. A new procurement contract is currently being progressed and may result in more favourable prices during the remainder of the year. The current forecast is therefore considered to represent a prudent worst-case position and will be updated as the procurement process concludes and revised pricing becomes clearer. This supports continued delivery of operational services, including waste and street care, but creates a pressure that should be monitored alongside operational productivity, route optimisation and future fleet planning.

Minimum Revenue Provision adjustment of £52,400, following the 2025/26 outturn position, the deferral of capital projects and the reduced use of capital receipts.

First-year **Building Control costs of £114,000** following the transfer of the service to Erewash Borough Council, this represents an increase against the Council's base budget. However, the partnership arrangement is expected to cost less than the previous delivery model, under which higher-cost agency staff were required to maintain the service. Certain Building Control functions are statutory and the Council previously experienced difficulties to deliver in-house because of the limited availability of appropriately qualified staff in the current employment market. The Erewash partnership provides a more sustainable and resilient delivery model and enables the Council to provide a 24/7 response to Building Control emergencies.

Additional operational costs of **£51,600** have been incurred at Carlton Forum Leisure Centre to help keep the facility operating safely and effectively. In addition, income from swimming lessons is forecast to be **£31,000 below target** because fewer lessons have been sold than expected. This is consistent with the below-target number of visits to leisure centres, as fewer visitors mean fewer opportunities to promote swimming lessons and may also affect membership, pay-as-you-go visits and other leisure income. Targeted marketing activity will be considered to attract new members, alongside initiatives to improve the retention of existing members. The Budget, Performance and Risk Board will continue to monitor visitor numbers, take-up of swimming lessons, the number of enquiries that lead to bookings, the effectiveness of marketing and member retention activity, and the wider recovery of leisure income.

Public Land & Buildings £40,000 additional Council Tax, Business Rates and maintenance costs arising from empty Council-owned properties awaiting demolition.

Details of the budget virements authorising the use 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 2026.

3.3 Reserves balances

A review of earmarked reserves has identified that £306,800 can be repurposed to mitigate the in-year position, while retaining sufficient balances for the purposes for which those reserves are held. The review included the release of residual balances from a number of historic reserves that are no longer required, together with an assessment of replacement reserves to identify funding above current anticipated requirements. The amounts identified as surplus are proposed to be reallocated to support service delivery. Subject to Cabinet approval, this will reduce the residual forecast overspend to £239,800.

3.4 Pay Award

The Council approved a budget of £561,000 in the 2026/27 Revenue Budget for the 2026/27 pay award, based on an assumed 3% increase. The National Employers have agreed a 3.3% increase for Chief Executives and a 3.3% increase for all other staff on NJC pay points 1 and above, with effect from 1 April 2026. The net impact on the budget is approximately £37,000.

3.5 Interest Rates

At the start of 2026/27 the Bank of England base rate stood at 3.75%; this remained unchanged by the Monetary Policy Committee (MPC) on 30 July 2026. While the Council's forecasts reflect the information currently available, continued volatility in the wider economic environment and the potential impact of global events may place further upward pressure on inflation, interest rates, energy prices and other operating costs. This could adversely affect the Council's budget position and underlying financial assumptions in future periods and will therefore be kept under close review.

4.0 Efficiency programme – Progress Update

The Medium-Term Financial Plan includes efficiency savings required to maintain a balanced budget up to the anticipated vesting day for Local Government Reorganisation (LGR). While LGR affects the Council's longer-term planning horizon, it remains essential that agreed savings are delivered where practicable and that the programme is kept under review to reflect changes in timing, feasibility and service priorities.

The current approved efficiency programme totals £473,000 for delivery across 2026/27 and 2027/28. Of this, £374,800 is due for delivery in 2026/27, comprising £324,100 approved in the Budget Report presented to Council on 4 March 2026 and £50,700 approved in prior years.

Approved Efficiency Programme 2026/27	**(374,800)**
Efficiencies to be deferred at Period 4:	
Transformation – Service Review	27,000
Review of Waste Service refuse rounds	25,000
Review Mechanical Sweeper & Litter Bin schedules	10,000
Electrification of power tools	2,500
Deferral of efficiencies at Period 4	**64,500**
Revised efficiency programme delivery for 2026-27	**(310,300)**
Budget Risk Provision utilised	**(64,500)**
Net Impact on General Fund	**(374,800)**

Summary: Deferred efficiencies remain within the programme but will be delivered later than originally planned, primarily in 2027/28.

5.0 Capital Programme and Delivery Impact

Appendix 3 details the current projected position on the Capital Programme and its financing for 2026/27, analysed by Portfolio. The capital programme

is a key enabler of service delivery and the Annual Delivery Plan. The position should therefore be considered not only in financial terms, but also in terms of the impact that additions, reductions or deferrals may have on service outcomes, asset condition, statutory compliance, customer experience and future revenue budgets.

The proposed net amendments reduce the 2026/27 capital programme. The most significant movements relate to the deferral of the vehicle replacement programme and Disabled Facilities Grant expenditure, additional fire door replacement works and the rephasing of refurbishment activity. Each movement has been reviewed in the context of delivery requirements, operational capacity and affordability.

Capital Budget 2026/27 - Change Analysis	
	£
Original 2026/27 budget approved by Cabinet on 4 Mar 2026	**10,194,000**
Council-approved carry-forwards from 2025/26	1,517,500
Approved budget at Period 4 2026/27	**11,711,500**
Programme amendments approved up to Period 4:	
Leader Report 21/07/26 S106 contributions to Bestwood Parish	10,000
Current approved budget for 2026/27	**11,721,500**
Proposed Amendments to the Programme	
Additions to capital programme:	
Fire door replacement	116,000
Legal Case Management System cloud migration	22,000
Deferrals of existing scheme:	
Vehicle replacement programme	(1,284,800)
Disabled Facilities Grant	(400,000)
Jubilee House refurbishment	(70,000)
Reductions to existing programme:	
Asset management fund	(116,000)
Total Proposed Amendments	**(1,732,800)**
Revised Capital Programme 2026/27	**9,988,700**
Actual Expenditure to Period 4 2026/27	1,830,653
Estimated Expenditure Period 5 to Period 12 2026/27	8,158,047
Projected Outturn	**9,988,700**

5.1 Capital additions, deferrals and reductions linked to delivery

An additional budget of **£116,000** is required for the fire door replacement programme following the identification of further works after the project commenced. These works will support statutory compliance, improve the safety of Council buildings and enable them to continue operating safely. The additional cost will be funded from the Asset Management Fund.

The Legal Case Management System **(£22,000)** relates to the migration of the software to a cloud server to improve security and performance and is proposed to be funded through Earmarked reserves.

Deferrals of existing schemes:

Vehicle Replacement Programme **(£1,284,800)** is being deferred following a review of the existing fleet and the lead time for new purchases. This includes £686,000 for Food Waste Vehicles which are scheduled for delivery in Quarter 2 of 2027/28. The deferral supports affordability in 2026/27 but should continue to be monitored against operational resilience, environmental objectives, fleet maintenance costs and future delivery of waste-related service changes.

Deferring vehicle replacement may increase revenue expenditure on repairs and replacement parts where vehicles are retained beyond their optimum replacement period.

Disabled Facilities Grant **(£400,000)** expenditure is forecast to be rephased into 2027/28, based on applications received and current processing times. The funding is fully committed and will be carried forward to meet the cost of these approved works. The position should be monitored alongside housing-related performance measures and customer demand to ensure that the timing of delivery does not create wider service, equality or wellbeing impacts.

Reductions to existing schemes are as follows:

The Asset Management Fund (£116,000) will be used to fund the increased costs associated with the fire door replacement works.

The Jubilee House refurbishment budget will be reduced by £70,000. In view of current capacity and the position on Local Government Reorganisation, the scope of the works is being reviewed and a reduced specification is proposed.

5.2 Capital Programme Financing

The projected method of financing the revised capital programme requirement of **£9,988,400** is detailed in Appendix 3 and summarised in the table below.

Financing Source	Amount	Explanation / Financial Impact
Prudential Borrowing	£3,868,100	Used where capital expenditure is not funded from grants, contributions, reserves or capital receipts. Any increase in borrowing requirement should be considered alongside Minimum Revenue Provision, interest costs and treasury management assumptions.
Grants and Contributions	£3,330,800	External funding supporting specific capital schemes, including grant-funded activity such as Disabled Facilities Grants and other contributions where applicable. Any deferral of grant-funded schemes should be monitored against delivery timescales and service outcomes.
Revenue, Reserves and Internal Funds	£2,789,500	Internal financing sources used to support specific schemes. Use of internal funding should be monitored to ensure reserves remain sufficient for their intended purpose and to avoid creating future budget pressures.
Total Financing	**£9,988,400**	**Total financing must agree to the revised capital programme for 2026/27.**

This represents the latest forecast capital financing position. It may change during the year depending on the timing and value of capital receipts and any revisions to Minimum Revenue Provision or investment income assumptions. Changes to the financing mix may have implications for both the in-year revenue position and the Council's medium-term financial plans.

5.3 Capital Receipts Monitoring

When the Council sells General Fund assets, it may use the resulting capital receipts to fund capital expenditure or retain them to support projects in future years.

6 Performance, Demand and Financial Exceptions (Appendix 4)

There are 28 performance indicators monitored on a four-monthly basis in 2026/27. In Period 1, 11 indicators met or exceeded target, 8 were below target and 9 were for tracking purposes only. The key issue for Cabinet is the relationship between performance exceptions, demand pressures and the budget position. Where performance is below target, the Budget,

Performance and Risk Board will continue to review whether the cause is demand, capacity, system implementation, external factors or budget constraint, and whether corrective action requires operational change, temporary support or longer-term budget planning.

Each performance exception has been reviewed to identify whether there is a direct or indirect financial implication. Some indicators, such as Council Tax collection, Business Rates collection and leisure visits, have an immediate income, cashflow or treasury management relevance.

Collection rates affect the level and timing of cash balances available for short-term investment, and can therefore influence investment income as well as recovery activity and future Collection Fund assumptions.

Other indicators, such as customer contact, benefits processing and sickness absence, affect the financial position through demand, staffing capacity, productivity and avoidable workload. Housing delivery indicators have a longer-term financial relevance through growth, Council Tax base assumptions and future service demand. This enables the Budget, Performance and Risk Board to consider whether each exception creates an immediate budget pressure, a future financial risk or a requirement for service intervention.

Positive performance contributing to financial resilience and the delivery of Council priorities includes:

Performance Indicator	**Period 1 April to July 2026**	
	Value	**Target**
Percentage of Business Rates Collected	38.42%	37.12%
LI018 Percentage of invoices paid within 30 days	99.26%	99%
Percentage of calls to the contact centre answered (or call back made) - 12 month rolling total	95.8%	94%
Percentage of Major planning applications processed within 13 weeks	100%	92%
Percentage of other planning applications processed within 8 weeks	90.63%	80%
Number of rented households with health and safety hazards that fall below the minimum legal standard that have been	59	17

remediated following the council's intervention		
Number of long term (over 12 months) empty homes in the Borough returned to use as a result of Gedling Borough Council intervention	32	23
LI276 Percentage of food premises scoring 4 or 5 in the national food hygiene rating scheme	96%	95%

6.1 Performance indicators currently below target are shown below.

Performance Indicator	Period 1 April to July 2026	
	Value	Target
LI5002 Percentage of Calls to customer service answered within SLA (40 seconds)	61.5%	85%
LI074 Housing Benefits /Council Tax Reduction Scheme processing days	25 Days	15 Days
LI075 Housing Benefit /Council Tax Reduction Scheme time taken to process changes in circumstances	9.5 Days	5 Days
LI027 Number of visits to leisure centres	404,781	450,137
NI154 Net additional homes provided	181	212
NI155 Number of affordable homes delivered (gross)	19	37
LI006 Working Days Lost Due to Sickness	12.87 Days	9 Days

The main messages are that customer contact, benefits processing, leisure visits, housing delivery, Council Tax collection and sickness absence all have identifiable links to the Council's financial position, either through income, cashflow, treasury management, staffing capacity, productivity, avoidable demand or medium-term financial planning However, action is being taken across the areas where performance is below target.

Customer contact performance is improving following the peak in demand generated by annual billing, Garden Waste renewals and waste bin deliveries, with the new service structure and further transformation activity intended to improve response times; importantly, the wider measure of calls answered or receiving a call back remains above target. In Benefits, recent appointments to vacant team

leader and administrative roles are expected to increase capacity and reduce processing times.

For leisure, the Council is progressing targeted marketing to attract new members, strengthening retention activity and continuing to monitor visits, swimming lesson take-up and the number of enquiries that result in bookings.

Housing delivery will be supported through the emerging Local Development Plan, which will allocate sites to meet the Borough's revised housing requirement.

The new sickness absence management process is now in place, supported by manager coaching, additional HR capacity and dedicated HR Business Partner support. Although performance remains above target, the 12-month rolling sickness absence rate has improved slightly to 12.87 days per full-time equivalent employee, and further improvement is expected as these measures become embedded.

These actions sit alongside strong performance in related areas, including Business Rates collection, prompt payment of invoices, planning application processing, private-sector housing interventions, bringing long-term empty homes back into use and food hygiene standards.

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7.0 Customer Contact, Complaints and Demand Pressures

Complaints, compliments and MP letters provide important context for both service performance and resource planning. The increase in complaints and MP correspondence during Period 1 should be considered alongside customer contact volumes, call-handling performance, annual billing activity, garden waste renewal activity and waste bin delivery issues. Understanding the drivers of demand will support better forecasting, service improvement and budget planning.

Complaints and MP correspondence should therefore be treated as an early warning indicator of service and financial pressure. Although complaints do not always create a direct budget variance, increases in complaint volumes can lead to additional officer time, repeat contact, escalation, investigation work and corrective action. Where complaints relate to services already showing below-target performance, such as customer contact, benefits processing, waste-related demand or leisure centre usage, they provide evidence that performance pressures may also be creating wider resource and financial impacts.

- The Council received 471 complaints in total, 307 more than in the previous four-month period. Complaints peaked in May and June, potentially reflecting the change to garden waste collection rounds as residents adjusted to different collection days and crews became familiar with the new routes and

associated assisted collections. Complaint levels reduced in July and August as the new arrangements became established.

- Of all complaints received, 64% were processed within the required timescale, 10 percentage points lower than in the previous four-month period.
- The Council received 122 compliments, 27 more than in the previous four-month period.
- The Council received 130 MP letters, 44 more than in the previous four-month period.

8.0 Annual Delivery Plan 2026/27 Progress and Resource Alignment

In April 2026 Cabinet agreed the Annual Delivery Plan with 50 actions spanning five themes. The Delivery Plan is a key mechanism for ensuring that budget decisions, service activity and performance expectations are aligned to the Council's Legacy Plan priorities.

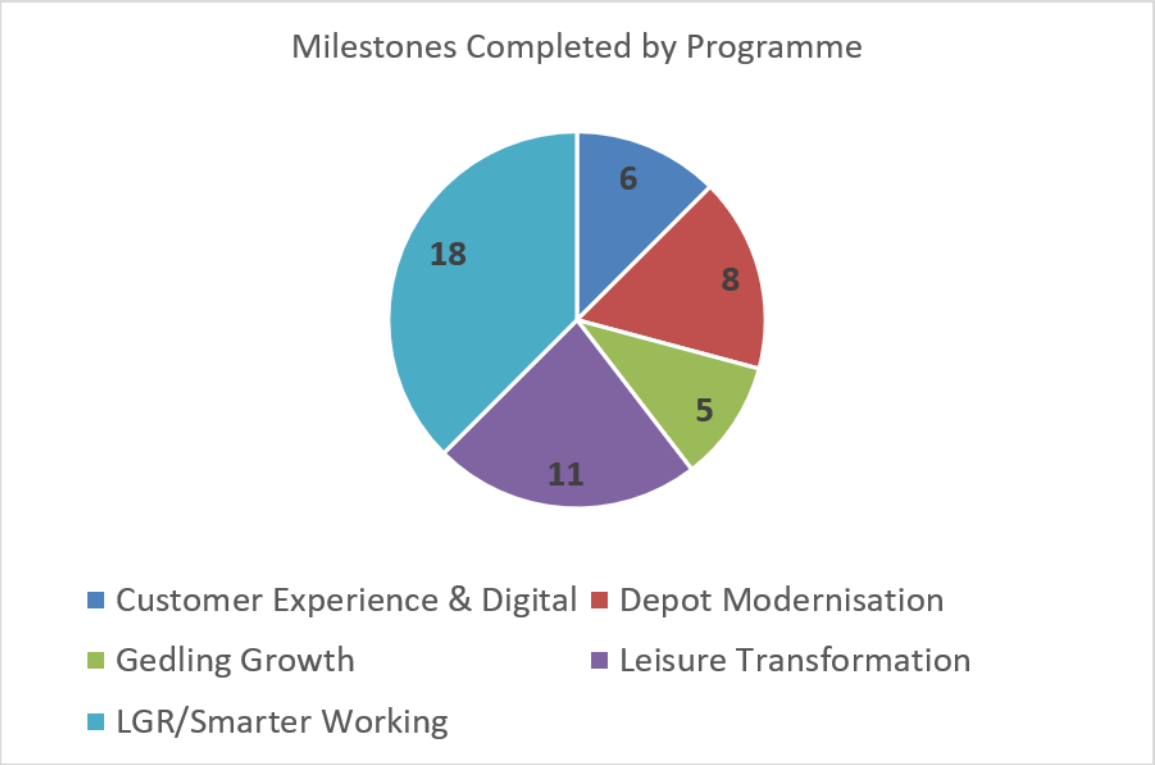
- Customer Experience, Communities and Digital
- Depot Modernisation
- Gedling Growth
- Leisure Transformation
- Local Government Reorganisation/Critical Foundations

Milestones have been identified against the actions to support monitoring. There are 180 milestones due for completion by March 2027. At Period 1, 48 of 52 expected milestones have been completed, representing a completion rate of 92.3%. This is a positive delivery position, but the four off-track milestones should be reviewed alongside any associated budget pressure, capacity constraint, dependency or performance risk.

The table below shows the total number of milestones expected for each reporting period and the current and cumulative progress.

Reporting Period	No. of milestones	Completed	Off Track	Completion rate for Period	Cumulative completion rate
1 Apr – 31 July	52	48	4	92.3%	92.3%

The milestone position is summarised in the table above.



8.1 Annual Delivery Plan Achievements this period

- Successfully planned and delivered the Arnold Summer Fair, supporting community engagement and generating positive feedback.
- Green Flag status maintained for the Council's parks, recognising the continued achievement of national standards for the management and maintenance of public open spaces.
- Made significant progress in preparing the draft Local Plan, providing the evidence and policy framework needed to guide sustainable development across the Borough.
- Prepared for the implementation of the Renters' Rights legislation by delivering initial staff training and adopting revised civil penalties and private sector housing enforcement policies.
- Delivered key waste and depot modernisation milestones, including mapping current waste collection rounds, preparing operational improvement plans, gathering service data, and appointing an Environmental Projects Implementation Officer.
- Completed the decommissioning of the Richard Herrod Centre, representing a significant milestone in the delivery of the Carlton Active project.
- Advanced strategic asset management by bringing asset and condition information into a single source, developing recommendations for individual assets and approving a wider strategy for Council-owned assets.

9 Alternative Options

Option – Not to update budgets during the year and not to present finance and performance information in an integrated way.

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 would not be aligned to current pressures, service demand or delivery risks, increasing the likelihood that overspends or underperformance are identified too late for effective corrective action.

Performance issues could be considered separately from resource pressures, making it harder for Cabinet and SLT to understand whether corrective action requires changes to budgets, staffing, systems, demand management or service processes.

The effectiveness of medium-term planning would be reduced because recurring financial pressures, delivery risks and performance trends would not be brought together early enough to inform the forward budget process.

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

10. Financial Implications

The report identifies a forecast General Fund overspend of £546,600 before mitigation. The proposed repurposing of £306,819 of earmarked reserves reduces the residual forecast pressure to £239,781. No additional budget or use of General Fund balances is requested at this stage; the residual position will be reviewed at the next monitoring period after further in-year mitigation has been assessed.

11 Legal Implications

None arising directly from this report.

12 Equalities Implications

The Council's Equality Action Plan sets out equality related actions which form part of the Annual Delivery Plan milestones.

13 Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report.

14 Local Government Reorganisation

Following the Government's announcement on 7 September 2026, the Local Government Reorganisation programme for Nottingham and Nottinghamshire has been paused while a national review is undertaken. The Government has confirmed that it remains committed to local government reorganisation, but no revised timetable or further detail has yet been provided. Existing council services will therefore continue to be delivered as normal while the Council works collaboratively with partners, maintains prudent oversight of its budgets and resources, and preserves sufficient flexibility to respond to the outcome of the review and any subsequent transition requirements.

15 Appendices

Appendix 1 - General Fund Revenue Budget 2026/27 – Budgetary Control Report
Appendix 2 - Use of Reserves and Revenue Fund Budgets
Appendix 3 - Capital Programme 2026/27 – Budgetary Control Report
Appendix 4 - Performance Indicators for April to July 2026

16 Background Papers

Detailed Quarterly Budgetary Control Exception Reports

Statutory Officer Approval

Approved by: **Chief Financial Officer**
Date:

Approved by: **Monitoring Officer**
Date: