

Meeting: CABINET

Agenda Item:

Portfolio Area: Resources and Performance



Date: 11 March 2026

3RD QUARTER REVENUE AND CAPITAL MONITORING REPORT 2025/26 – GENERAL FUND AND HRA

KEY DECISION

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1. PURPOSE

- 1.1 To update Members on the projected General Fund (GF), Housing Revenue Account (HRA) and Capital 2025/26 net expenditure and seek approval to amend the General Fund, HRA and Capital budgets as part of the quarterly revenue monitoring review.
- 1.2 To update Members on the reserves and balances available to support revenue expenditure and seek approval for revisions to the allocated reserves.
- 1.3 To seek approval for pavilion related Fees & Charges for the financial year 2026/27.

2. RECOMMENDATIONS

General Fund

- 2.1 That the 2025/26 third quarter projected net increase in General Fund expenditure of £68,060 be approved.
- 2.2 That Members note the proposed movement on reserves as detailed in paragraph 4.3.1.
- 2.3 That pavilion related Fees & Charges for financial year 2026/27 for the General Fund (GF), as shown at Appendix C, be approved.

Housing Revenue Account

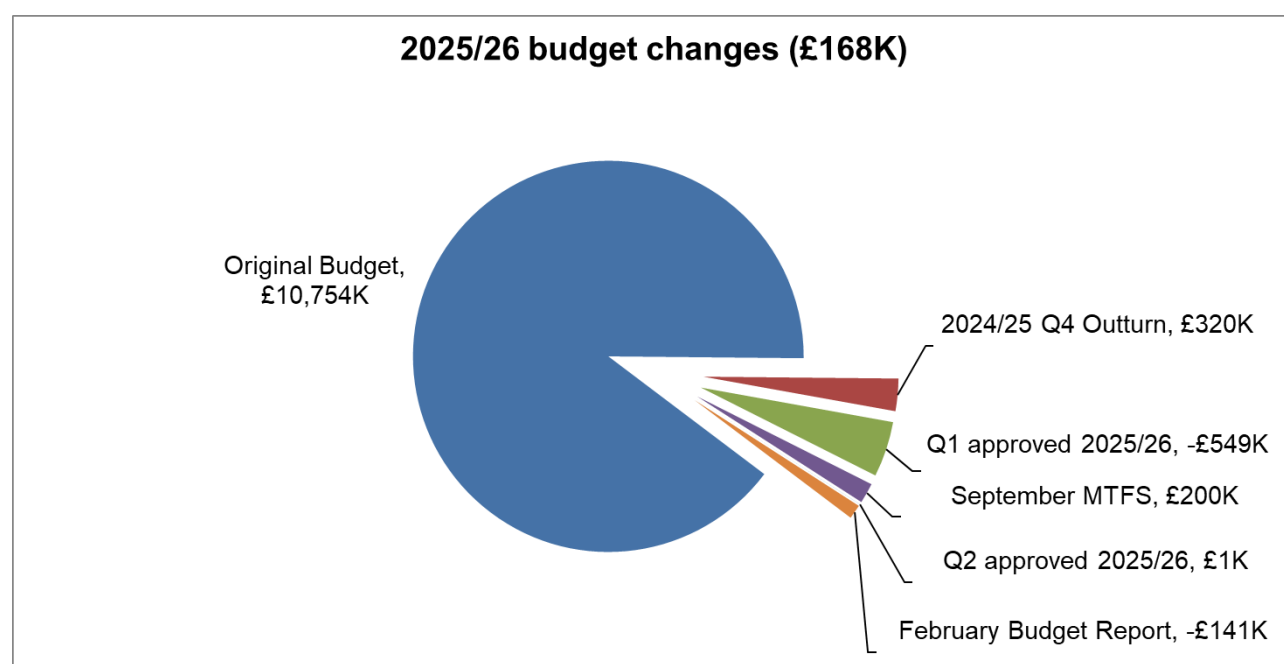
- 2.4 That the 2025/26 third quarter net decrease in HRA expenditure of £1,234,310 be approved.

Capital Programme

- 2.6. That the General Fund capital budget re-phasing of £3,260,842 from 2025/26 to future years be approved.
- 2.7. That the Housing Revenue Account capital budget re-phasing of £7,762,388 from 2025/26 to future years be approved.
- 2.8. That net changes to budgets of £230,000k fully funded by external contributions in paragraph 4.9.2 be noted.
- 2.9. That General Fund virement and update of £90,000 in paragraph 4.9.2 be approved.
- 2.10. That the proposed changes to the funding of the General Fund and HRA capital budgets in section 4.10 be approved.

3. BACKGROUND - GENERAL FUND

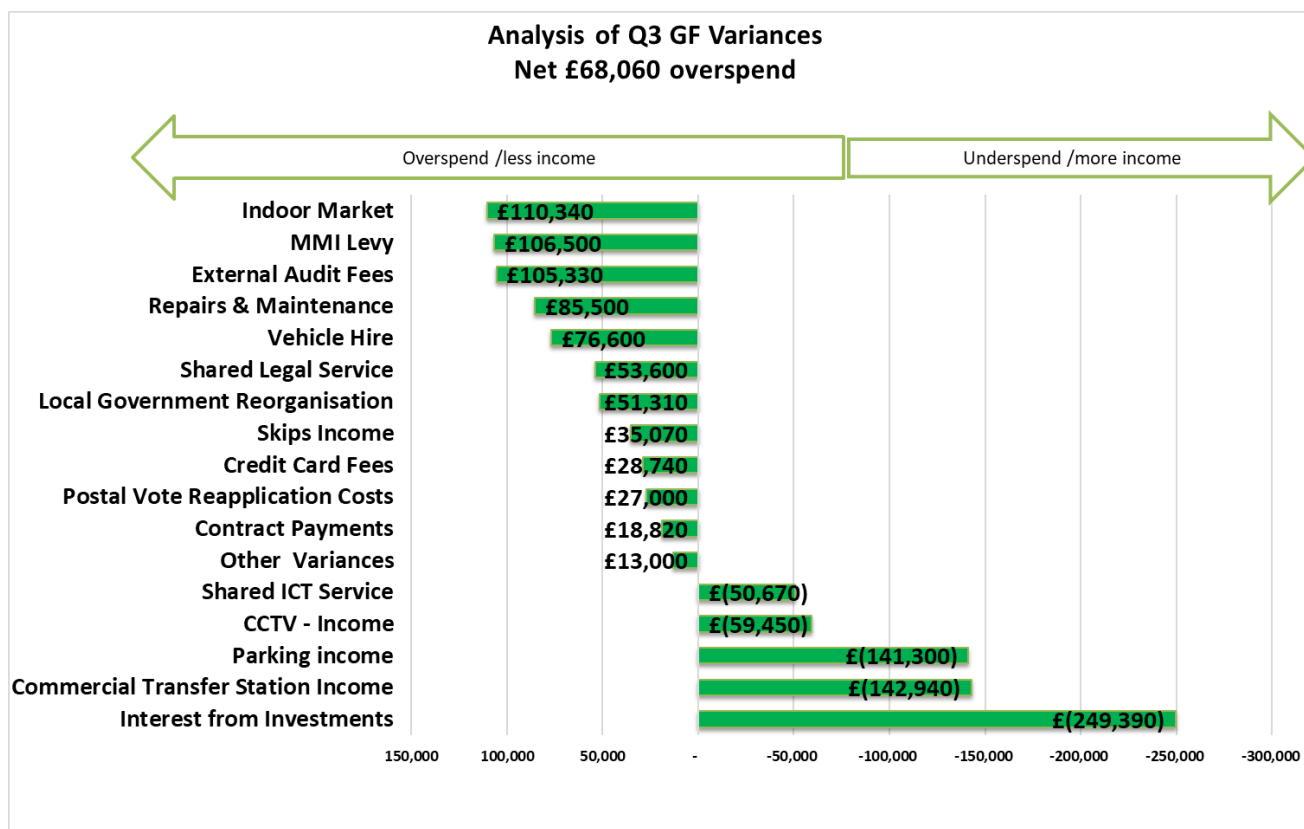
- 3.1. Since the General Fund net budget of £10,753,540 was approved at February 2025 Council, Members have since approved further net budget changes of £168,060 as detailed in the chart below:



4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 General Fund – Budget Review

- 4.1.1 Following the third quarter review of the General Fund budgets officers are projecting an increase in the forecast budget spend for the year of £68,060.



4.1.2 The reasons for the overspend or less income are detailed below:

- Indoor Market £110K (Increased Expenditure & Reduced Income)** – The budget shortfall at the Indoor Market reflects a combination of factors, primarily linked to the revised opening date in Park Place. A number of factors changed including the retention of existing traders, resulting in reduced initial income and increased void costs. The team continues to work proactively to attract new traders at Park Place, with the aim to be fully let by April 2026. In addition, the one-off contractual and transitional costs associated with the move to Park Place were higher. Operational costs at Park Place are expected to be lower than those previously incurred at St George's, and it is anticipated that the financial benefits of the relocation will be realised in 2026/27.
- MMI Levy £107K (Increased Expenditure)** - Municipal Mutual Insurance (MMI Ltd) was the Council's insurer between 1971 and 1993 and ceased writing new insurance policies on 1 October 1992. MMI is subject to a Scheme of Arrangement, which was triggered in November 2012 when it became clear that a solvent run-off with full statement of agreed claims could no longer be achieved. Under the Scheme, an initial levy of 10% was applied in January 2014, increasing to 25% from April 2016. The Council is required to contribute 25% of the value historic claims previously settled by MMI, while 75% of the cost of any new claims met by the Council can be recovered through the Scheme. The MMI reserve was established to recognise the contingent liability and to fund levy contributions arising from both historic and future claims. As the Scheme of Arrangement is now active, all eligible claims are subject to the

same levy arrangements. Based on the latest assessment of liabilities under the Scheme, an additional provision of £214k is required. This cost is split equally between the General Fund and HRA.

External Audit Fees £105K (Increased Expenditure) –The increase in external audit fees reflects a combination of ongoing costs pressures associated with the historic delays in audits and increased audit requirements across the public sector. For the 2024/25 audit, additional fee pressures of £74K have arisen, reflecting the increased external audit workload. This pressure is split between the General Fund £48K and the HRA £26K. The Council received £60K of government funding in 2025/26 through the Audit Build Back Better grant to help offset the cost of addressing the national audit backlog (already reported). In addition to the costs of the main audit there is a further cost pressure of £57K relating to the 2021/22 Housing Benefit audit, the Council has requested a detailed justification from the auditors due to the significant increase.

- **Repairs & Maintenance £86K (Increased Expenditure)** – The overspend on repairs and maintenance is primarily driven by asbestos-related works, alongside additional repair requirements across commercial properties and operational sites during the year. The largest element of the variance related to (1) asbestos works at Daneshill House, which were required to enable the delivery of planned Wi-Fi upgrade works (£39K). These costs have been offset through an underspend within ICT budgets, as set out in paragraph 4.1.3. (2) £27K extra costs is projected within the commercial properties repairs and maintenance budget based on spend incurred to date. However, these costs have been funded from the additional commercial property income and reserve. (3) The remaining variance of approximately £20K relates to higher than budgeted routine maintenance at Cavendish Road Depot, driven by day-to-day repairs, materials, statutory safety checks, and essential compliance works, together with minor non routine items including heating, air-conditioning, and wash-down bay drainage works. An increase in repair costs of £50K has been incorporated into the 2026/27 budget.
- **Vehicle Hire £77K (Increased Expenditure)** – The pressure on vehicle hire costs is due to seasonal needs and unplanned vehicle downtime. Caged tippers are hired each year to support the green waste leafing programme, transporting leaves to the transfer station. Although normally required for a short period, this year they were also used for delivering food waste caddies, extending the hire period. Previously, these costs were covered by in year underspends, and this year they are offset by surplus commercial transfer station income (para 4.1.3). Additional costs also arose from hiring replacement sweepers, as both compact sweepers were out of service for several weeks during peak leafing season. These extra hire costs will also be funded from surplus commercial transfer station income.
- **Shared Legal Services £54K (Increased Expenditure)** - Shared legal services charges are higher than budgeted based on spend incurred to date, the full year pressure is currently projected at circa £80K, split £53.6K to the General Fund and £26.4K to the HRA. The service is charged on hours worked

and relates to higher volume or work than predicted. The most significant areas of demand relate to repairs and voids management, estates related matters and HR cases.

- **Local Government Reorganisation (LGR) £51K (Increased Expenditure)** – The Council estimated a cost of £50K for supporting LGR and a further £51K cost is projected. These costs reflect the additional capacity, professional support, and preparatory work required to meet statutory and programme requirements associated with LGR.
- **Skips Income £35K (Reduced Income)** – Income from skips has continued to decline during the year, with only £5K generated year to date against the budget. This reflects an ongoing reduction in demand for the service. The 2026/27 budget has been reduced to reflect a lower level of activity.
- **Credit Card Fees £29K (Increased Expenditure)** - The increase in credit card fees reflects higher car park usage during the year (£141K increase see para 4.1.3), resulting in increased transaction volumes and associated merchant charges. Members should note that the Council migrated to a new credit card processing contract in December and savings are projected for 2026/27.
- **Postal Vote Re-application Costs £27K (Increased Expenditure)** – The overspend relates to costs incurred in delivering the postal vote re-application process. The Electoral Commission states that, UK postal voters must re-apply every three years as previously postal votes used to last indefinitely. This has involved additional administration, correspondence, and verification activity during the year. This additional budget requirement will be built into the future budget setting process for every third year. These costs are partially offset by government New Burdens funding.
- **Contract Payments £19K (Increased Expenditure)** – The variance relates to increased fees for enforcement officers delivering on-street parking services following the commencement of a new contract in January 2026. The revised contract rates resulted in costs being higher than those assumed within the current year budget. Members should note the 2026/27 budget has been increased to reflect the revised contract rates.
- **Other Variances £13K Overspend** – a combination of small variances across the service.

4.1.3 The reasons for the underspend or increased income are detailed below:

- **Shared ICT Service £51K (Reduced Expenditure)** – The underspend reflects a combination of in-year staffing and non-pay efficiencies. The primary driver has been one-off salary savings arising from the timing in recruiting to vacant posts, alongside lower than anticipated costs for software licences across both shared and service specific budgets. It is proposed that out of total £201K underspend, £150K is transferred to reserves to support MS Training rollout in 2026/27 leaving £51K being declared in Q3. This will fund fixed-term posts to support the Microsoft training rollout.

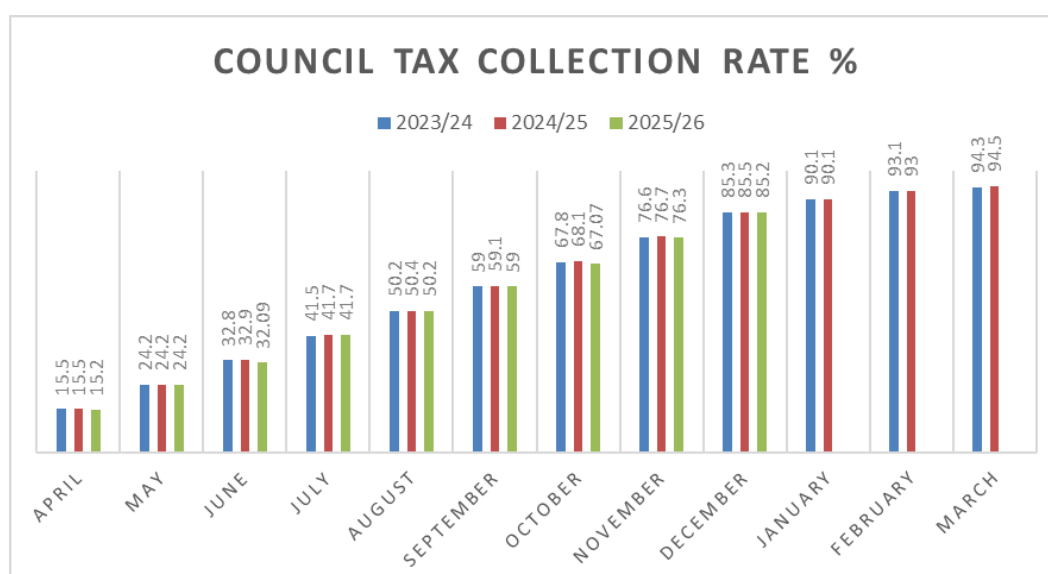
- **CCTV Income £59K (Increased Income)** - Following approval by the CCTV Board, the out of hours (OOH) service is now recharged directly through the partnership, instead of invoicing via the company. This change has resulted in additional income being recognised within the partnership (rather than company), with, partner contributions for the current financial year being adjusted and refunded.
- **Parking Income £141K (Increased Income)** – Parking income has performed well during the year, with the majority of car parks exceeding budget, although this has resulted in higher card fees as set out above. This has been supported by additional income from commercial deals alongside the initial impact of recently implemented fee increases. Railway North car park has seen increased usage, reflecting higher demand for longer-stay parking and commuter activity in the area. In addition, income from on street town centre ticket machines increased in the Q3 and is expected to remain broadly stable for the remainder of the year.
- **Commercial Transfer Station Income £143K (Increased Income)** – In September 2025, a commercial operator commenced a trial arrangement with the Council to use the transfer station for the disposal of waste. Between September and December, over 2,000 tonnes of waste was taken. It is expected that the monthly tonnages will remain in line with these figures for the rest of the year. Subject to the successful completion of the trial and the agreement of a permanent contract, this arrangement is expected to generate additional ongoing income of approximately £230K in 2026/27, partly offset by increased operational costs. This impact will be reflected in a future monitoring update report and contribute to future years saving targets.
- **Interest on Investment £249K (Increased Income)** - based on the Council's latest cashflow projections, investment returns are expected to remain above the original budget assumptions for the remainder of the financial year. This is due to slippage on capital expenditure and also holding reserves balances.

The cumulative changes made to the General Fund net budget, remain within the £400,000 increase variation limit delegated to the Cabinet as shown in the table below.

Cabinet Delegation - General Fund	£'000
Original Net General Fund Budget	10,754
Previously approved Budget Changes	(168)
Revised GF Budget agreed	10,585
Quarterly monitoring Q3 projection	68
Updated GF Budget	10,654
Increase Variation Limit Delegated	400
Variations to date	(100)
Within Cabinet Delegated Limit	500

4.2 Collection Fund

- 4.2.1 The Council is responsible for the collection of both Council Tax and Business Rates, also known as National Non-Domestic Rates (NNDR), which are administered through the Collection Fund. Income from these sources is monitored throughout the year and compared against the anticipated levels set during the budget-setting process.
- 4.2.2 Although the income credited to the Council's General Fund revenue account is determined through the annual Council Tax precept (approved each February) and the NNDR1 government return (which sets the Council's share of business rates income), any difference between actual and budgeted income is held within the Collection Fund. These variances are then carried forward as either a surplus or deficit and subsequently released to, or recovered from, the General Fund in future financial years.
- 4.2.3 **Council Tax Receipts**
- 4.2.4 Council Tax income is collected on behalf of all precepting bodies (Stevenage Borough Council, Hertfordshire County Council, and the Hertfordshire Police Authority) and distributed in accordance with the approved precepts.
- 4.2.5 For 2025/26, the total Council Tax liability raised for collection (after allowing for discounts, exemptions, and reductions) amounts to £65.737 Million, of which £7.100 Million (10.8%) represents the Council's share.
- 4.2.6 Monitoring performance involves assessing the proportion of cash collected at the end of each accounting period, expressed as a percentage of the total amount billed. This is compared against historical collection trends to determine whether current performance is on target, exceeding expectations, or underperforming.
- 4.2.7 The graph below shows how current year collections compare against previous years:



4.2.8 As at the end of December 2025, total Council Tax collections equated to 85.2% of the total liability (85.5% 2024/25 and 85.3% 2023/24), which is only marginally below the corresponding percentage collected in December in previous year.

4.2.9 Council Tax – Tax Base

4.2.10 The Council Tax Base represents the estimated number of chargeable properties within the Borough, adjusted for discounts, reliefs, and exemptions, and expressed as a number of band D equivalent properties. This figure is further adjusted to reflect the assumed collection rate, accounting for potential bad debts.

4.2.11 For 2025/26, the approved tax base was 29,155 Band D equivalent properties (prior to adjustments for non-collection). This will vary in practice and any variation between the forecasted and actual number of chargeable dwellings will result in either a surplus or deficit within the Collection Fund which will impact on the Council's Medium Term Financial Strategy.

4.2.12 Monitoring as at the end of December 2025 shows a current tax base of 29,322, which is higher than the budgeted tax base. The projected surplus for 2025/26 was revised as part of the 2026/27 budget and a return to the General Fund of £74.7K was assumed in 2026/27.

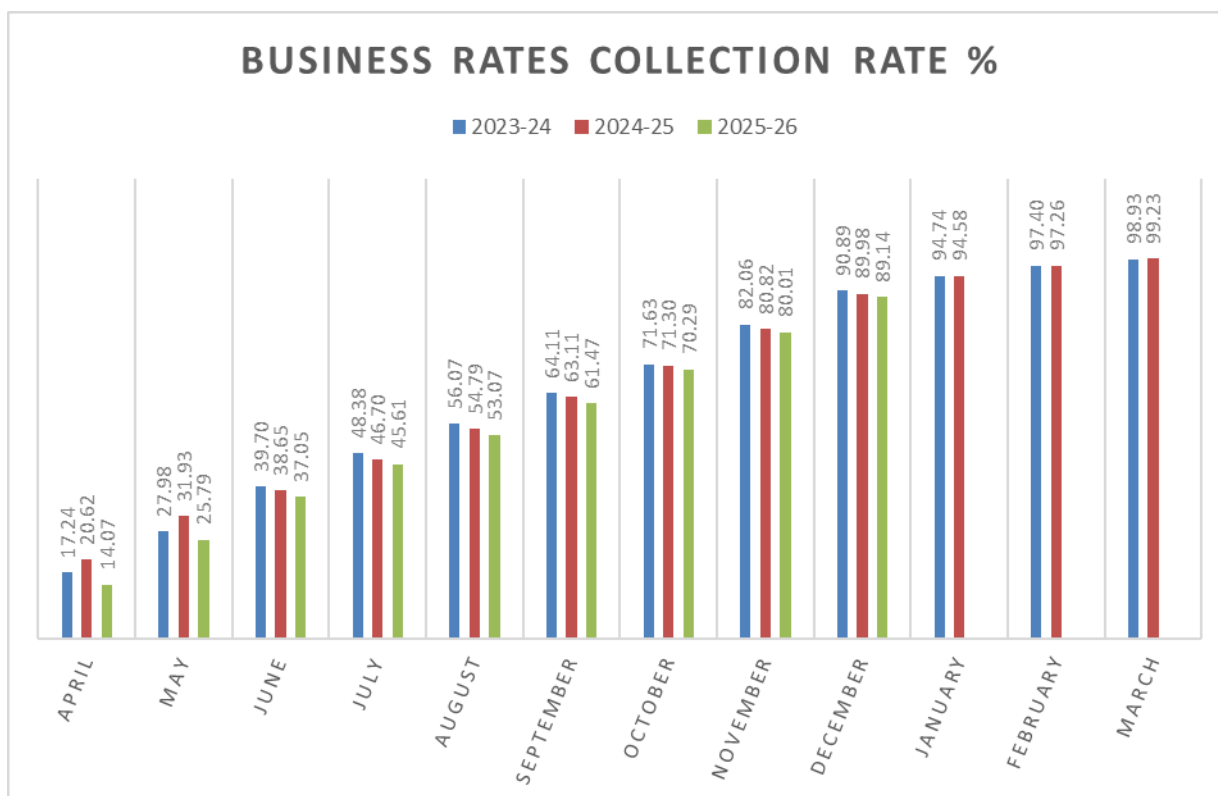
4.2.13 Council Tax Forecast

4.2.14 Although the current in-year collection rate of 85.2% is slightly below the 86% target, the projection for the in-year Council Tax position has not changed much in comparison to what was reported in 2026/27 Budget Setting report in February 2026.

4.2.15 Business Rates

4.2.16 The 2025/26 projected business rate gains were £1.239Million and as part of the budget setting 2026/27 report this was projected to reduce by £286K. As at Quarter Three the deficit has increased to £371K, giving an anticipated gain for 2025/26 of £868K . The final position may change depending on various factors like collection rates, discounts, deletions, or additions of properties.

4.2.17 The following table illustrates the business rates collection rate achieved to the end of December 2025, compared with the same period in previous years:



4.2.18 Analysis shows that the collection rate for December 2025 stands at 89.14%, which is above the Quarter 3 target of 89%, and represents a marginal decrease compared with strong collection rates achieved in previous years (89.98% in 2024/25 and 90.89% in 2023/24).

4.3 Review of General Fund Balances

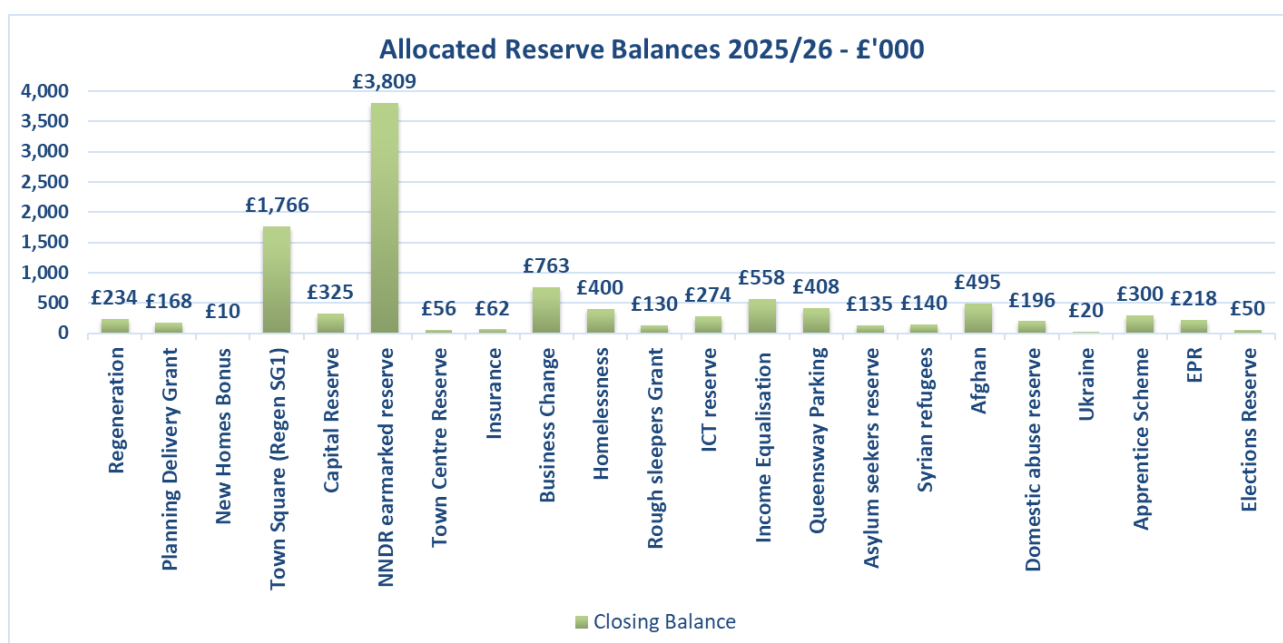
4.3.1 **Allocated Reserves** - these balances are 'ring fenced' and have been set aside for specific purposes. The estimated total value of (revenue) allocated reserves as at 31 March 2026 is £10,516,827 (31 March 2025, £11,030,040). During quarter three, the following movement between reserves have been recommended and are not included in the under/overspends in the report.

	Q3 To Be Approved
Regeneration SG1	(95,630)
Planning Delivery Grant	(65,000)
Business Change	324,230
ICT Reserve	(132,000)
Commercial property reserve	40,510
Total	72,110

*() represents movement to reserves

- **Regeneration SG1** – the forecast transfer to reserves for the year is based on the latest activity profile for 2025/26.

- **Planning Delivery** – the approved budget included an expected drawdown from reserves to support Planning Policy activity, primarily to fund contract payments and consultant support associated with the Local Plan. During the year, the team secured external funding from MHCLG, which was used to backfill a Planning Officer post and extend agency capacity. This reduced the level of reserve funding required, resulting in a transfer back to reserves of £65K.
- **Business Change** – as part of the approved Localities Review, redundancy costs were included within the original financial modelling and netted off against future savings arising from the restructure. Exit costs were initially estimated to be in a range of £172K - £230K. Following implementation, the actual cost was £321K (£86K has already been reported in previous monitoring reports). The recommendation contained within the report to implement the Localities Review identified the costs should be met from the Business Change reserve. In addition to the costs identified above a further £48K of investment is required for the Housing system NEC to the Cloud project partly funded through Future Councils digital government grants previously awarded.
- **ICT Reserve** – as set out earlier in this report, a transfer to reserves has been proposed for the MS Training rollout in 2026/27.
- **Commercial Property Reserve** – this has been utilised to support one-off repair costs identified within the repairs and maintenance as set out earlier in this report (para 4.1.2). These costs primarily relate to additional reactive repairs arising from the conditions of aging commercial property stock.



4.3.2 General Fund Balance – Following the 3rd quarter review the General Fund balance as at the 31 March 2026 is now forecast to be £6,671,701.

General Fund Balances	Working Budget £'000
Original Net General Fund Budget	10,754
Approved budget changes	(168)
Net Working budget approved to Date	10,585
3rd Quarter Review	68
Total Net Expenditure post Q3 review	10,654
Less core resources at Budget Setting Report	(10,820)
Transfer (to)/from General Fund balances	(166)
General Fund balance 31/3/25	(6,506)
Transfer (to)/from General Fund balances	(166)
Projected General Fund balance 31/3/26	(6,672)
Allocated Revenue Reserves (Paragraph 4.3.1)	(10,517)
Total General Fund Revenue balances (estimated 31/3/26)	(17,189)

4.3 **Review of Savings** – As part of the 2025/26 budget setting, the Council agreed savings of £1.245 Million. The table below represents the RAG rated delivery of those schemes.

Target	RAG		% of Target
1,245,450	Delivering	1,205,450	97%
	Partially Achieving	-	0%
	Not Achieving	40,000	3%
1,245,450		1,245,450	

4.3.1 Based on the third quarter expenditure position, the Council is on track to deliver the majority of its planned savings which equates to 97%. However, one savings scheme is not expected to meet its savings target:

- **Indoor Market** – the savings associated with the relocation of the Indoor Market to Park Place will not be fully realised in 2025/26 (see also paragraph 4.1.2), while the market has now opened the full saving will be delivered in 2026/27.

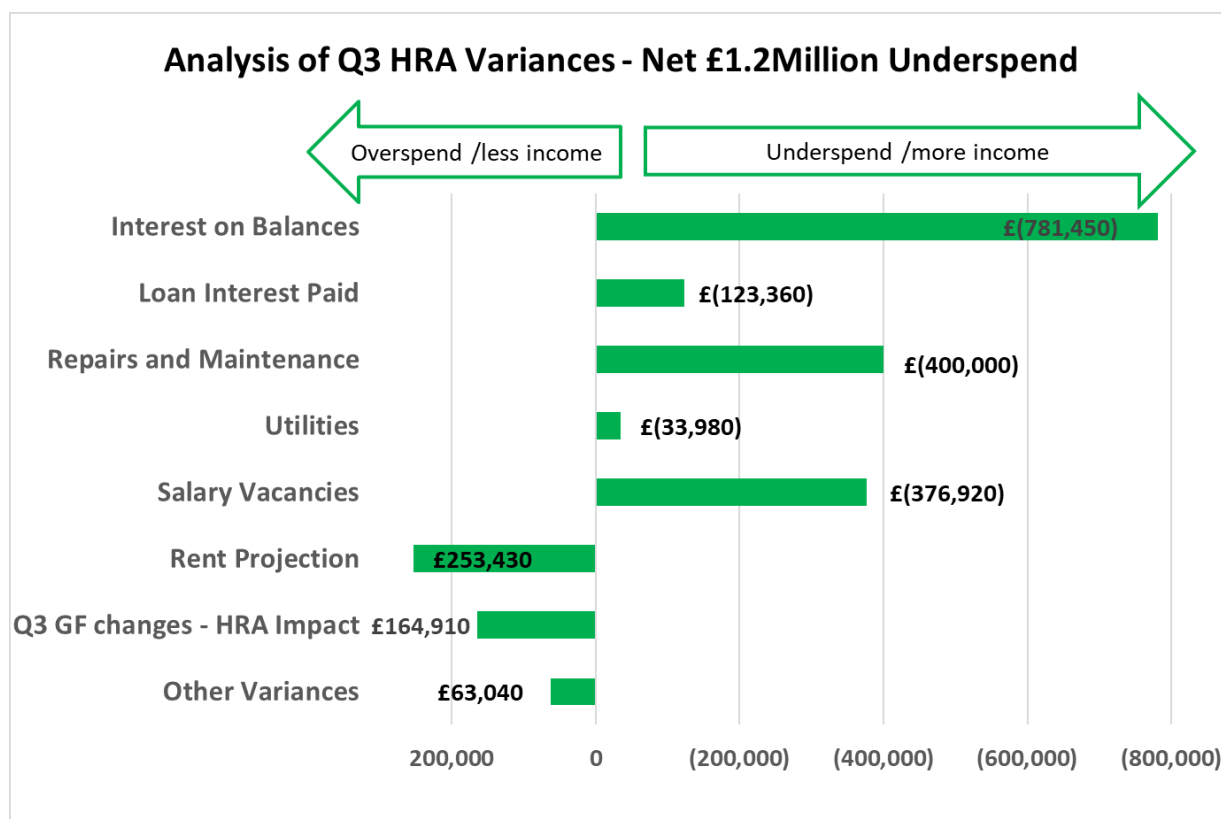
4.4 Housing Revenue Account

4.4.1 For 2025/26 the Housing Revenue Account (HRA) net budget deficit of £668K was approved at Council in January 2025, since then Members have further approved a net reduction of £80K shown in the following table.

HRA Working Budget	£'000
Original Budget 2025/26	668
24/25 Q4 Carry Forwards	120
1st Quarter Net Projected Underspend	(36)
2nd Quarter Net Projected Underspend	(165)
Total Working Budget	588

4.5 Housing Revenue Account - Budget Review

4.5.1 Following the third quarter review of revenue budgets officers have identified and projected the following budget movements.



4.5.2 **Interest on Balances £781K (Increased Income).** The HRA is credited with investment income earned on its reserve balances, in the financial year the budget was reduced at the 2nd quarter by £700K assuming more internal borrowing due to higher PWLB rates. Since then, a combination of higher sales of RTB properties in the year (an estimated 102 properties against a previous budget of 75) and the timing of capital expenditure have led to larger balances than previously forecast and this has substantially increased investment income for the HRA in this year. However, the latest HRA business plan anticipates that reserve levels will fall in future years, so investment income will reduce as the capital reserves are invested in new and existing housing stock.

4.5.3 **Loan Interest Paid £123K (Reduced Expenditure).** The latest projection for the timing and amount of anticipated loans required in the HRA has given a

small reduction of £123K to the annual budget of £8.6Million. This is purely driven by the timing of new debt at lower rates than planned, due to short term borrowing and does not currently change the longer term projections detailed in the HRA 30 year business plan.

4.5.4 Repairs and Maintenance £400K (Reduced Expenditure). There has been a period of increased maintenance cost, seen in last year's outturn, and this has led to intensive cost control work including re-tendering of contracts. While cost pressures still remain in this area, driven by both demand and new regulations, repairs and maintenance costs are currently projected to be slightly less than budgeted by a net £400K on a budget of £7.8Million. This consists of:

- **Responsive Repairs £276K (Reduced Expenditure).** There is currently a forecast underspend on responsive repairs of £276K, on a total budget of £3.4Million. This activity is demand led and has a level of variability, so it will continue to be monitored closely until the year end to confirm this projected underspend.
- **Disrepairs £250K (Reduced Expenditure).** The initial 2025/26 budget of £600K to cover disrepair works, legal and compensation costs was increased to £800K, based on the number of cases experienced in last year. However, the number of cases has reduced from approximately 50 in 2024/25 to 22 so far in this year and the cost of works has fallen from £9K per case to £5K, after the introduction of a newly procured contractor. This has combined to give a projected budget saving in this area of £250K.
- **Damp and Mould £250K (Increased Expenditure).** This area is now subject to increased regulation and operating standards with the introduction of Awaab's Law in October 2025. Initially, £625K was budgeted to cover these works and earlier in the year this was reduced to £600K reflecting activity at that time. However, current projections and outstanding work orders show an expected £250K budget pressure for the year.
- **Repairs and Maintenance Trading Account £124K (Reduced Expenditure).** The trading account recharges the HRA for £6.7Million of repairs costs. The latest projections show budget savings of £124K across salaries, subcontractor costs, and materials.

4.5.5 Utilities £34K (Reduced Expenditure). The latest forecast for both gas and electricity has been included in the projection and show an overall small reduction of £34K, based on a £1.2Million budget for the year.

4.5.6 Salary Vacancies £377K (Reduced Expenditure). There is a £377K variance on the budget of £13Million representing a 2.9% underspend for the year. The largest variance of £331K mainly relates to new posts that have been included in response to new regulations and service improvement. Officers are considering business and legislative requirements when recruiting and it is anticipated that these posts will be in the coming months.

4.5.7 Rent Projection £253K (Reduced Income). The latest rent and service charge projections show a reduction in income of £253K or 0.5% variance against a budget of £54.1Million. Of this reduction, £174K relates to the timing of new property developments, with delivery of three schemes now expected in

2026/27 and not 2025/26. There has also been a further loss of £120K, due to the number and timing of RTB sales being higher this year due to discount changes in November 2024. Finally, there has been an improved void property performance to partly offset this with less rent lost during reletting of properties than originally budgeted.

4.5.8 Quarter 3 General Fund Changes – HRA impact £165K (Increased Expenditure). As detailed in para. 4.1.2, the HRA has absorbed an increased cost of £107K relating to historic insurance claims. There has also been an increased cost for the external audit service of £26K for the HRA that is also detailed in para 4.1.2 . The remaining £32K relates to smaller changes to General Fund budgets recharged to the HRA and included in the variances detailed earlier in the report.

4.5.9 Other Variances £63K (Increased Expenditure). There are net other variances in the account of £63K, with the largest single amount of £50K relating to an increased cost for decanting tenants from properties. This is linked to the introduction of new regulations and has been reflected in budget growth for 2026/27. However, this will need to be monitored to ensure that the budget can meet the new operational and legislative requirements.

4.6 Housing Revenue Account Balances

4.6.1 Following the third quarter review, the HRA balance is now forecast to be £11.6Million and is above minimum required balances.

Housing Revenue Account Outturn Position	£'000
Working Budget – Q2 Report	588
3rd Quarter Net Projected Underspend	(1,234)
Projected net Surplus post 3rd Quarter review	(646)
HRA balance brought forward 01/04/25	(10,926)
Surplus in year	(646)
Projected HRA balance 31/03/2026	(11,572)
Remaining Cabinet Delegated Limit	1,934

4.7 Capital Monitoring

4.7.1. The latest approved 2025/26 capital strategy for each fund before the proposed changes below was:

- General Fund £30 million
- Housing Revenue Account £41 million

4.7.2. The table sets out the current projected position for the Capital programme 2025/26 and any proposed rephasing of budgets at Q3 into future years.

	2025/26				2026/27		2027/28	
£000	Actual Spend Q3	Approved Capital Strategy	Q3 Revised Strategy	Variance	Re-phased	Q3 Revised Strategy	Re-phased	Q3 Revised Strategy
Total GF Schemes	19,117	29,831	26,870	(2,961)	3,260	50,722	-	30,918
Total HRA Schemes	17,658	40,557	32,794	(7,762)	7,762	83,397	-	45,799
Total Capital Programme	36,775	70,388	59,664	(10,723)	11,022	134,119	-	76,717
<i>Re-phase detail:</i>								
Environment & Leisure			(448)	698			-	
Land, Development & Neighbourhood Regeneration			(950)	950			-	
Technology			(25)	25			-	
Regeneration			(1,095)	1,095			-	
Planning & Regulation			(322)	392			-	
Deferred works reserve			(120)	100			-	
Total GF Re-phasing			(2,961)	3,260			-	
Investment in existing stock			(4,340)	4,340				
New Build (Housing Development)			(3,422)	3,422			-	
Total HRA Re-phasing			(7,762)	7,762			-	

Re-phasing

4.8. Re-phasing (re-profiling) of budgets are changes regarding the forecast timing of expenditure from the approved programme, between financial years, with no reported increase or decrease in budget requirement.

4.8.1. Forecasting spend during the year involves making assumptions about future events that may be out of the control of service managers e.g. weather, thus re-phasing is a normal part of capital monitoring.

4.8.2. General Fund – re-phasing £3 million - the main items are explained below:

- **Environment & Leisure** – re-phasing of £500k for Flat block recycling which is funded from grants into 2026/27. This is a varied and complex project delivery of which has now slipped into 2026/27.
- **Land, Development & Neighbourhood Regeneration** - Kenilworth – Malvern Close - £950k re-phased into 2026/27. Progress on site has been slower than planned due to delays in securing an easement with the utility supplier
- **Regeneration** - £1.1million spend on the Stevenage Sports & Leisure Club has now been rephased into 2026/27 to reflect the latest cashflow forecast .

4.8.3. HRA – re-phasing £7.7 million - the main items are explained below:

- **Housing Development (HRA)** – £4.3Million – Brent Court, delays from the Building Safety Regulator in providing Gateway 2 Approval have limited

progress on site. This is due to the additional higher safety protocols for higher buildings.

- **Housing investment in existing stock** – £3.4Million - High Rises - Improvement Works, the discovery phase has now been completed and work on the modelling and feasibility reports for all options is being developed. Final approval on schemes is anticipated to be in July 2026 to start procurement to deliver the project. This means the budget for the construction costs has been slipped into 2026/27.

4.9. Virements and Updates to note.

4.9.1. Members are asked to approve the following:

4.9.2. General Fund:

- Improvements to vehicle and pedestrian movements at Cavendish Road have been identified following a recent safety review. To enhance operational safety, a proposal has been developed to install a traffic-light-controlled system at the main gate and provide a dedicated safe pedestrian route to the weighbridge terminal. The estimated cost of approximately £20K can be met from the deferred works reserve.
- A budget of £70k for the completion of the 2024/25 ANPR barrier upgrade in the Council's car parks was removed from the final capital strategy in error. This is requested to be reinstated and funded from the deferred works reserve.
- The CCTV upgrade budget has been increased to include contributions from CCTV partnership authorities and Hertfordshire CCTV Ltd - £230k

4.9.3 Following the virements from the deferred works reserve the total remaining budget is £29K.

4.10. Capital Financing

4.10.1. The table below sets out the change proposed to the approved Capital Financing, because of changes to the expenditure phasing discussed above. Additional capital receipts from right to buy sales have enabled a reduction in borrowing and reliance on revenue contributions for the HRA.

£000	2025/26			2026/27		2027/28	
	Approved Capital Strategy	Q3 Revised Strategy	Variance	Re-phased	Q3 Revised Strategy	Re-phased	Q3 Revised Strategy
Total Capital Financing	70,388	59,664	(10,723)	11,022	134,119	-	76,717
Changes detail:							
Capital Receipts			(474)	485		-	
Grants and Contributions			(884)	1,172		-	
Short Term Borrowing			(825)	825		-	
RCCO & Revenue Reserves			(778)	778		-	
Total GF Financing changes			(2,961)	3,260		-	
MRR			(142)	-		-	
Capital Receipts			(513)	655			
Borrowing			(4,737)	4,737			
Grants			(2,370)	2,370			
Total HRA Financing changes			(7,762)	7,762		-	
Total Capital Financing			(10,723)	11,022		-	

4.11. Capital Receipts Forecast

4.11.1. The table below summaries the current capital receipts forecasts for the General Fund. These include capital receipts already ringfenced for future capital works or for the repayment of short-term internal borrowing.

Capital Receipts	Previous Forecast £000	Revised Forecast/Actual £000	Variance £000
Capital Receipts (GF)			
Year 2025/26 Forecast	2,057	2,047	(11)
Year 2026/27 Forecast	3,560	5,533	1,973
Year 2027/28 Forecast	36,314	41,716	5,402
Year 2028/29 Forecast	11,568	3,594	(7,974)
Year 2029/30 Forecast	-	199	199
Total Capital Receipts (GF)	53,499	53,089	(411)
2025/26 HRA Right to Buy Forecast	18,000	18,000	-
2026/27 Other Capital Receipts Forecast	500	500	-
Total Capital Receipts (HRA)	18,500	18,500	-

4.11.2. Until sold, the value of land sales can fluctuate from the forecast as can be seen. Significant receipts from right to buy have been received 2025/26 as a result of demand linked to changes in purchasing conditions. These receipts will be re-invested in new dwellings to replace sold properties. It is expected that sales will fall to less than 10 properties per annum from 2026/27.

4.12. Pavilions Related Fees & Charges 2026/27

- 4.12.1. Pavilions, Parks, and Playing Field Fees & Charges for 2026/27 are set out in Appendix C, for implementation during 2026/27 depending on the start of the season.

5 IMPLICATIONS

5.1 Financial Implications

- 5.1.1 This report is financial in nature and consequently financial implications are included above. The impact of these changes for future years will be incorporated into the budget setting process.

5.2 Legal Implications

- 5.2.1 The objective of this report is to outline the projected General Fund net expenditure, HRA and Capital Strategy for 2025/26 and the impact on the General Fund and HRA balances. While there are no legal consequences at this stage Members are reminded of their duty to set a balanced budget.

5.3 Equalities and Diversity Implications

- 5.3.1 This report summarises external and internal factors that impact on approved budgets and recommends changes to those budgets in year. Budget changes identified for future years that could adversely impact on groups covered by statutory equality duties will be incorporated into the budget setting process which includes Equality Impact Assessments (EqIA). None of the budget changes reported will change any existing equalities and diversity policies.

5.4 Risk Implications

- 5.4.1 A risk-based assessment of balances is undertaken and reported to Council as part of the General Fund Budget setting process. Both the General Fund and HRA balances are projected to be above minimum levels.

5.5 Policy Implications

- 5.5.1 The budget framework represents a development of a policy led budgeting approach across Council services and the overall Medium Term Financial Strategy.

5.6 Climate Change Implications

- 5.6.1 The Budget and Policy setting process prioritised growth for climate change. The process should have due regard for climate change implications based on the Council's Climate Change Strategy. There are no direct climate change implications from the budget changes in this report.

6. BACKGROUND PAPERS

BD1 – Housing Revenue Account Budget and Rent Setting 2026/27 (Council 21 January 2026)

BD2 – General Fund and Council Tax Setting 2026/27 and Capital Strategy 2025/26 to 2029/30 (Council 25 February 2026)

BD3 – 2nd Quarter Monitoring Report for General Fund, Housing Revenue Account and Capital Monitoring 2025/26 (Cabinet 12th November 2025)

Appendices

- A General Fund Capital Strategy Q3 (2025/26)
- B HRA Capital Strategy Q3 (2025/26)
- C Fees and Charges 2026/27