Part I – Release to Press

Meeting:	**CABINET**	**Agenda Item:**	
Portfolio Area:	Resources and Performance		
Date:	**15 July 2026**		

OUTTURN Q4 MONITORING REPORT FOR GENERAL FUND, HOUSING REVENUE ACCOUNT, CAPITAL, AND GROUP COMPANIES.

KEY DECISION

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1 PURPOSE

1.1 To update Members on the 2025/26 outturn positions for the General Fund (GF), Housing Revenue Account (HRA), Capital, and the Council's Subsidiary Companies and to seek approval for changes to 2026/27 working revenue budgets. The revenue, capital and company spends included within this report are still subject to completion and audit of the 2025/26 statement of accounts.

1.2 To update Members on the Council's reserves and balances available to support revenue expenditure and/or the financial resilience of the Council.

2 RECOMMENDATIONS

2.1 General Fund

2.1.1 That it is to be noted that all the financial data is subject to the 2025/26 Statement of Accounts audit.

2.1.2 That the 2025/26 actual General Fund (GF) net expenditure of £10.078 Million be noted.

2.1.3 That the 2025/26 actual core resources (government grants, business rates and council tax) of £11.144 Million be noted (paragraph 4.4.1).

2.1.4 That carry forward/spend requests into 2026/27 totalling £309,150 be approved for the General Fund (paragraph 4.3).

2.1.5 That the 2025/26 transfer to reserves of £3.169 Million be approved for the General Fund (paragraph 4.7.1).

2.1.6 That Members note the transfer from General Fund reserves to allocated reserves in 2025/26 of £2.92 Million as detailed in paragraph 4.7.1.

2.1.7 That the 2026/27 transfer from reserves of £1.015 Million as set out in paragraphs 4.6.1 and 4.6.5 be approved.

2.1.8 That Members approve the changes to the 2026/27 budget of £117,030 as set out in the table in paragraph 4.6.

2.2 Housing Revenue Account

2.2.1 That the 2025/26 in year HRA surplus of £1,543,209 be noted, subject to the audit of the Statement of Accounts.

2.2.2 That carry forward requests of £783,140 (paragraph 4.11) are approved.

2.2.3 That the 2026/27 revised HRA budget of £942,260 deficit is approved as set out in paragraph 4.12.3.

2.3 Capital Programme

2.3.1 That the General Fund capital budget re-phasing of £4.4 Million from 2025/26 to future years be approved.

2.3.2 That the Housing Revenue Account capital budget re-phasing of £2 Million from 2025/26 to future years be approved.

2.3.3 That the new growth item detailed on paragraph 4.17.2 be approved.

2.3.4 That the virements totalling £177K detailed on paragraph 4.17.3 be approved.

2.3.5 That the changes in Capital Financing in paragraph 4.18 be approved for 2025/26 and 2026/27.

2.4 Council's Subsidiary Companies

2.4.1 That Members note the 2025/26 outturn position for the Council's subsidiary companies as set out in paragraph 4.20.

3 BACKGROUND

3.1.1 In March 2026, as part of the Quarter three monitoring report the Cabinet approved the working budgets for the GF, HRA and Capital as set out in the table below.

	GF	HRA	Capital GF	Capital HRA
	£'000	£'000	£'000	£'000
Q3 monitoring	£10,654	£646	£26,870	£32,794

3.1.2 The Accounts and Audit Regulations set out the requirements for financial management, the preparation of annual accounts, and audit procedures. Under the amended regulations, there is no longer a requirement for Member approval of the Statement of Accounts prior to the completion of the external audit. Instead, only the Responsible Financial Officer is required to certify the presentation of the unaudited annual accounts before they are submitted for external audit. The draft accounts were published by the deadline 30 June 2026 and available to view on the Council's website.

3.1.3 Each financial year Stevenage Borough Council is required to produce and publish a draft set of accounts, allow public inspection of the draft accounts, have the draft accounts audited and to subsequently publish the final audited set of accounts. The deadlines set under regulation for the accounts prepared for the 2025/26 financial year are:

- publish draft set of accounts one day prior to the start of public inspection (30 June 2026).
- public inspection to start no later than 1 July 2026 for a period of 30 working days.
- completion of audit and publication of audited accounts by 31 January 2027.

3.1.4 The performance of subsidiary companies and relevant joint ventures has been reported through the individual governance arrangements in place for each entity. These have now been consolidated and reported in summary in paragraph 4.20 and a further report to Members will be included in a Council companies update to the September Cabinet. An overview of the performance of these entities reported through their governance arrangements, including any implications for the Council will be included in future reports to improve transparency and oversight. The Council's subsidiaries and joint arrangements are included in the Statement of Accounts.

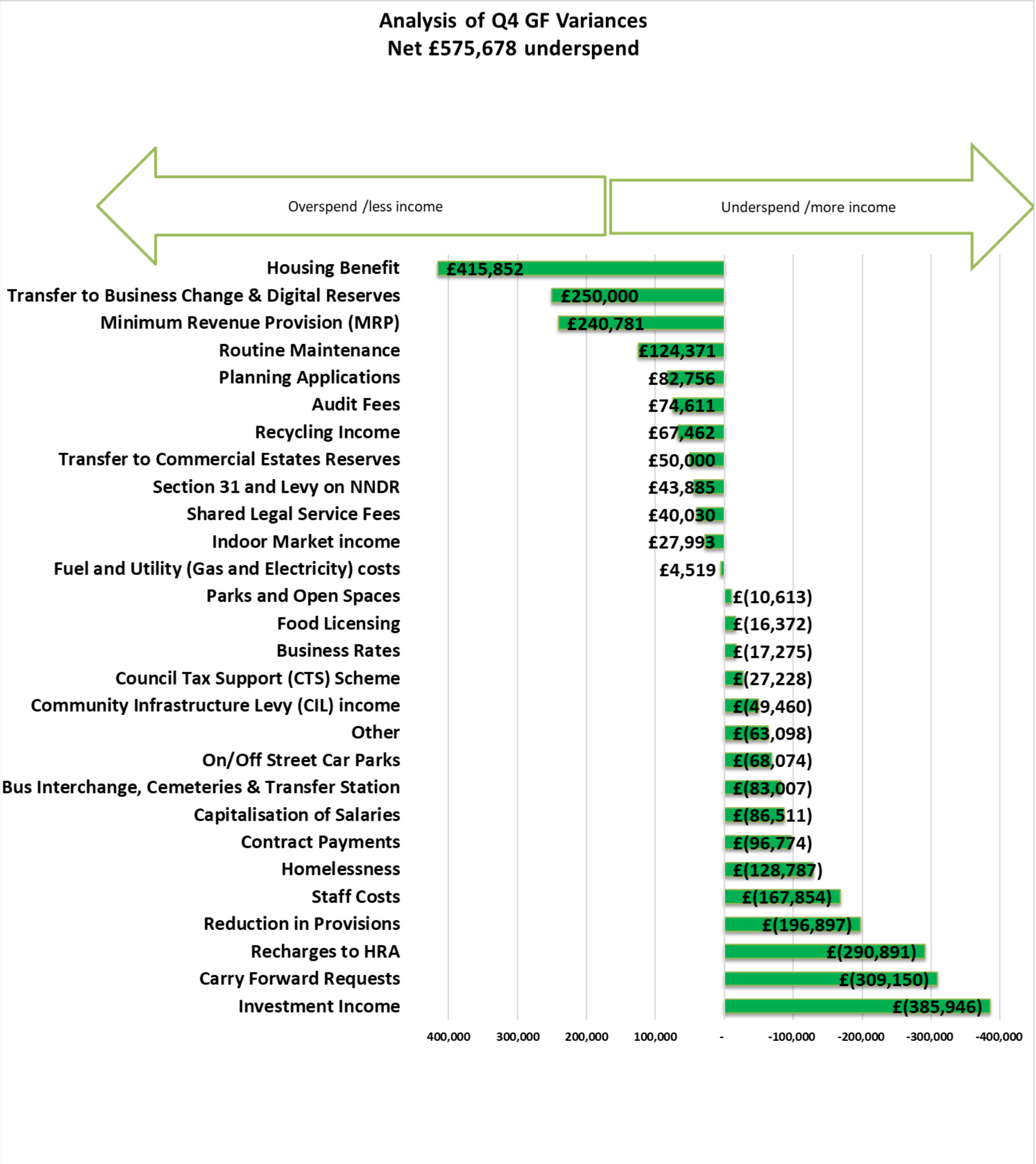
4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 General Fund 2025/26 outturn

4.1.1. The 2025/26 actual General Fund Net Expenditure was £10,078 Million, compared to a budget of £10,654 Million. The in-year underspend (which includes carry forward requests) was £576K. The overall increase in surplus was £649K which includes an increase in core resources of £73K as set out in para. 4.5.

4.2. Analysis of variances

4.2.1. A high-level summary of the over and underspends split by the cost categories are shown in the chart below.



4.2.2. The primary reasons for the variances are detailed below:

I. **Housing Benefit £416K Overspend** – relates to an increase in subsidy shortfall arising from a rise in supported housing provision within Stevenage and is part of a national trend affecting many Local Authorities. While Housing Benefit covers the accommodation provision, it does not fully reimburse the Council for the supported accommodation element, resulting in a funding gap. Officers are monitoring the position closely on a monthly basis to assess what the ongoing financial impact and any implications for future budgets will be included in the Medium-Term Financial Strategy (MTFS).

II. **Transfer to Business Change & Digital (BC&D) reserves £250K** – the CFO recommends that part of General Fund underspend (£250K) is transferred to BC&D reserve. The reserve will support investment in business change, digital transformation and process improvement initiatives, helping to ensure the Council is well prepared for Local Government Reform with improvements in service efficiency and resilience.

III. **Minimum Revenue Provision (MRP) £241K Overspend** – £223K relates to the MRP required under statutory regulations, the Council's Wholly Owned Company (WOC), Marshgate, did not repay its loan to the Council in 2025/26 but is scheduled now for 2026/27, while remaining £18K belongs to the Indoor Market. The WOC MRP element has arisen due to delays to the construction of the substation and houses which impacted the sale of housing. As the loan remained outstanding at the year end, the Council was required to make an MRP charge in accordance with the regulations. This will be reversed in 2026/27 when loan is paid and paragraph 4.6 which covers the changes in 2026/27 budget already accounts for this credit back to the General Fund.

IV. **Routine Maintenance £124K Overspend** – The variance includes several one-off compliance and remedial works undertaken during the year to maintain asset condition and support continued service delivery. This also includes additional repair and maintenance works required across operational assets and properties, together with inflationary pressures on materials and contractor costs. Whilst some elements of the pressure relate to one-off works, the 2026/27 budget has already been increased by £50K to address the ongoing cost pressures identified during the year.

V. **Planning Applications £83K Reduced Income** – the reduction reflects continued challenging market conditions, including higher interest rates, increased construction costs and reduced mortgage affordability, which have impacted development activity and the volume of planning applications received.

VI. **Audit Fees £75K Overspend** – this relates to higher than anticipated fees for the Housing Benefit subsidy audit for 2021/22. The audit fee was challenged by the Council resulting in a 10% reduction.

VII. **Recycling Income £67K Reduced Income** – during Quarter four, market prices for recycled plastics fell significantly compared to budget assumptions, whilst recyclable tonnages were lower than forecast, reducing both material sales income and recycling credits received from Hertfordshire County Council. The variance demonstrates the ongoing exposure of recycling income to market conditions and commodity price fluctuations. A detailed analysis is being completed to recognise the ongoing impact.

VIII. **Transfer to Commercial Estates Reserves £50K** – it is recommended that the £50K of the overall General Fund underspend is transferred to the Commercial reserve. Historically, budgets for repairs and maintenance across the commercial property portfolio have been limited, while the estate income has grown and void rates are low there is a need to be able to deal with reactive repairs pressures as mentioned in point IV above. The reserve will provide funding to meet unforeseen repairs helping to ensure that commercial assets remain safe, operational and fit for purpose.

IX. **Section 31 and Levy on NNDR £44K net reduction in income –** Paragraphs 4.4.2-4.4.3 set out the changes to NNDR Levy and Section 31 Grant in 2025/26.

X. **Shared Legal Service Fees £40K Overspend** – the increased expenditure reflects additional demand for legal advice and support required to deliver the Council's statutory responsibilities, governance requirements and service priorities. The September Medium Term Financial Strategy (MTFS) will consider whether the further budget provision is required ongoing.

XI. **Indoor Market Income £28K Reduced Income** – the new Indoor Market at Park Place, opened in December 2025, while not all existing traders relocated to the new market, reducing occupancy and income. The Market's team is actively building a new mix of traders and increasing occupancy and based on the latest information available at the time of writing this report, there are 35 out of 43 stalls currently let, with more being marketed as the market becomes established.

XII. **Fuel and Utilities (gas and electricity) £5K Overspend** – fuel costs were £17K more than the budget, reflecting higher than anticipated fuel prices and operational demand during the year. This was largely offset by a £12K underspend on utility costs, resulting in a net pressure of £5K. The combined net variance represents less than 1% of the Council's combined fuel and utilities budget.

XIII. **Parks and Open Spaces £11K Additional Income** – this relates to additional income received for tree planting and tree maintenance works undertaken on behalf of Hertfordshire County Council during the year.

XIV. **Food Licensing £16K Additional Income** – reflecting slightly higher fee income than budgeted together with one-off income received following regulatory action undertaken by the Environmental Health team.

XV. **Business Rates paid by SBC on own building £17K Underspend –** reflects the reduction to property liabilities during the year, including a valuation reduction for the Museum.

XVI. **Council Tax Support (CTS) Scheme review £27K Underspend** – A one-off budget was approved in 2025/26 to review the Council Tax Support (CTS) banding scheme. However, in light of the proposed timeline for the Local Government Reorganisation (LGR), under which new unitary authorities are expected to be established from 1 April 2028, the Chief Finance Officer does not currently recommend implementing changes to the existing CTS scheme for a single year ahead of reorganisation. This position is subject to the Government's announcement on LGR, which is anticipated in July 2026.

XVII. **Community Infrastructure Income (CIL) £49K Additional Income** – as the level of administration income is directly linked to the value and timing of CIL receipts including associated costs, income can vary from year to year depending on development activity.

XVIII. **Other £63K Underspend** - a combination of various small underspends across the services.

XIX. **On/Off Street Car Parks £68K Additional Income** – A reduction in income had been anticipated as a result of planned works around Corey's Mill, these works were delayed and the expected impact on parking demand did not materialise. The increase in income represents 1.2% of the total income budget.

XX. **Bus Interchange, Cemeteries & Transfer Station £83K Additional Income** – the favourable position includes £24.5K from Cemeteries and £18K from the Transfer Station, reflecting higher levels of activity and demand than assumed within the revised budget. A further £40K relates to the Bus Interchange and arose from the final negotiation and settlement of exit fees, resulting in a one-off financial benefit recognised in 2025/26.

XXI. **Capitalisation of Salaries £87K Underspend** –a greater proportion of staff time than anticipated was recorded against capital projects during the year. This primarily reflects increased Property team and ICT staff time in delivering the Council's capital programme reducing costs charged to the General Fund.

XXII. **Homelessness £129K Underspend** – Grant of £49K was awarded to the Council in March to complete a Supported Housing Strategy. This has been transferred to ringfenced reserves, as the work is due to be completed in 2026/27. The remainder of the variance is due to correction of Housing Benefit payments received that support bed and breakfast accommodation costs. These payments can be difficult to predict due to the time needed to calculate entitlement and finalise payments.

XXIII. **Staff Costs £168K Underspend** – the variance represents less than 1% of the Council's total employee budget, which does include a budgeted 4.5% transitional vacancy factor.

XXIV. **Reduction in Bad Debt Provisions £197K Underspend** – the level of provision required is reviewed in accordance with the Council's bad debt methodology and adjusted to reflect the latest assessment of expected losses. The reduction in the provision primarily relates to Housing Benefit overpayment debt.

XXV. **Recharges to HRA £291K increased income** –the main drivers were the relative allocation of the Municipal Mutual Insurance (MMI) provision between the General Fund and the HRA, together with increased recharges for the shared legal services, reflecting higher levels of legal support associated with HRA repairs and voids activity during the year.

XXVI. **Carry Forward Requests £309K** – para 4.3 refers for details.

XXVII. **Investment Income £386K Additional Income –** the Council maintained higher average cash balances than originally forecast during the year. Contributing to this was reprofiling of the capital programme, together with revenue underspends, which delay the use of available cash resources. As a result, higher balances were available for investment, generating additional interest income.

4.3. Carry Forwards

4.3.1. The carry forwards/spend requested for approval by Members is £309K as shown below. This is broken down between carry forward/spend requests of £256K, and £53K timing delays.

Service Area	Carry Forwards/Spend Requests/Timing	£
Community Development	Six month fixed term post approved to support the Valour Hub bid with start date 9 March 2026.	£27,350
Planning & Regulatory	New Burdens Funding received Q4 2-26 for work relating to Smoke Control Areas to be spent in 26-27.	£24,970
Planning & Regulatory	MHCLG funding received Q4 25-26 in relation to Renters Rights Act to be spent in 26-27.	£20,780
Environment & Leisure	Funding from the Football Foundation to support works at Playzones.	£25,000
Environment & Leisure	The underspend identified and requested to contribute towards the costs for Stevenage Day 2026.	£6,000
	TOTAL Carry Forwards	**£104,100**
Climate Change	For fixed term extention of employment contract until July 2027 to provide technical capacity within Climate Change team.	£22,310
Environment & Leisure	To fund 26-27 funding shortfall required for green spaces and leisure service review changes. Funding for 27-28 has been identified.	£52,600
Parks & Open Spaces	For the Solar lighting trial at Fairlands Valley Park following the lighting survey.	£10,050
Environment & Leisure	For fixed term agency GIS Support, Grounds digital system Alloy until 31 March 27.	£37,000
HR	Top up for member training budget for new Councillors.	£8,000
Planning & Regulatory	S&B analytics - reporting system for parking to aid in analysis of capacity and usage at car parks.	£22,000
	TOTAL Spend Requests	**£151,960**
Climate Change	Unspent funds relating to Green Grants Initiative resulting from delays in issuing grants.	£22,440
Environment & Leisure	Disturbance payments for asbestos related issues and cleaning of garages that were not fully paid in year.	£13,750
Environment & Leisure	New repairs contract implemented for Garages however delays to the works resulted in an underspend.	£16,900
	TOTAL Timing	**£53,090**
	GRAND TOTAL	**£309,150**

4.4. General Fund Core Resources

4.4.1. Budgeted level of Core Funding for 2025/26 (as detailed in the table below), was £11.071 Million; the total amount included in the 2025/26 pre-audited accounts is £11.144 Million, an increase of £73K.

Core Resources	2025/26 Working Budget £	2025/26 Outturn £	Variance £
Business Rates net of tariff	(£3,335,751)	(£3,335,751)	£0
Levy payable	£651,082	£674,302	£23,220
Section 31 Grant	(£2,185,159)	(£2,252,265)	(£67,106)
Transfer to GF Balance	£0	£0	£0
Transfer from the Collection Fund NNDR	£1,232,757	£1,232,757	£0
Council Tax SBC Precept	(£7,040,510)	(£7,040,510)	£0
Transfer from the Collection Fund Council tax	£196,632	£196,632	£0
Government Grants	(£589,911)	(£589,910)	£1
Renewable Energy S31 Grant	£0	(£1,597)	(£1,597)
Redmond Review Audit Grant	£0	(£27,766)	(£27,766)
Total Core Funding Position	**(£11,070,860)**	**(£11,144,108)**	**(£73,249)**

4.4.2. Business Rates credited to the General Fund do not change in year regardless of whether all the income is realised, and any changes identified as part of the 2026/27 Budget setting (NNDR 1) and actual as at 31 March 2026 will be recognised in 2026/27 and 2027/28. The only values that change are those transactions between the Government and the Council and these are:

- The Levy - Stevenage Borough Council pays a 50% levy on all applicable 'gains' above the baseline amount or the governments assessment of what SBC should retain.

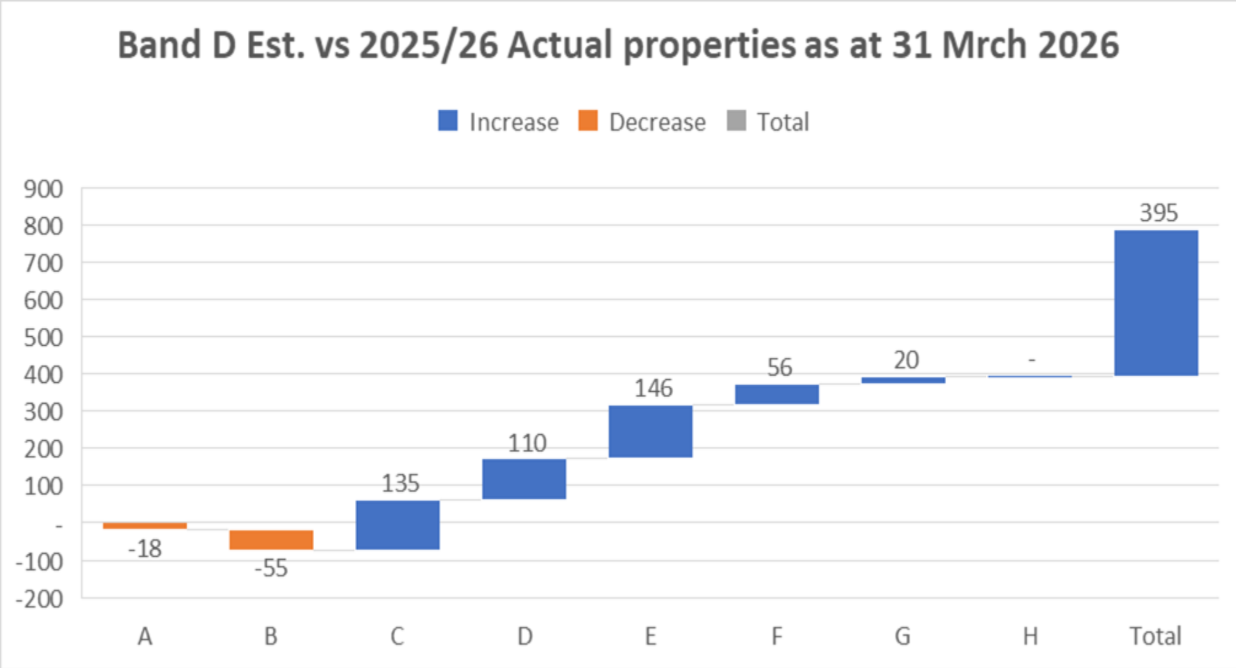
- Section 31 Grants - the government pays Council for 'lost NNDR income' because of changes to the NNDR system such as freezing the small business multiplier.

4.4.3. The table below summarises the Original Budget NNDR, the changes approved in the January 2026 NNDR 1 report and the 2025/26 actual position. The actual NNDR for 2025/26 was £4.278 Million which is £340K lower than the original estimate as a result of changes to collectable business rates in the year. This still represents a gain to the General Fund above the baseline amount of £1.3 Million. As a result of the full reset of business rates for 2026/27 no gains are projected for that year.

	Original v Projected Reported Feb 2026			included in Jan 2026 report		Actual 2025/26		
	NNDR 1 25/26 £	Projection 25/26 £	Var to NNDR1 £	25/26	26/27	25/26	25/26	27/28
Net yield	(57,060,170)	(55,718,377)	1,341,793			(55,504,245)		214,132
Stevenage share of yield	(22,824,068)	(22,287,351)	536,717		536,717	(22,201,698)		85,653
Tariff	19,488,317	19,488,317	0			19,488,317		
Share net of tariff	**(3,335,751)**	**(2,799,034)**	**536,717**	**0**	**536,717**	**(2,713,381)**	0	**85,653**
S31 grant payable	(2,210,373)	(2,185,158)	25,215	25,215		(2,226,160)	(41,002)*	
Baseline Funding Level	(2,851,146)	(2,851,146)	0			(2,851,146)		
Gains before levy applied	**(2,694,978)**	**(2,133,046)**				**(2,088,395)**		
Gains applicable for levy	(1,854,678)	(1,302,164)		0		(1,322,500)		
Levy due 50%	927,339	651,082	(276,257)	(276,257)		661,250	10,168	
			0	0		0		
Retained Business Rates	**(4,618,785)**	**(4,333,110)**	**285,675**	**(251,042)**	**536,717**	**(4,278,291)**	**(30,834)**	**85,653**
Variance				**(251,042)**	**536,717**		(30,834)	85,653
					285,675			**54,819**

- *Excluding compensation grant of Green Plant & Machinery of £26,105*

4.4.4. Council Tax income included in the General Fund is also based on the estimated amount and not the in-year position, (after taking bad debt provision into account). At Quarter three, total Council Tax projection was £65.737 Million, of which £7.1 Million (10.8%) was the Council's share. The Council Tax collection at the end of the year was £66 Million, of which £7.129 Million (10.8%) represents Stevenage's share with £29K improvement, which will be repaid to the General Fund in 2027/28.



4.4.5. Included in core resources was a council tax deficit repayable to the Collection Fund predominately relating to 2024/25 of £196,632, At the 31 March 2026 there were 395 equivalent Band D properties additional in the taxbase (after discounts) than the 2025/26 estimate. This will result in a return of the surplus to the General Fund in 2026/27 and 2027/28.

4.4.6. In addition to council tax and NNDR, the Council's core resources also include additional £73K which include Redmond review grant for Audit work of £28K notified in March and £69K S31 funding offset by £23K Levy payment, as shown as a result of the actual outturn position for NNDR (see also para. 4.4.1).

4.5. 2025/26 General Fund Budget

4.5.1. The outturn position for the General Fund budget is summarised in the table below and this provides some additional resilience to the Council as there was a reduction in the projected drawdown on balances of £649K, before the 2026/27 impact on the budget for carry forwards (£309K). This will be incorporated in the next General Fund Medium Term Financial Strategy (MTFS) update.

General Fund Outturn Position	2025/26 Budget	2025/26 Outturn	Variance
	£	£	£
Services Net Expenditure	£10,653,540	£10,077,862	(£575,678)
Core Resources	(£11,070,860)	(£11,144,109)	(£73,249)
General Fund Outturn Position	**(£417,320)**	**(£1,066,247)**	**(£648,927)**
Balance Brought Forward	**(£6,505,604)**	**(£6,505,604)**	**£0**
Use of balances	(£417,320)	(£1,066,247)	(£648,927)
Balance Carried Forward	**(£6,922,924)**	**(£7,571,851)**	**(£648,927)**

4.6. Impact on 2026/27 General Fund Budget

Recommended changes to the 2026/27 budget

4.6.1. **Capital Slippage £340K** – is requested to reprofile funding into 2026/27 to reflect delays in the delivery of approved capital projects. As the expenditure will now be incurred in 2026/27, this is being transferred to a capital reserve in 2025/26 and returned to in 2026/27 to ensure sufficient funding remains available to complete the projects when they proceed.

4.6.2. **Members Enquiries System £7K** – following a meeting with all Members and comprehensive feedback from services, a set of improvements to the Council's approach to handling Member Enquiries and MP Enquiries (MMPEs) was agreed with a small additional cost. The improvements aim to reduce delays, improve consistency, strengthen customer experience, and provide better tracking, insight, and coordination across services, which will ultimately benefit residents.

4.6.3. **Members Access to Pension Scheme £18K** – to provide for the employer pension contribution costs associated with the reinstatement of eligible elected members' access to the Local Government Pension Scheme from May 2026. This reflects a change in pension regulations, and a budget provision has been included in the General Fund and will be adjusted based on future take up.

4.6.4. **Increase in Mileage Rates £6K** – The government has increased the His Majesty's Revenue and Customs (HMRC) approved mileage allowance rate from 45p to 55p per mile for the first 10,000 business miles, effective from April 2026.

4.6.5. **Direct Revenue Financing – Extended Producer Responsibility (EPR) £675K** – Funding for the EPR programme is supported through the use of reserves and Revenue Contribution to Capital Outlay (RCCO). Although funding was available for the full programme in 2025/26, only £44K of the capital budget for recycling initiatives was used during the year. The remaining £675K was transferred to the reserve in 2025/26 and will be transferred back in 2026/27 for recycling capital related spend in the current year.

4.6.6. **Pride in Place Grant £150K** – to reflect the expenditure associated with the delivery of the Government's Pride in Place Programme. The programme supports community led initiatives to improve local neighbourhoods and strengthen community engagement. The expenditure is fully funded through grant income, and a corresponding income budget has therefore been included, resulting in net nil impact on the Council's General Fund. This was transferred to Reserves in 2025/26 and reversed in 2026/27 as shown in the Reserves table below at paragraph 4.7.2. A report is included on this Cabinet's agenda.

4.6.7. **Housing Strategies Grant £49K** – late receipt of the Council's Supported Housing Strategy Fund. This funding will enable the Council to meet its statutory responsibilities by undertaking needs assessments, engaging with partners and preparing the strategy in accordance with requirements of the Supported Housing (Regulatory Oversight) Act 2023. A corresponding grant expenditure budget has been included, resulting in net nil impact on the General Fund. This was also transferred to Reserves in 2025/26 and reversed in 2026/27 as shown in the table in paragraph 4.7.2.

4.6.8. The **Minimum Revenue Provision (MRP) £223K** - raised during the year as per para 4.2.2 (III) will be reversed in 2026/27 in line with loan being repaid.

	2026/27 Budget changes £	2026/27 Revised Budget £
Original Budget		**£13,587,330**
Increased Spend:		
Carry Forwards (para 4.3.1 refers)	£309,150	
Capital Slippage (para 4.6.1 refers)	£340,030	
Members Enquiries System (para 4.6.2 refers)	£7,000	
Members access to pension scheme (para 4.6.3 refers)	£18,000	
Increase in mileage rates (para 4.6.4 refers)	£6,000	
Direct Revenue Financing- EPR spend (para 4.6.5 refers)	£674,810	£1,354,990
Increased grant & associated spend:		
Pride in Place Grant Spend (para 4.6.6 refers)	£150,000	
Housing Strategies Grant Spend (para. 4.6.7 refers)	£49,060	£199,060
Reduction in Budget:		
Reduced Spend:		
MRP reversal - WOC Loan to be repayed	(£223,120)	(£223,120)
Use of reserves:		
Housing Strategies Grant (para. 4.6.7 refers)	(£49,060)	
Pride in Place Grant (para 4.6.6 refers)	(£150,000)	
Capital Reserve Slippage (para 4.6.1 refers)	(£340,030)	
Use of EPR Reserve (reprofiled from 2025/26) (para 4.6.5 refers)	(£674,810)	(£1,213,900)
Net Expenditure Budget	**£117,030**	**£13,704,360**

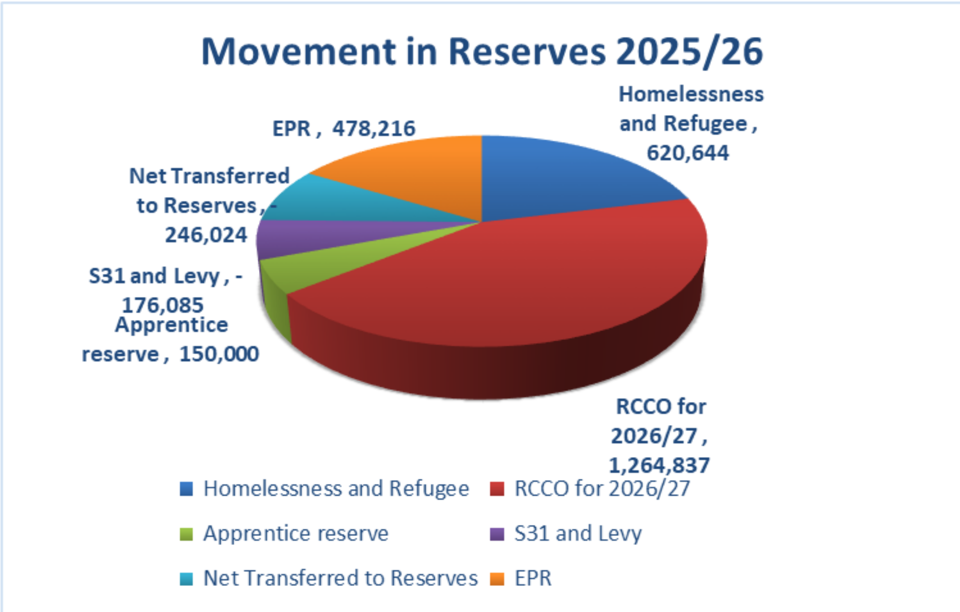
Other Potential Impacts on the 2026/27 budget

4.6.9. **The 2026/27** National Joint Council (NCJ) **pay award** has not yet been agreed. National Employers have made a full and final offer of a 3.3% increase, effective from 1 April 2026. However, this has been rejected by the recognised trade unions and the national pay negotiations remain ongoing. The Council's 2026/27 budget includes provision for a 3.25% pay award. Should the final settlement be agreed at 3.3%, this would result in an estimated additional cost of approximately £10K, which will continue to be monitored as negotiations progress. It should be noted that whilst negotiations for employees covered by the NJC Green Book remain unresolved.

4.6.10. The Council Officers are continuously reviewing underspends and overspends to assess any potential impact on the 2026/27 budget. The findings will be included in the Quarter one report, which will be presented to the Cabinet in September.

4.7. Reserves

4.7.1. Allocated Reserves - some balances are 'ring fenced' and have been set aside for specific purposes. The total value of allocated reserves available for the Council to spend on 31 March 2026 is £13.950 Million. The movement in the year has been an increase of £2.920 Million in to reserves. Cabinet has already approved £0.249 Million of draw down from reserves movement during the year therefore Members are requested to approve the remaining £3.169 Million.



4.7.2. The reserve balances may seem a significant sum but are held for specific purposes, some of which are set out below. This means they are not available to fund General Fund expenditure apart from NNDR gains and the income equalisation reserve.

- £1.798 Million required to fund the holding costs of assets in the **Town Square** which includes assets for regeneration as part of SG1 ***(note 2)***
- £4.404 Million of **NNDR reserves** relates to gains generated from previous years. Reserves remain high as there is a risk to the Council from unexpected appeals being given to businesses which may not have been accounted for in the provisions ***(note 1)***
- £1.153 Million is retained to support the delivery of the **Extended Producer Responsibility (EPR)** programme. The funding will be used to finance the implementation of the Council's EPR related initiatives, including improvements to waste and recycling infrastructure and the introduction of enhanced recycling facilities where required. ***(note 4)***
- £1.416 Million of **Homelessness and Refugee reserve** - these include grants for general homelessness, refugees and asylum seeker support. Some of these grants are used over a few years to support specific cases and these reserves will diminish in the short to medium term. ***(note 3)***

Reserves £'000	Opening 2025/26	Movement	Closing 2025/26	Movement	Closing 2026/27
NHB reserve	(£10,001)	£0	(£10,001)	£0	(£10,001)
Business Change & Digital Reserve	(£772,995)	(£214,989)	(£987,984)	£0	(£987,984)
Homeless reserve	(£420,339)	(£172,776)	(£593,115)	£95,875	(£497,240)
Planning Delivery	(£197,818)	(£145,393)	(£343,211)	£0	(£343,211)
Town Centre Reserve	(£0)	(£30,141)	(£30,141)	£0	(£30,141)
Town square reserve ***note 2***	(£1,711,314)	(£86,519)	(£1,797,833)	£35,370	(£1,762,463)
Insurance reserve	(£61,549)	£0	(£61,549)	£0	(£61,549)
ICT reserve	(£141,861)	(£185,210)	(£327,071)	£0	(£327,071)
Leisure Reserve	(£219,322)	£219,322	£0	£0	£0
Stevenage works	(£19,523)	£19,523	£0	£0	£0
Asylum seekers reserve ***note 3***	(£1,017,539)	(£398,808)	(£1,416,347)	£518,384	(£897,963)
Future Councils reserve	(£198,191)	£198,190	(£1)	£0	(£1)
Commercial Property repair reserve	(£40,512)	(£9,490)	(£50,002)	£0	(£50,002)
Capital reserve	(£75,281)	(£590,029)	(£665,310)	£415,310	(£250,000)
Domestic abuse reserve	(£195,597)	£0	(£195,597)	£0	(£195,597)
Extended Producer Responsibility (EPR) grant ***note 4***	£0	(£1,153,021)	(£1,153,021)	£699,385	(£453,636)
Elections Reserve	£0	(£50,000)	(£50,000)	£50,000	£0
Queensway monies	(£214,834)	(£193,000)	(£407,834)	(£333,000)	(£740,834)
Regeneration Reserve	(£245,239)	(£7,796)	(£253,035)	£0	(£253,035)
LEP Loan Reserve	£0	£0	£0	(£500,000)	(£500,000)
Apprentice Reserve	(£150,000)	(£150,000)	(£300,000)	(£150,000)	(£450,000)
Pride in Place	£0	(£150,000)	(£150,000)	£150,000	£0
Housing strategies	£0	(£49,062)	(£49,062)	£49,062	£0
UKSPF reserve	£0	(£13,392)	(£13,392)	£0	(£13,392)
Commuted sums	£0	(£133,716)	(£133,716)	£0	(£133,716)
Total Allocated for use	**(£5,691,913)**	**(£3,296,307)**	**(£8,988,221)**	**£1,030,386**	**(£7,957,835)**
Gains (NNDR) ***note 1***	(£4,580,127)	£176,085	(£4,404,042)	£1,316,264	(£3,087,778)
Income equalisation Reserve	(£758,000)	£200,000	(£558,000)	£0	(£558,000)
Total Available to support the GF	**(£5,338,127)**	**£376,085**	**(£4,962,042)**	**£1,316,264**	**(£3,645,778)**
Total allocated reserves	**(£11,030,041)**	**(£2,920,222)**	**(£13,950,263)**	**£2,346,650**	**(£11,603,613)**

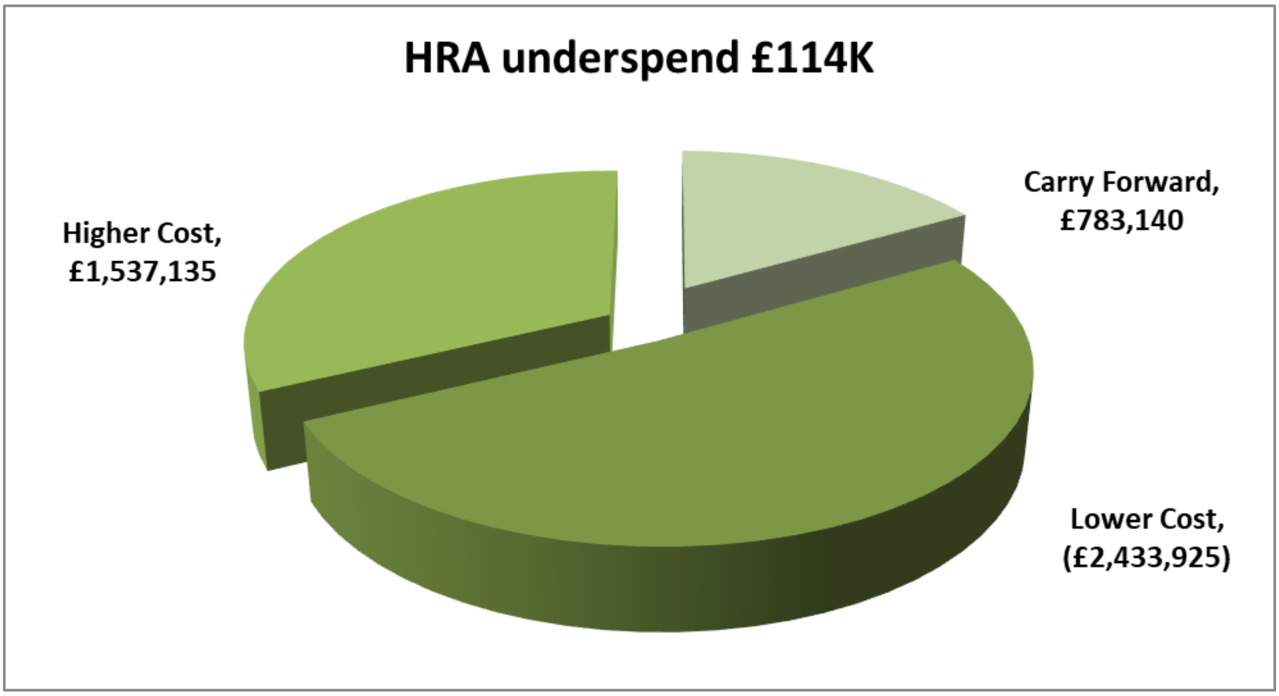
4.7.3. Table below provides further breakdown of reserves movement as at Quarter four of £3.433 Million. The main element of this movement is additional grants being received of £2.013 Million and then Business Rates movement of £595K followed by overs and under in use of reserves during the financial year. There was a movement of £340K into Capital reserve and some other minor movements equating to £134K.

	Original Budget 2025/26	Q3 approved	Q4	Total Movement
	(£18,623)	£531,795	(£3,433,393)	(£2,920,222)

Reserve	Overspends/Underspends	Grants	NNDR	Capital	Other	Total Q4 Movement
ICT Reserve	(£53,210)					(£53,210)
Business Change & Digital Reserve	(£224,749)					(£224,749)
Digital (Future Councils) Reserve						£0
Risk (Leisure) Reserve						£0
NNDR Collection Fund Reserve			(£594,832)			(£594,832)
Town Square Reserve	(£31,427)					(£31,427)
Commercial Property Reserve	(£50,000)					(£50,000)
Apprenticeship Reserve						£0
Regeneration SG1	(£18,782)					(£18,782)
Town Centre Reserve - Now Event Island	£26,335					£26,335
Commuted sums					(£133,716)	(£133,716)
Income equalisation Reserve						£0
Queensway Parking						£0
Elections Reserve						£0
Stevenage works						£0
UK Shared Prosperity Fund (UKSPF) Reserve		(£13,392)				(£13,392)
Extended Producer Responsibility		(£260,416)		(£674,805)		(£935,221)
Planning Delivery Grant		(£175,393)				(£175,393)
Homelessness		(£63,697)				(£63,697)
Pride in Place Programme Reserve		(£150,000)				(£150,000)
Supported Housing Strategies Funding		(£49,062)				(£49,062)
Asylum seekers		(£626,215)				(£626,215)
Capital Reserve				(£340,032)		(£340,032)
	(£351,833)	**(£1,338,175)**	**(£594,832)**	**(£1,014,837)**	**(£133,716)**	**(£3,433,393)**

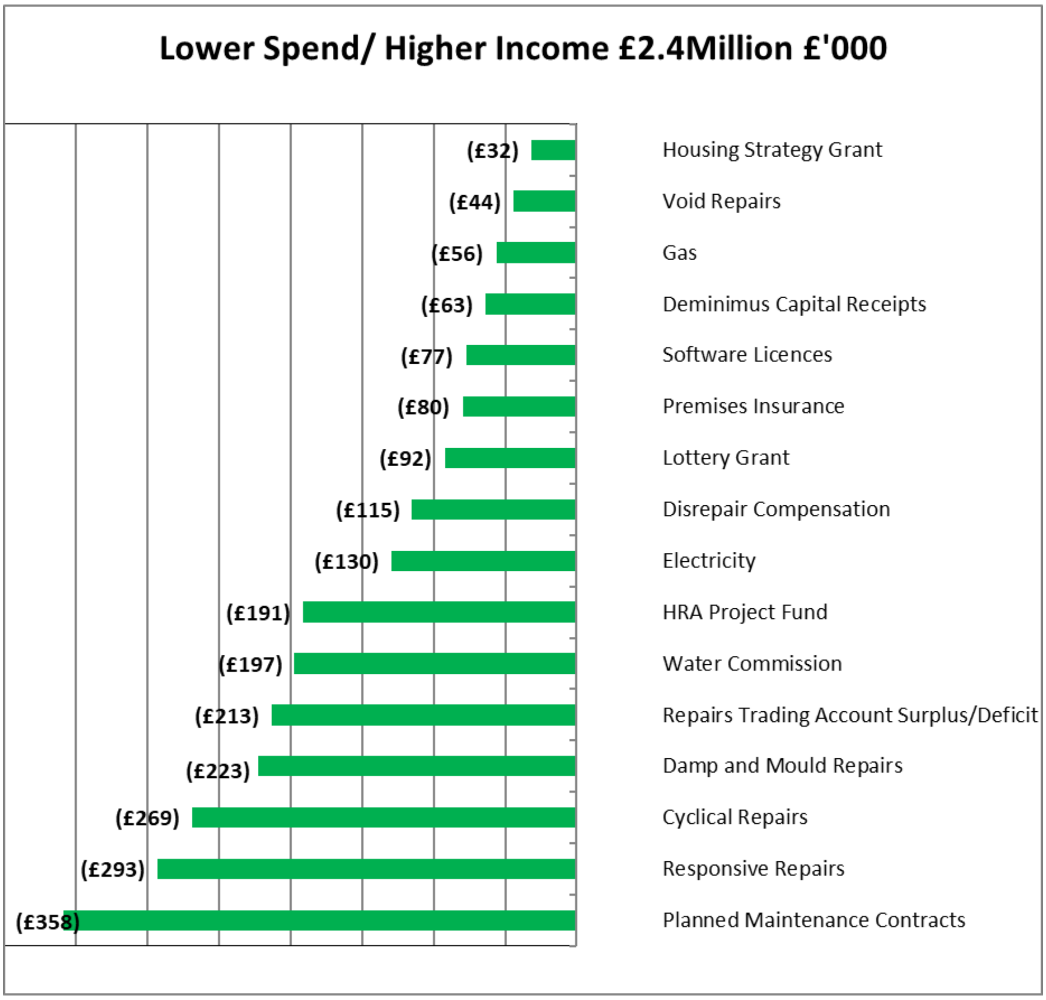
4.8. Housing Revenue Account (HRA)

4.8.1. The 2025/26 outturn position on the HRA was an in-year surplus of £1,543,209, a £896,789 increase from the working budget surplus of £646,420 as reported in Quarter three. Allowing for carry forward requests of £783K, there is an underlying underspend of £114K. The main variances to the working budget are highlighted below. These have been split to show those areas where there was lower cost, or higher income and those where costs were higher, or income was lower.



4.9. Lower Costs / Higher income than budgeted

4.9.1. There were underspends, or increased income, of £2.4 Million listed in the chart below, with explanations in the following paragraphs.



4.9.2. **Residential Personal Emergency Evacuation Plan (PEEPs) Funding £32K Additional Income –** The Council received a specific grant towards the creation and management of PEEPs, in support of new legislative requirements coming into force on 1st April 2026. This funding will be spent in supporting this duty in 2026/27 and is included in the carry forward requests.

4.9.3. **Void Repairs 44K Underspend** – Repair costs on returned (void) properties were 2% lower than the £2.2 Million working budget for the year.

4.9.4. **Gas £56K Underspend –** The HRA has a total budget of £453K for gas supply and the final costs were lower than estimated. Bills vary with usage levels, especially over the winter period, but this variance will be assessed for any ongoing impacts, including adjustment to service charge billing in 2026/27.

4.9.5. **De-minimis Capital Receipts £63K Additional Income –** Where the Council receives monies below the de-minimis capital receipt threshold of £10K, they are treated as revenue, as part of the year end process which identified £63K.

4.9.6. **Software licences £77K Underspend –** A budget had been set aside for additional modules for the NEC housing system, once this had been moved to a cloud based server. Due to the timing of this change the additional licences were not required in this year.

4.9.7. **Premises Insurance £80K Underspend –** The final combined insurance premium and provision was lower than the budgeted amount, this varies year to year as a result of the level of claims and the excess required on individual cases.

4.9.8. **Lottery Grant £92K Additional Income –** Lottery grant was received at the end of 2025/26, but the funded programme will continue into 2026/27, with the majority of this additional income (£55K) being used to fund the carry forward request in paragraph 4.11.

4.9.9. **Disrepair Compensation £115K Underspend –** There has been a carry forward request of £115K, offsetting this underspend, to meet the cost of open cases from 2025/26. There are currently 45 open cases, including 10 from 2025/26, with the potential for another 40 cases in this year. Last year around 60 cases were closed, and the target is to end this year with approximately only 25 open cases.

4.9.10. **Electricity £130K Underspend –** The HRA had a budget of £724K for electricity bills in 2025/26 and this matched the underlying usage. However, credits were received on the account from a historic billing review by the new energy officer and the billing post in the leasehold team. These were not included in the estimating process and have given a positive variance for this year.

4.9.11. **HRA Project Budget £191K Underspend –** The HRA project budget was intended to offset senior management support work on housing regulation, customer service improvement and the local government review in last year. However, as a result of in year HRA vacancies, extra costs were met by a vacancy savings, and the project budget was not used.

4.9.12. **Water Commission £197K Additional Income** – Due to the large national increase in water bills the Council's commission for collecting the payments from tenants on behalf of the water company increased. However, this has been offset against water bills that had been coded directly to holding accounts in error (see paragraph

4.10.7). The underlying variance is £84K and will be reflected in the ongoing working budget for 2026/27.

4.9.13. **Repairs Trading Account Surplus/Deficit £213K Underspend -** Lower costs in the trading accounts, mainly due to the use of sub-contractors, led to a reduction in the DSO deficit for the year. This is also consistent with the slightly lower levels of work seen in the responsive repairs' budgets, shown in paragraph 4.9.16.

4.9.14. **Damp and Mould Repairs £223K Underspend –** This underspend is mainly due to timing on expenditure, and a carry forward request for this amount has been made.

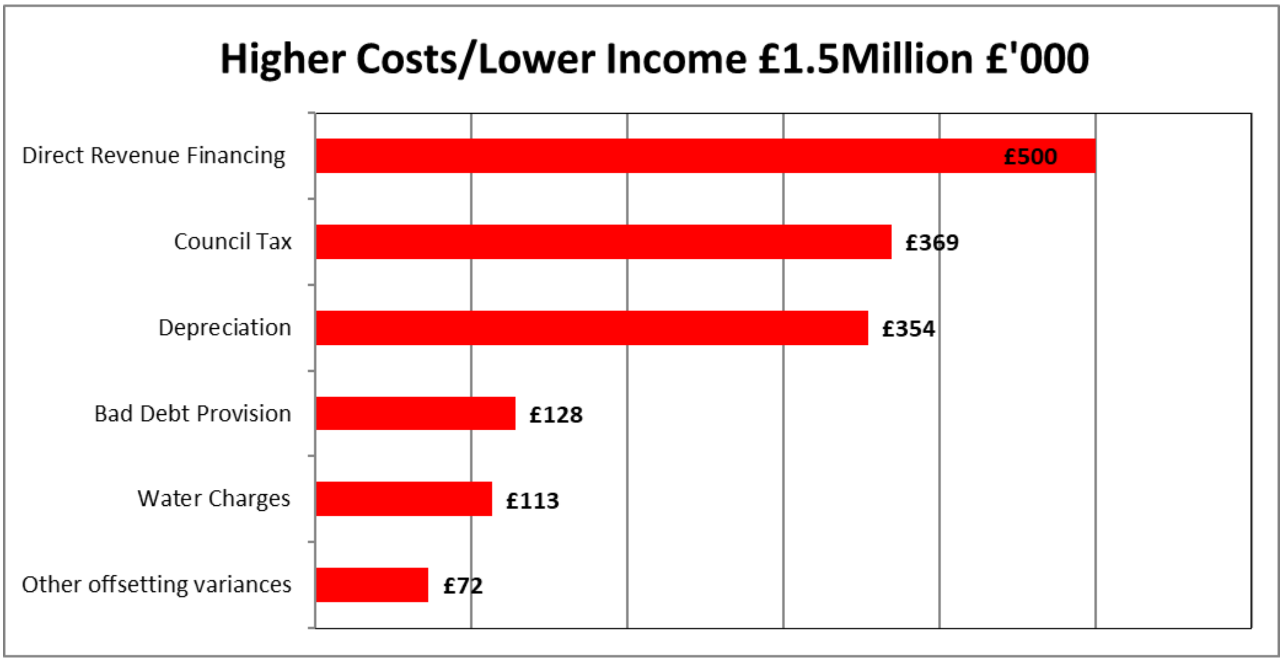
4.9.15. **Cyclical Repairs £269K Underspend –** The implementation of a cyclical repairs programme has been planned, and these resources will be needed to carry out the required work when the programme commences in 2026/27. Therefore a carry forward request has been made, so that this work can be completed in 2026/27.

4.9.16. **Responsive Repairs £293K Underspend -** The final outturn on responsive repairs, was lower than the working budget of £3 Million a 9.7% reduction. This is a demand led activity that can vary considerably but does represent a reduction compared to the 2024/25 spend of £4.9 Million. Spend in 2026/27 is being monitored for any ongoing downward trends in costs.

4.9.17. **Planned Maintenance Contracts £358K Underspend -** A carry forward request of £84K has been made on specific elements of spend, due to timing of the completion of works. However, the majority of this underspend relates to provision for the new decent homes standard that was expected in 2025/26 but has not been released by the Government yet.

4.10. Higher Costs / Lower income than budgeted

4.10.1. Offsetting the items listed above there was also higher costs/lower income of £1.5 Million, as part of the outturn variances. These are summarised below together with explanations.

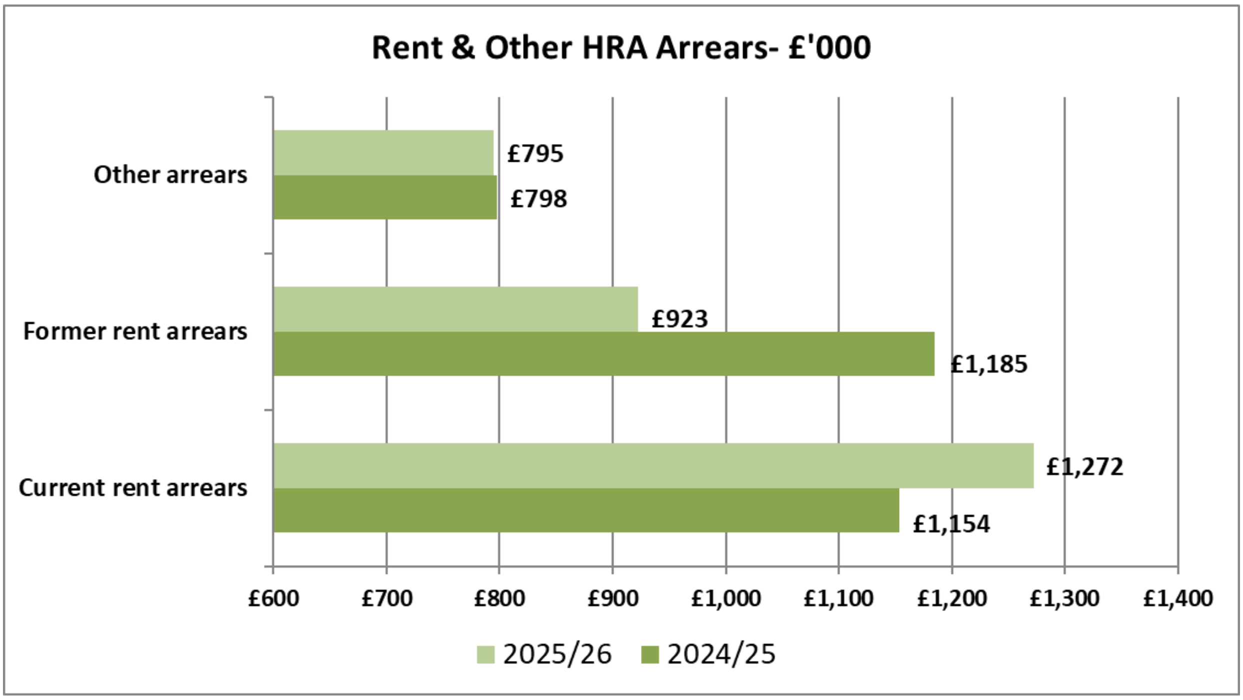


4.10.2. **Repayment of Loan £500K Overspend –** the scheduled loan repayment and equivalent use of the loan reserve were omitted from the HRA 2025/26 budgets and therefore have been reported here. The loan repayment has been met from a dedicated reserve (see paragraph 4.13). While this has caused a technical budget variance in year, this was accounted for in the medium term financial strategy and HRA business plan projections.

4.10.3. **Council Tax £369K Overspend** – £350K of historic council tax adjustment has been accrued for in 2025/26. This has been highlighted as part of a reconciliation exercise exacerbated by changes to housing stock numbers through new development and increased right to buy sales and disputed bills dated back to 2020/21. An on-going process is now in place to review this on annual basis.

4.10.4. **Depreciation £354K Overspend –** The final depreciation and amortisation calculation was slightly higher than budgeted on a £13.1 Million budget. This money is ringfenced for capital investment and may result in lower RCCO or borrowing costs in future years that will be built into future Business Plan updates.

4.10.5. **Bad Debt Provision £128K Overspend** – After a major review of HRA debt an £800K write off was made in the last quarter of 2025/26. Most of this debt was covered by existing provision, with an additional £128K being required. There is also ongoing pressure relating to the universal credit which increases the challenge of rent collection.



4.10.6. As illustrated in the graph, the year-on-year decrease in arrears was £146K across all three categories and this was mainly due to the large write off of irrecoverable accounts. This, combined with the age and type of debt still outstanding, has led to an overall lower provision of £1.8 Million (£2.1 Million in 2024/25). However, the need to top up the provision after the write offs has led to a £128K variance in year. Total arrears for the HRA at the end of 2025/26 stood at £3.0 Million and are covered by a provision of £1.8 Million (61% coverage). This covers all arrears in the HRA and differs from the “pure” rent arrears reported in the Council’s performance report.

4.10.7. **Water Charges £113K Overspend** – Please see paragraph 4.9.12 for explanations.

4.10.8. **Other Offsetting Variances £72K Overspend** – There were other small one-off variances in the HRA accounts that net to a budget pressure of £72K for the year.

4.11. Carry Forwards

4.11.1. The table below identifies carry forward requests that are funded by the net underspend on the HRA for 2025/26. In total £783K is requested to be carried forward and most are due to timing differences on expenditure.

Service Area	Carry Forward Requests	Carry Forward Value £
Lottery Grant	The programmed expenditure for part of this grant will be spent in 2026/27 and a carry forward is requested to macth this expenditure.	£55,480
Emergency Evacuation Plans Funding	This will be spent in next year, but the grant was received in this year and it is requested that the 2026/27 budget is increased to cover this cost.	£31,550
Cyclical Repairs	Commencement of the programme for cyclical repairs has been planned and hence a carry forward request has been made, so that these works can be copmpleted in the current financial year.	£269,000
Planned Maintenance Contracts	Due to timing differences on some of the planned works a budget carry forward is requested to cover these costs in the current year.	£89,470
Damp and Mould Repairs	Due to the timing of work being completed on the current open cases a budget carry forward has been requested in this area.	£222,520
Damp and mould Compensation	After reviewing the current open cases a carry forward request has been made to cover the cases that are likely to conclude in 2026/27.	£115,120
Total		**£783,140**

4.12. 2025/26 – HRA Out-turn Position and 2026/27 Revised Budget

4.12.1. The impact of the outturn position for 2025/26 on HRA balances is summarised in the table below.

HRA Balance £'000	2025/26 Original Budget £	2025/26 Working Budget £	2025/26 Actual £	Variance to Working £
HRA Balance 1 April	**(£10,925,848)**	**(£10,925,848)**	**(£10,925,848)**	
In Year (Surplus) / Deficit	**£667,980**	**(£646,420)**	**(£1,543,209)**	£896,789
HRA Balance 31 March	**(£10,257,868)**	**(£11,572,268)**	**(£12,469,057)**	**£896,789**

4.12.2. While the final balance is significantly higher than the working budget position by £897K, it should be noted that the majority of this increase will be needed in the current financial year to meet the requested carry forwards of £783K. The medium term financial strategy and the latest HRA Business Plan both indicate that there are significant pressures in the ring fenced account. These balances will be needed to meet service demands and to support the fund, while appropriate savings are made to balance the fund in the medium to long term.

4.12.3. The 2026/27 HRA budget is summarised below and includes the ongoing impacts from the 2025/26 outturn:

	2026/27 Budget changes £	2026/27 Revised Budget £
Original Budget		**£243,120**
Increased Spend:		
Carry Forwards (paragrpah 4.11.1 refers)	£778,140	
Water Bills (papagraph 4.9.12 refers)	£113,000	
Increased HMRC Mileage Rate (45p to 55p)	£5,000	£896,140
Increased Income:		
Water Agency Commission (paragraph 4.9.12 refers)	(£197,000)	(£197,000)
Total	**£699,140**	**£942,260**

4.13. Usable reserves – Housing Revenue Account

4.13.1. The total value of revenue reserves available for the HRA to spend at 31 March 2026 is £16.8 Million and consists of two reserves.

4.13.2. These reserves are summarised in the table below with an explanation for each.

- The **Debt Repayment Reserve** was created to reflect upcoming loan repayments in the HRA and to show a more realistic working balance in the main HRA account. This currently reflects loan repayments up to 2027/28 and a repayment of £500K was made in 2025/26.

- The **Transformation Reserve** was set up to fund elements of the transformation programme, due to complete over more than one financial year. The reserve was not used in 2025/26 and a balance of £86K has been carried forward to offset future projects.

Reserves	2025/26 Opening £'000	Use £'000	2025/26 Closing £'000	Use £'000	2026/27 Closing £'000
Debt Repayment Reserve	(£17,200)	£500	(£16,700)	£8,000	(£8,700)
Transformation Reserve	(£86)	£0	(£86)	£0	(£86)
Total Allocated Reserves	**(£17,286)**	**£500**	**(£16,786)**	**£8,000**	**(£8,786)**

4.14. Capital Monitoring

4.14.1. The revised Capital Strategy in the 3rd quarter monitoring report was approved by Cabinet on 12 March 2026. The 2025/26 approved budget for each fund was:

I. General Fund £27 Million

II. Housing Revenue Account £33 Million

4.14.2. The table below summarises the Capital outturn 2025/26 and the proposed changes including rephasing of capital budgets at Q4 into 2026/27.

4.14.3. Projects that have completed in the year resulted in underspends of £208k.

	2025/26			2026/27		2027/28	
£'000	**Actual Spend to 31.03.26**	**Q3 Capital Strategy**	**Variance**	**Variance Q4**	**Revised Strategy**	**Variance Q4**	**Revised Strategy**
Total GF Schemes	22,334	26,870	(4,536)	4,778	55,481	0	30,918
Total HRA Schemes	30,707	32,794	(2,087)	2,086	85,484	0	45,799
Total Capital Programme	**53,041**	**59,664**	**(6,545)**	**6,864**	**140,965**	**0**	**76,717**
Re-phase detail:							
Environment & Leisure			(772)	7785		0	
Land, Development & Neighbourhood Regeneration			(710)	710		0	
Estates			(528)	702		0	
Technology			37	(37)		0	
Regeneration			(2,396)	2,723		0	
Planning and Regulatory			(139)	(34)		0	
Deferred Works Reserve			(29)	(71)		0	
Total GF Re-phasing			**(4,536)**	**4,778**		**0**	
New Build (Housing Development)			(1,860)	1,860		0	
Digital & Transformation			(226)	226		0	
Total HRA Re-phasing			**(2,086)**	**2,086**		**0**	

Re-phasing

4.14.4. 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.

4.14.5. 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.

4.15. General Fund – re-phasing £4.4 Million - the main items are explained below:

III. Environment & Leisure £0.7 Million – £175k of this is due to the long lead times in the manufacturing of the refuse collection vehicles (14-16 months) resulting in three vehicles, ordered but not delivered until after March 2026. The budget for these had to be slipped to cover payment in the following financial year.

IV. A further £175k of rephasing is due to the works on flat block recycling which commenced in Q3 of 2025/26. This brings the total re-phased to £674K. The volume of work and the time required for each flat block improvement has resulted in the works progressing beyond 2025/26 and into 2026/27

V. Regeneration - Towns Fund £2.3 Million - the Towns Fund programme consists of nine different projects and draws upon the £37.5 Million secured from central government. The 2025/26 spend profile was originally aligned to the previous Towns Fund programme deadline of 31 March 2026. During the year, the Government simplified arrangements and extended delivery timescales to 31

March 2028 (report to Cabinet in October 2025). The extended spend deadline has enabled a rephasing of programme activity to better reflect delivery readiness, procurement timelines and market conditions. As a result, a proportion of planned expenditure has slipped into future years, with the programme continuing to progress in line with the revised funding window.

VI. Land, Development & Neighbourhood Regeneration £710K - The underspend relates to the neighbourhood regeneration of The Oval, with the project experiencing some delays on site primarily relating to delays from Statutory Utility providers in diverting existing services. This will be spent in 2026/27 as the progress at site accelerates.

4.16. HRA – re-phasing £2 Million - the main items are explained below:

VII. Housing Development - £1.8 Million – an underspend of £1.8 Million at the Oval impacted both GF and HRA, see explanation above.

VIII. The Shephall View development of £1 Million was as a result of a delay in the completion of the works at the site, however this has now been completed, and the slippage has already been spent in Quarter one 2026/27.

IX. Following the late award of LAHF funding, the service was successful in bringing forwards homes through its open market acquisitions programme. These properties deliver much needed temporary accommodation within the town, and the £1.8 Million spend will be principally covered by the grant allocation. The remaining overspend can be covered through slippage across the rest of the programme. SBC has received an allocation of £1.8 Million across the two most recent LAHF funding rounds, with £790K allocated for 2025/26 and the remainder is scheduled for payment in future financial years.

4.17. Net Underspend GF 2025/26 £207K

4.17.1. There are various projects that are complete with small underspend. The main project making up this underspend is related to Community Infrastructure Projects with underspend of £84K. This budget represents funding made available annually (through the Climate Change Community Fund) for the community to present, lead, and implement sustainability projects. Since this money is funded via the Community Infrastructure Levy (CIL), unspent monies return to the main CIL pot to be allocated to new infrastructure projects.

4.17.2. **New Growth Item**

X. The Council has received £117K of capital capacity funding in relation to Pride in place (PIP) to support the development of a PIP plan by February 2027. Members are asked **to note** that a cost centre to enable delivery will be added to the capital programme in July 2026. The overall programme is worth £20 Million over ten years.

4.17.3. Members are asked to approve the following virements:

XI. From KC918: £88K - St Georges lift reinstatement - no longer required to the below three cost centres:

- KE925: an additional £14.5K is required, on top of the £26K existing budget to enable the repair of St Nicholas' Church's failing wall to prevent a health and safety issues.

- KR151: £38.5K for repairs to the roof at Daneshill which has developed a number of holes resulting in leaks on the 4th floor of the building during wet weather.

- KR179: £35.5K to be utilised to resolve issues with Daneshill Building Management System which, since the boiler upgrade has not been operating correctly, requiring manual interventions. This budget is to identify the causes and rectify any issues.

XII. From Deferred Works reserve, £100K to fund the remediation of structural defects affecting a boundary wall fronting the former Shephalbury Depot Nursery site (KR916).

4.18. Capital Financing

4.18.1. The table below sets out the change in the Capital Financing position since Q3, because of changes to the expenditure phasing discussed above.

£'000	2025/26			2026/27		2027/28	
	Actual Spend to 31.03.26	Q3 Capital Strategy	Variance	Re-phased Q4	Revised Strategy	Re-phased Q4	Revised Strategy
Total Capital Programme	**53,041**	**59,664**	**(6,545)**	**6,864**	**140,965**	**0**	**76,717**
Changes detail:							
Capital Receipts			(653)	76		0	
Towns Fund			(3,709)	3,821		0	
Other Grants and Contributions			620	691		0	
Other reserves			118	(128)		0	
Borrowing			(911)	317		0	
Total GF Financing changes			**(4,535)**	**4,778**		**0**	
MRR (Self Financing Depreciation)			498	(498)		**0**	
Capital Receipts			612	(612)		**0**	
Section 20 Contributions			(1,542)	1,542		**0**	
RTB Provisions			7,173	(7,173)		**0**	
Borrowing			(3,719)	3,719		**0**	
Grants			(5,108)	5,108		**0**	
Total HRA Financing changes			**(2,086)**	**2,086**		**0**	
Total Capital Financing			**(6,623)**	**6,864**		**0**	

4.19. Capital Receipts Forecast

4.19.1. The tables below summaries the current capital receipts forecasts for the General Fund.

Capital Receipts £000	Previous Forecast	Revised Forecast/Actual	Variance
Capital Receipts (GF)			
Year 2025/26 Forecast/Actual	2,058	180	(1,878)
Year 2026/27 Forecast	3,560	7,047	3,487
Year 2027/28 Forecast	36,314	42,128	5,814
Year 2028/29 Forecast	11,568	3,594	(7,974)
Year 2029/30 Forecast	0	199	199
Total Capital Receipts (GF)	**53,500**	**53,148**	**(352)**
2025/26 HRA Right to Buy Forecast	18,000	18,056	56
2026/27 Other Capital Receipts Forecast	500	500	0
Total Capital Receipts (HRA)	**18,500**	**18,056**	**(444)**

4.19.2. Until sold, the value of land sales can fluctuate from the forecast by value as well as timing.

4.20. Council's Subsidiary Companies

4.20.1. The Council owns or part owns few companies. The responsibilities for producing accounts and those being audited are with the Directors of those companies.

4.20.2. The table below summarises the relationships of these companies with the Council.

Company Name	Wholly owned either directly or indirectly by SBC	Included as a material subsidiary in council group accounts 2024/25
Queensway Properties (Stevenage) LLP - (QLLP)	Yes	Yes
Marshgate Ltd (WOC)	Yes	Yes
Hertfordshire CCTV Partnership Ltd (CCTV)	No – 37% share	No
Broste Rivers Ltd - (Building Control Company (group))	No - 12.5% share	No
Swingate Developments LLP	No – JV with MACE, SBC 50% interest.	50%

4.20.3. More details of the performance of the individual companies will be brought to Cabinet in September's Update on the Council's wholly Owned Companies and Joint Ventures Report.

4.20.4. The table below summarises the outturn results of these companies for 2025/26.

Company Name / £000 Deficit / (Surplus)	Budget 2025/26	Actual 2025/26	Variance 2025/26
Queensway Properties (Stevenage) LLP - (QLLP)	551	560	9
Marshgate Ltd (WOC)	34	12	(22)
Hertfordshire CCTV Partnership Ltd (CCTV)	105	169	64
Broste Rivers Ltd - (Building Control Company (group))	TBC	TBC	TBC
Swingate Developments LLP	-	-	-

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is financial in nature and consequently financial implications are included in the body of the report.

5.2 Legal Implications

5.2.1 None identified at this time.

5.3 Risk Implications

5.3.1 The financial risk facing the Council has reduced significantly as a result of the improved General Fund position arising from the Fair Funding 2 (FF2) settlement. Combined with the 2025/26 net surplus, this has strengthened the Council's financial resilience and sustainability, providing a stronger platform from which to address future financial pressures. Further updates will be provided through the Quarter one Monitoring Report to Cabinet.

5.3.2 Despite the larger than anticipated surplus in the HRA for 2025/26, the medium and longer term forecasts continue to indicate increasing cost pressures. Many of these pressures are also being experienced at a national level and the Government are continuing to review areas in the HRA, like the right to buy policy and the current rent settlement, to ensure that policy objectives can be met and that the social housing sector is viable. As reported last year, increased regulation and operating requirements, coinciding with higher borrowing costs, have significantly increased financial risk. The last business plan projections, in November 2025, identified the need to make significant year on year savings for the next four years in order to balance the account. Work towards meeting these targets for the 2027/28 budget year have already commenced, with options being costed and prepared for the budget cycle. While the outturn for 2025/26 has increased balances that can help to mitigate these financial risks, particularly in the short term, the overall balances are set to reduce in coming years. The impact of the current financial risks will continue to be monitored closely through the budget setting and monitoring processes, and appropriate mitigations will be put in place.

5.4 Climate Change Implications

5.4.1 There are no direct climate change implications arising from this report

5.5 Policy Implications

5.5.1 The budget framework reflects the continued development of a policy-led approach to budgeting across Council services and supports the delivery of the Medium Term Financial Strategy and HRA Business Plan.

5.6 Equalities and Diversity Implications

5.6.1 This report is of a technical nature, reflecting the actual outturn position for the General Fund and HRA for the year. The ongoing budget changes identified have arisen from efficiencies and do not alter existing equalities and diversity policies, nor do they have any impact on groups protected under statutory equalities duties.

BACKGROUND DOCUMENTS

BD1 - 3rd Quarterly monitoring report General Fund and Housing Revenue Account
BD2 – 2025/26 Council Tax and General Fund Budget
BD3 – 2025/26 Final HRA Budget
BD4 – Accounts and Audit (Amendment) regulations 2024 and Subsequent Government Updates on the Local Audit Backlog
BD5 – 2026/27 Final GF and HRA Budget

APPENDICES

Appendix A – General Fund Capital Strategy Q4
Appendix B – HRA Capital Strategy Q4