Stevenage BOROUGH COUNCIL

Meeting:	**CABINET**	**Agenda Item:**	
Portfolio Area:	Resources and Performance		
Date:	**10 September 2026**		

1ST QUARTER REVENUE AND CAPITAL MONITORING REPORT 2026/27 – 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 2026/27 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.

2. RECOMMENDATIONS

General Fund

2.1 That the 2026/27 first quarter projected net decrease in General Fund expenditure of £1,070,480 be approved.

2.2 That Members note the proposed movement on reserves as detailed in paragraph 4.3.1.

2.3 That Members note the introduction of the Building Safety Levy and to approve the allocation of Stevenage Borough Council's grant funding to Hertfordshire Building Control Ltd to meet the costs of establishing and administering the Building Safety Levy on behalf of the Council as detailed in paragraph 4.1.4a.

2.4 To delegate authority to the Section 151 Officer, after consultation with the Portfolio Holder for Resources and Performance to finalise and enter into the necessary funding arrangements with Hertfordshire Building Control Ltd as detailed in paragraph 4.1.4 a.

2.5 To approve the public realm schemes funded from the 2025/26 underspend and as set out in paragraph 4.1.4 b.

Housing Revenue Account

2.6 That the 2026/27 first quarter net decrease in HRA expenditure of £1,123,900 be approved.

Capital Programme

2.6 That the General Fund capital budget re-phasing of £3.4 Million from 2026/27 to future years be approved.

2.7 That the Housing Revenue Account capital budget re-phasing of £20.1 Million from 2026/27 to future years be approved.

2.8 That the Housing Revenue Account capital budget reduction of £11 Million over the period 2026/27 to 2030/31 be approved, including £5.5 Million from 2026/27 to 2028/29.

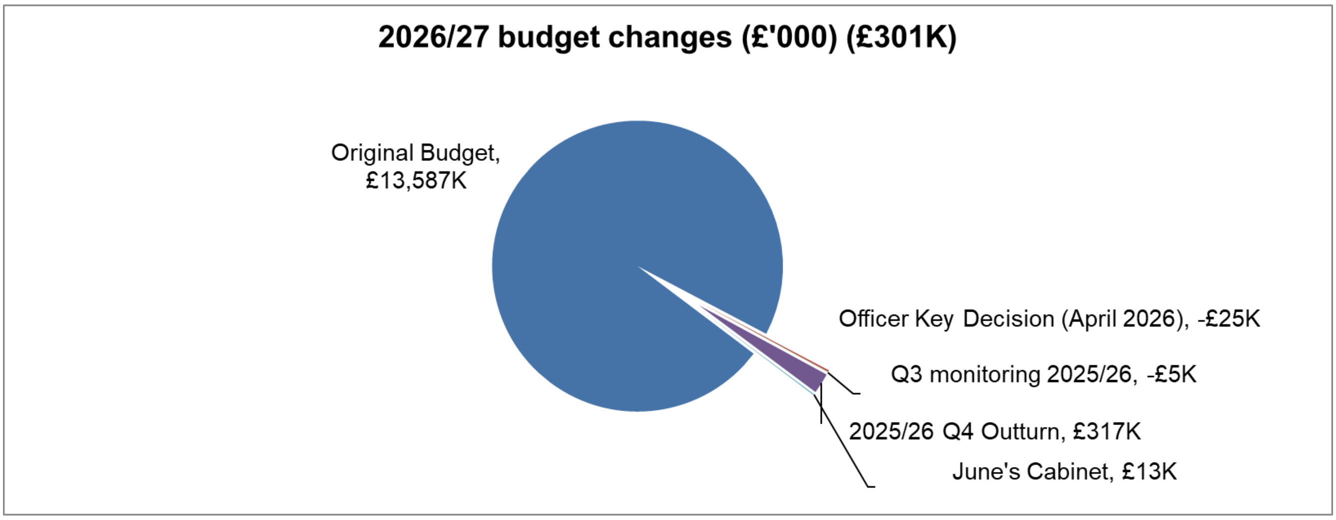
2.9 That £699K of new growth, funded by £149K grant (paragraph 4.11a) and £550K community infrastructure levy (CIL) (paragraph 4.11b) be approved and as set out in Appendix D.

2.10 That General Fund virement of £142K in paragraph 4.12 be approved.

2.11 That the proposed changes to the funding of the General Fund and HRA capital budgets in section 4.13 be approved.

3. BACKGROUND - GENERAL FUND

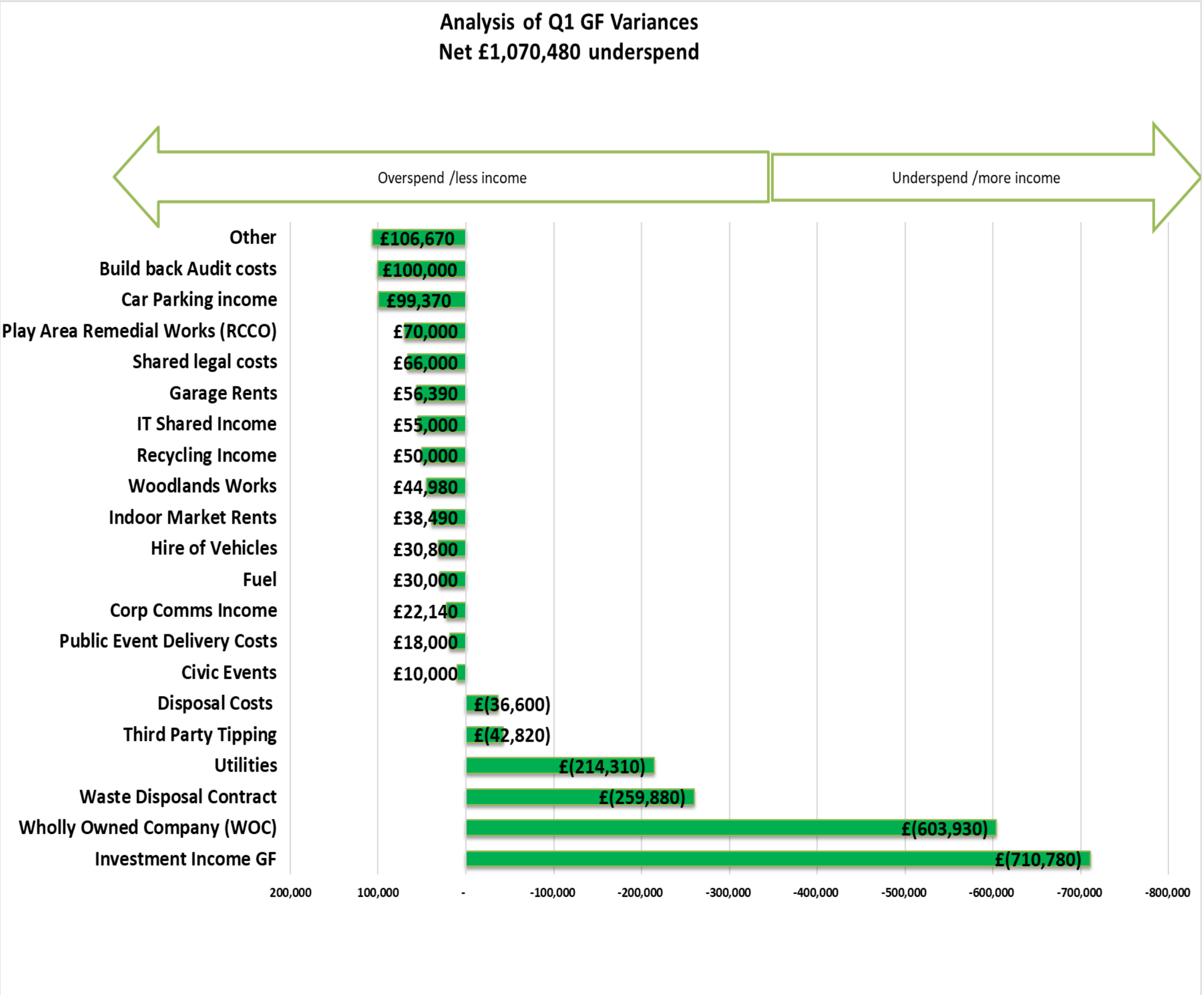
3.1. Since the General Fund net budget of £13,587,330 was approved at February 2026 Council, Members have since approved further net budget changes of £300,770 as detailed in the chart below:



4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 General Fund – Budget Review

4.1.1 Following the first quarter review of the General Fund budgets officers are projecting a decrease in the forecast budget spend for the year of £1,070,480, largely relating to investment income.



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

a. **Other Variances £107K (Increased Expenditure)** – the reported variance reflects the net impact of a number of smaller expenditure pressures and offsetting savings across the services. Key areas include operational and contract-related costs, software licences and subscriptions, partially mitigated by savings on business rates, service expenditure and additional income generation. The position does not arise from any single significant issue, and a number of the underlying budget movements have already been incorporated into future financial planning, with remaining recurring items being reviewed through the 2027/28 budget process.

b. **Build Back Audit Costs £100K (Increased Expenditure) –** the final external costs for 2026/27 are not yet known, with a number of elements of the fee still to be confirmed. Based on the 2025/26 audit costs and the information received from the external auditors to date, it is recommended that the budget is increased to provide for anticipated additional costs. The build back (as a result of the national issues in the public sector audit market) requires balances to be proven back to the last set of unqualified accounts 2021/22.

c. **Car Parking income £99K (Reduced Income) –** the forecast adverse variance is primarily due to a £65K loss of income from the temporary reduction in parking capacity at Corey's Mill and a £55K reduction in rental income at Swingate following the compound's vacation in January 2027. This is partially offset by additional permit income of £21K, resulting in a net adverse variance of £99K as shown in table below:

Car Parking Income	Original Budget £'000	Q1 Forecast £'000	Variance £'000
On Street Parking - Corey's Mill	(412)	(347)	65
On Street Parking - Parking Permits	(29)	(50)	(21)
Swingate Rental Income	(200)	(145)	55
Total	**(642)**	**(542)**	**99**

d. **Play Areas Remedial Works RCCO £70K (Increased Expenditure)** - a £70K RCCO (Revenue Contribution to Capital Outlay) is requested to fund urgent safety surfacing renewal works at play areas following inspection findings. This will enable the reopening of affected areas, mitigate health and safety risks, and support continued public access pending future capital investment.

e. **Shared Legal Costs £66K (Increased Expenditure) –** increased demand for legal services across the shared legal partnership, together with higher fee rates and the need for specialist support in some cases, has resulted in a forecast pressure of £100K across the Council. Of this, £66K relates to the General Fund and £34K to the HRA.

f. **Garage Rents £56K (Reduced Income) –** garages rental income was overachieved by £30K in 2025/26. However, based on early indications at Q1, an in-year income shortfall of £56K is currently forecast. This position remains subject to change and will depend on garage void levels, and the completion of repair and maintenance works to garages that are currently unavailable for letting. An updated forecast will be provided as part of the Q2 budget monitoring report.

g. **IT Shared Income £55K (Reduced Income) –** a review of the recharge arrangements with East Hertfordshire Council has identified that the original budget assumption did not fully reflect the agreed Shared ICT Service cost apportionment. Therefore, the income recoverable from East Hertfordshire Council is lower than originally budgeted, resulting in a forecast income pressure of £55K.

h. **Recycling Income £50K (Reduced Income) –** income generated from the sale of recyclable materials continues to be affected by fluctuations in market prices. Whilst prices vary across different material streams, current market values for many recyclates remain below those achieved in previous years, resulting in lower than anticipated income. It has been assumed that pressure will be continuing in future years.

i. **Woodlands Works £45K (Increased Expenditure)** – a £45K budget pressure has been identified to undertake urgent woodland safety works following recent surveys. This will mitigate public safety risks, address known hazards and support the continued safe management of the Council's woodland assets while longer-term funding bids are developed as part of the 2027/28 financial year budget setting process.

j. **Indoor Market Rents £38K (Reduced Income) –** the current void rate is approximately 20%. The occupancy is expected to improve during the remainder of the year, reducing the void rate to around 5% by the year end, broadly in line with the original budget assumptions. In addition, from 1 December 2026, electricity charges will be recharged based on actual consumption rather than the current fixed tariff structure. The new Market's Manager started on 17 August.

k. **Hire of Vehicles £31K (Increased Expenditure) –** the pressure reflects the temporary hire of a replacement sweeper vehicle following breakdowns within the existing fleet. The forecast assumes the vehicle will remain on hire for a period of six months to ensure continuity of service while procurement options for a longer-term replacement vehicle, including warranty and maintenance arrangements, are progressed.

l. **Fuel £30K (Increased Expenditure) –** the prices continue to be influenced by geopolitical and wider market conditions, resulting in higher costs than assumed within the approved budget. The current forecast assumes that prices will gradually reduce during the latter part of the financial year. This position is being monitored closely, and further variances will be reported in future monitoring reports if required.

m. **Corporate Comms Income £22K (Reduced Income) –** the budget included an assumption that advertising income would be generated from the Council's Chronicle publication. However, despite efforts to secure advertisers, demand from local businesses has remained below expectations and no advertising income is currently forecast for the financial year. Although assumption at this stage is that pressure is ongoing, the commercial team is actively pursuing alternative income opportunities to mitigate the impact of this shortfall.

n. **Public Event Delivery Costs £18K (Increased Expenditure) –** historically, Stevenage Leisure Limited (SLL) delivered the fireworks on behalf of the Council, the Council subsequently brought delivery of the display in-house. The budget allocated for the fireworks display was £10K, however this did not include the costs of supporting infrastructure such as security, road closure arrangements, first aid and sound systems. In addition, the cost of the supplies and contractors have increased over time, resulting in a budget pressure of £18K.

o. **Civic Events £10K (Increased Expenditure) –** this is the cost of the Alderman civic awards approved by Council for this year.

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

a. **Residual Waste Disposal Costs £37K (Reduced Expenditure) –** from 2026/27, the contractual disposal charge reduced from £137 per tonne to £125 per tonne, lowering the cost of disposing of residual waste and generating a favourable variance against the budget.

b. **Third Party Tipping £43K (Increased Income) –** the demand from private contractors to dispose of waste at the Council's facility has remained higher than originally anticipated, generating additional income during the year. Given the continued level of demand, this additional income will be recognised as an ongoing saving and has been incorporated into the Council's Balancing the Budget savings proposals.

c. **Utilities £214K (Reduced Expenditure) –** the 2026/27 utility budgets were based on energy prices included in the March 2026 Government Commercial Agency (GCA) report, which estimated unit costs of £0.26/kWh for electricity and £0.04/kWh for gas. Energy prices were subsequently fixed in April 2026 at average unit rates of £0.24/kWh for electricity and £0.03/kWh for gas. Based on current usage assumptions, the reduction in unit prices is expected to generate a net saving of £144K against the budget. In addition, a further saving of £70K is forecast for utilities within the Everyone Active leisure contract, reflecting secured contract prices that are lower than those assumed when the budget was set. This results in a total forecast reduction of £214K.

d. **Waste Disposal Contract £260K (Reduced Expenditure) –** The Council is forecasting £1.224Million of income from the waste disposal arrangement during 2026/27. This is partly offset from £964K of associated expenditure, resulting in forecast net surplus of £260K. The Expenditure includes £902K of waste disposal costs, £42K for additional staffing at the Cavendish Depot to manage increased waste volumes whilst maintain health and safety requirements, and £20K for operational improvements at the Cavendish Depot, including the renewal of line markings within the transfer station and freighter shed including enhanced directional and safety signage. On-going net income is subject to contractual negotiations.

Disposal Waste Contract Income expected	-£1,224,000
Direct Disposal Costs	£902,080
Additional Staffing	£42,040
Improvement works at Cavendish Depot	£20,000
Variance (surplus)	**-£259,880**

e. **Wholly Owned Company (WOC) £604K (Increased Income) –** the forecast reflects additional interest income of £839K generated from loans and investments associated with the Council's wholly owned company Marshgate Ltd with the existing loan currently projected to be returned by 31 March 2026. The additional income is partly offset MRP costs relating to the timing of loan repayments and their associated accounting treatment. Further information on the company's financial position is provided in the company update report on this meeting agenda.

f. **Investment income GF £711K (Increased Income)** – this favourable variance reflects a combination of higher investment returns and increased cash balances. Investment rates have remained above budget assumptions, averaging around 4.25% compared with the budgeted rate of 3.5% and contributing approximately £200K of the additional income. The remaining variance arises primarily from cash balances being higher than anticipated due to government grant funding being received in advance of expenditure, slippage in the capital programme and higher carry-forward balances. More information can be found in the General Fund Medium Term Financial Strategy on this meeting agenda.

4.1.4 Other items impacting 2026/27 Budgets:

a. **Building Safety Levy, Section 31 grant £112K** - the Government's Building Safety Levy (BSL) will come into operation on 1 October 2026 and will be collected by local authorities as part of the building control process. The Ministry of Housing, Communities and Local Government (MHCLG) has provided additional burdens funding to support local authorities with the initial implementation and administration of the levy prior to it becoming self-funding through levy income. Stevenage Borough Council has received grant funding of £111,800 (£60,500 for capital and £51,300 for revenue). As Building Control services are delivered through Hertfordshire Building Control (HBC), and given the specialist systems, processes and qualified personnel required to administer the levy, it is recommended that HBC undertake the administration of the BSL on behalf of the shareholder authorities. This will provide a consistent approach across all eight Hertfordshire partner authorities, avoid duplication of resources and ensure the necessary expertise is in place to meet statutory requirements. Ongoing administration costs are expected to be recovered through the levy administration fee once the scheme becomes operational.

b. **Public Realm Funding £200K –** As part of the 2025/26 Quarter four monitoring report, £200K was allocated to support public realm improvements. All the schemes have now been identified as per table below and recommended for approval.

Initiatives	Cost	Details
Underpass Old Town poppy mural	£17,200	Improvements to the Old Town underpass, including installation of a poppy-themed mural to enhance the appearance of the area.
War Memorial	£15,000	Essential conservation works to the War Memorial, including specialist cleaning, repairs and restoration of the lighting system.
Public Art	£20,394	Conservation and restoration of three public art installations: Three Geese by David Noble, Symonds Green works by Simon Axford-Jones, and Urban Elephant by Andrew Burton. Works will include condition assessments, conservation and repairs to protect these assets and support their long-term maintenance.
Town centre cleaning & Environmental Improvements	£43,000	Allocation for town centre cleansing and environmental improvements, including a one-off deep clean and pigeon deterrent measures to reduce roosting and associated cleansing requirements.
Spruce up of planting and realm of Event Island	£25,000	Town centre enhancements, including landscaping and planting improvements at Event Island.
Spruce up of planting and realm of Market Square	£10,000	Allocation for planting and public realm enhancements within Market Square.
Enhancement of Event Island Wall	£5,500	Refurbishment of the Event Island wall feature to improve its appearance and condition.
Improvements within Littlewoods Square	£10,310	Environmental improvements to enhance the appearance and usability of Littlewoods Square.
Improvements in Towns Square	£24,700	Public realm enhancements within Town Square to improve the quality of the environment for residents and visitors.
Maps / Signage - Cemeteries	£10,000	New maps and signage will be designed in a modular grid format, allowing individual sections to be updated as required rather than replacing entire maps as the cemetery develops. This approach will also support the transition to local government reorganisation (LGR) by enabling branding to be updated efficiently to reflect the future unitary authority.
Bandley Hill & Donkey Park	£18,896	Environmental and security improvements at Donkey Park, including refurbishment of wooden donkeys, grass reinstatement works and enhanced site access controls.
Total	**£200,000**	

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	**13,587**
Previously approved Budget Changes	**301**
Revised GF Budget agreed	**13,888**
Quarterly monitoring Q1 projection	**(1,070)**
Updated GF Budget	**12,818**
Increase Variation Limit Delegated	**400**
Variations to date	**(770)**
Within Cabinet Delegated Limit	**1,170**

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.

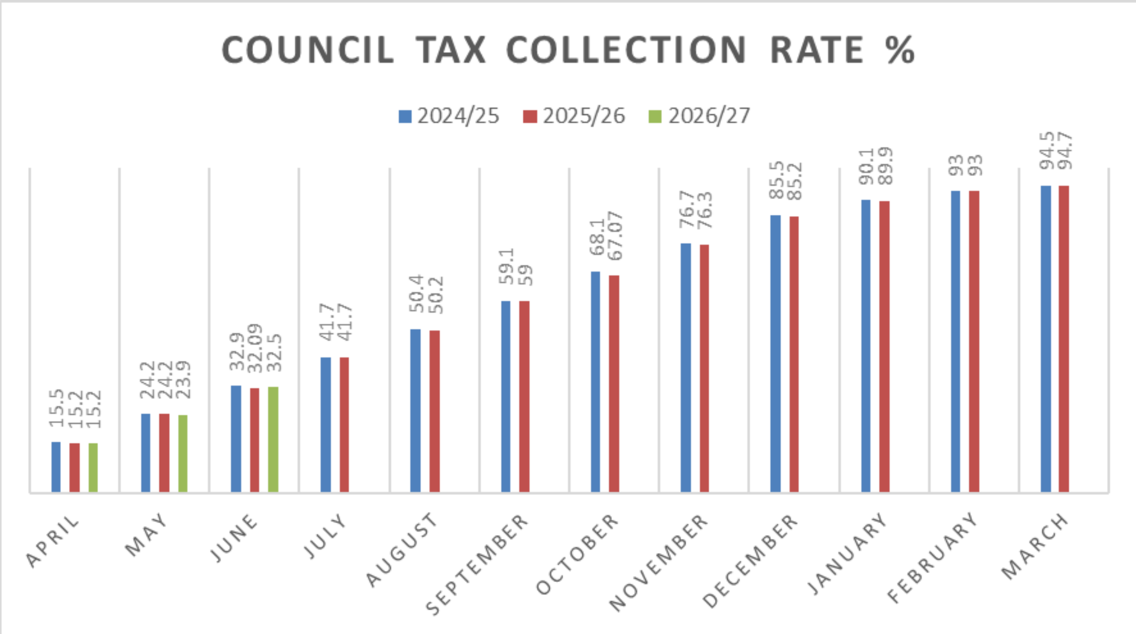
4.2.3 **Council Tax**

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.

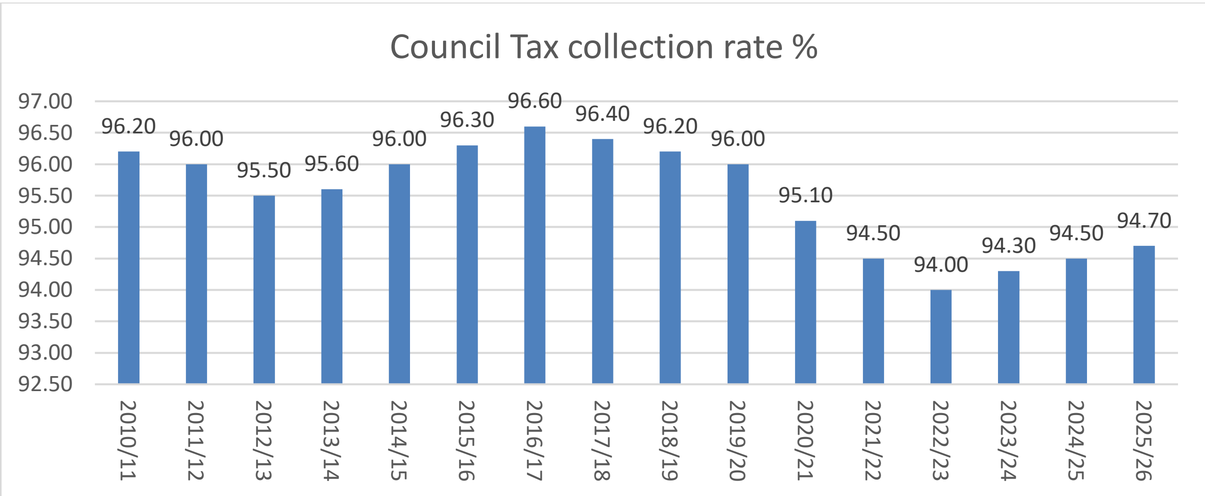
4.2.5 For 2026/27, the total Council Tax liability raised for collection (after allowing for discounts, exemptions, and reductions) amounts to £69.3 Million, of which £7.35 Million (10.61%) represents the Council's share.

4.2.6 Collection performance is monitored throughout the year by comparing the proportion of Council Tax collected at the same point in precious years. This provides an early indication of whether collection rates remain in line with expectations and helps identify any emerging trends.

4.2.7 The graph below compares the cumulative Council Tax collection rate with the same point in the previous two financial years:



4.2.8 As at the end of June 2026, 32.5% of the annual Council Tax liability had been collected, compared with 32.09% at the same point in 2025/26 and 32.9% in 2024/25. This indicates that Stevenage's collection performance remains broadly in line with last few years, however the collection rate has deteriorated from 96%+. The Shared Revenues and Benefit team are currently implementing initiatives to improve collection rates.

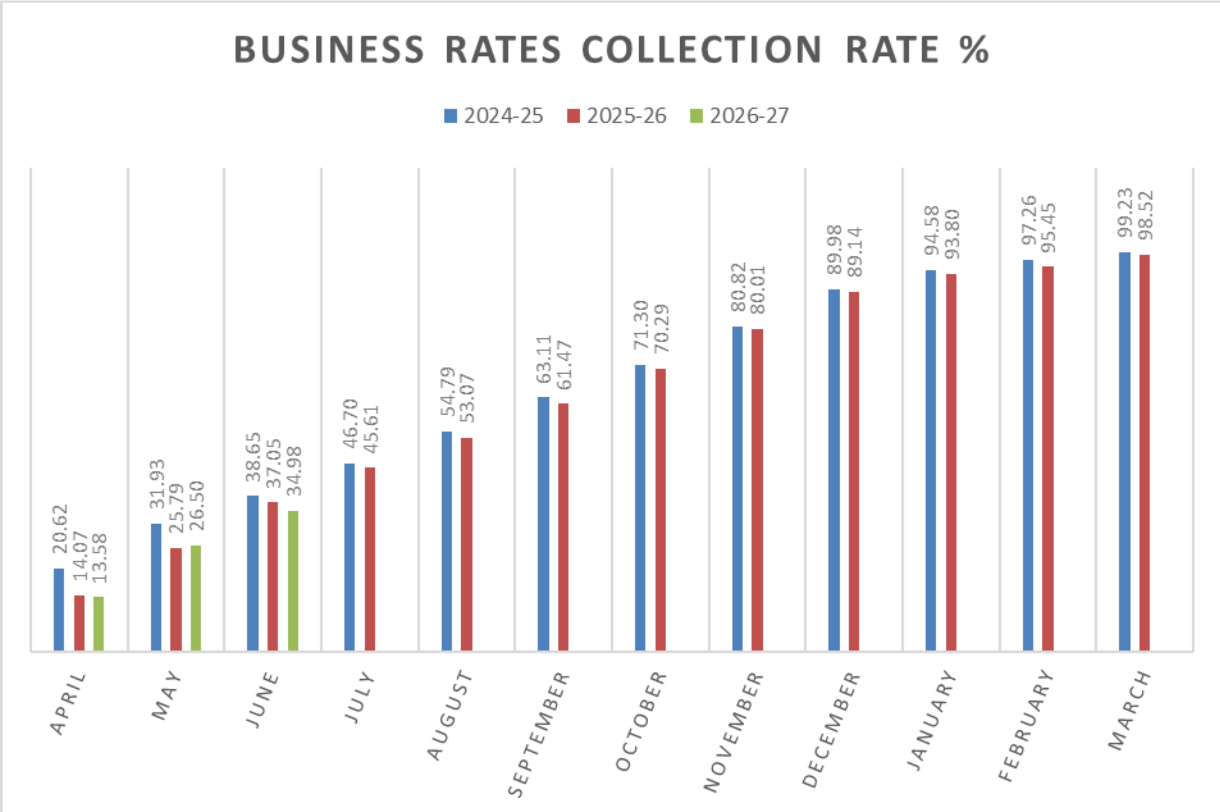


4.2.9 The current and forecast position of the Collection Fund including the impact of changes in the Council Tax base is set out in the Medium Term Financial Strategy report being considered on this Cabinet agenda.

4.2.10 **Business Rates**

4.2.11 From 2026/27, the Government introduced changes to the Business Rates Retention Scheme, including a national reset and new funding baselines for local authorities. The current and forecast position of the Collection Fund for Business Rates including details of changes implemented from this financial year are set out in the Medium Term Financial Strategy report being considered on this Cabinet agenda.

4.2.12 The following table illustrates the business rates collection rate achieved to the end of June 2026, compared with the same period in previous years:



4.2.13 Analysis shows that the collection rate for June 2026 stands at 34.98%, compared with the Quarter 1 target of 36%. Although this is lower than the collection rates achieved at the same point in previous years (37.05% in 2025/26 and 38.65% in 2024/25), Stevenage continues to perform strongly relative to its peers, achieving the highest Quarter 1 collection rate amongst Hertfordshire authorities.

4.2.14 Stevenage has a strong track record of business rates collection, achieving year-end collection rates of 98.52% in 2025/26 and 99.23% in 2024/25. These collection rates were the highest reported amongst Hertfordshire authorities in both years and provide confidence that the collection rate assumed within the current forecast remains achievable.

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 2027 is £11,629,173 (31 March 2026, £13,950,263). There are further adjustments as a result of MTFS report being reported on this Cabinet agenda, which will then be reflected in the budget once approved. During Q1 the following movement between reserves have been recommended and are not included in the under/overspends in the report.

Reserves	Q1 To Be Approved
ICT Reserve	50,000
Business Change	98,830
Town Square Reserve	(8,400)
UKSPF Reserve	13,392
Total	**153,822**

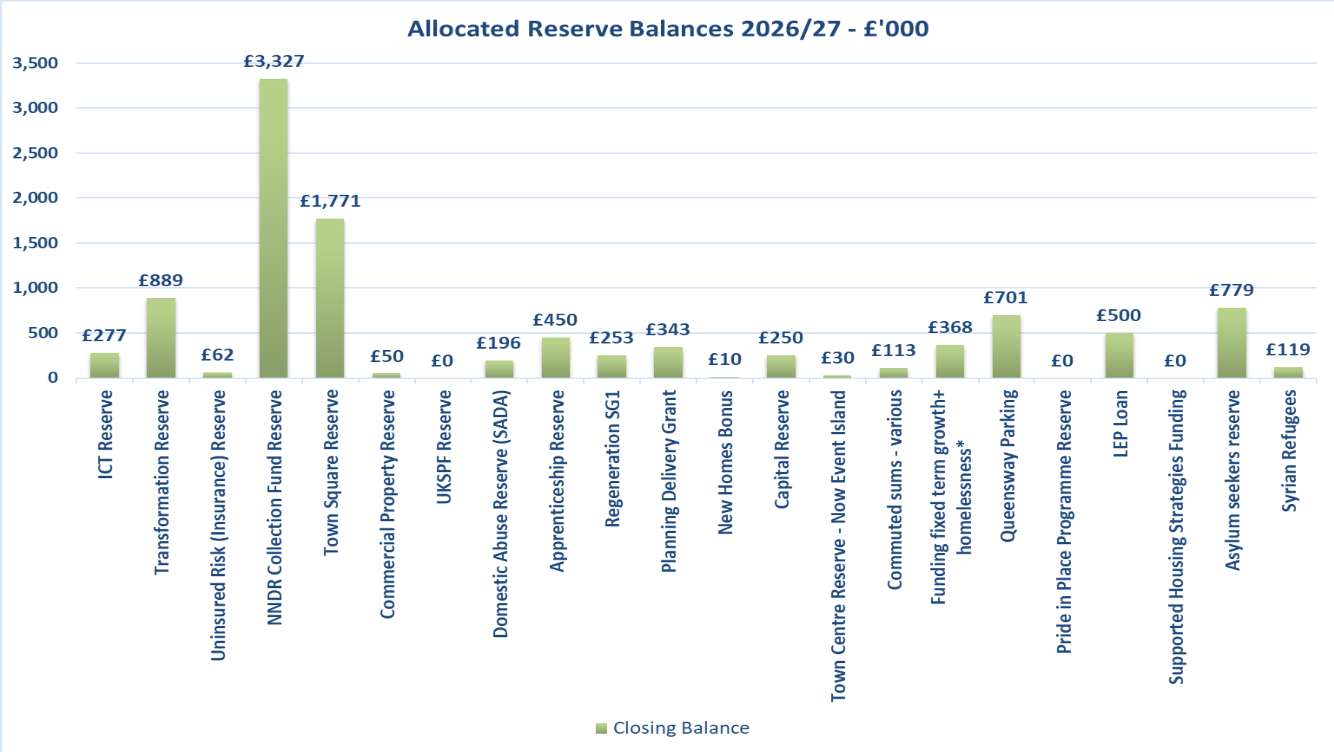
*() represents movement to reserves

a. **ICT Reserve** – a £50K drawdown is proposed to fund additional ICT costs. There relate primarily to increased annual software licence fees following the migration of system to cloud based platform, together with the costs associated with the new audio-visual equipment installed in the Committee rooms.

b. **Business Change** – a £99K drawdown is proposed to fund a number of one-off costs associated with business change and digital improvements. These include costs relating to the Contact Centre Telephony business case, Payment Card Industry (PCI) compliance consultancy costs, implementation of the Member's Enquiry system, customer services agency backfill, and funding for the Energy and Utilities manager post.

c. **Town Square Reserve –** the forecast transfer to reserves for the year is based on the latest activity profile for 2026/27.

d. **UK Shared Prosperity Fund (UKSPF) Reserve** – to fund the expenditure in relation to UKSPF project.



4.3.2 General Fund Balance – Following the Q1 review the General Fund balance as at the 31 March 2027 is now forecast to be £8.342 Million.

General Fund Balances	Working Budget £'000
Original Net General Fund Budget	**13,587**
Approved budget changes	301
Net Working budget approved to Date	**13,888**
1st Quarter Review	(1,070)
Total Net Expenditure post Q1 review	**12,818**
Less core resources at Budget Setting Report	(13,587)
Transfer (to)/from General Fund balances	**(770)**
General Fund balance 31/3/26	**(7,572)**
Transfer (to)/from General Fund balances	**(770)**
Projected General Fund balance 31/3/27	**(8,342)**
Allocated Revenue Reserves (Paragraph 4.3.1)	(11,629)
Total General Fund Revenue balances (estimated 31/3/27)	**(19,971)**

4.4 **Review of Savings** – As part of the 2026/27 budget setting, the Council agreed savings of £1.281 Million. The table below represents the RAG rated delivery of those schemes.

Target	RAG		% of Target
- 1,281,064	Delivering	1,230,114	-96%
	Partially Achieving	-	0%
	Not Achieving	50,950	-4%
- 1,281,064		1,281,064	

4.4.1 Based on the first quarter expenditure position, the Council is on track to deliver the majority of its planned savings which equates to 96%. However, some savings schemes are not expected to meet its savings target:

a. **Fees and charges savings of £48K** have all been implemented, however some areas are seeing income below the working budget as at Q1. This is likely to be a timing issue with most of the variance relating to planning applications income, which could recover later in the year. There is also a pressure on Indoor Market income as detailed in paragraph 4.1.2 j.

b. **Introduction of Fast Track applications £3K –** the service was introduced from 1 April 2026; however, take-up has been lower than anticipated and the income target is currently not being achieved. This may be partly due to increases in statutory application fees, making applicants less willing to incur additional costs for a fast-track service. Forthcoming changes to the national scheme of delegation may also be influencing demand, with applicants potentially delaying applications until the new arrangements take effect.

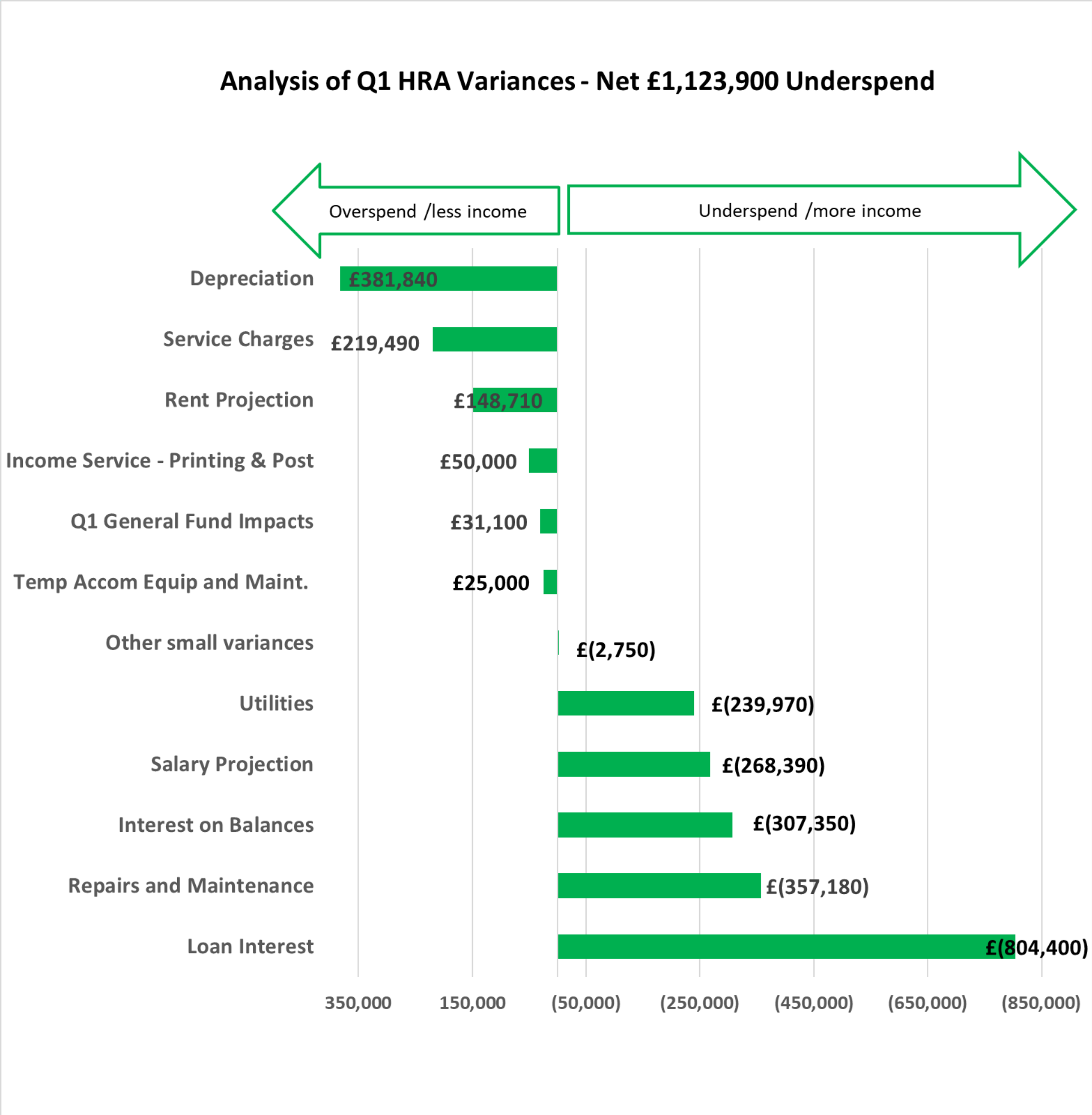
4.5 Housing Revenue Account

4.5.1 For 2026/27 the Housing Revenue Account (HRA) net budget deficit of £243K was approved at Council in January 2026, since then Members have further approved budget carry forwards of £783K from the Quarter four report to Cabinet in July, as shown in the table below.

HRA Working Budget	£'000
Original Budget 2026/27	**243**
25/26 Q4 Carry Forwards	783
Total Working Budget	**1,026**

4.6 Housing Revenue Account - Budget Review

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



4.6.2 **Depreciation £382K (Increased Expenditure).** Following the latest housing stock valuation, the depreciation charge to the HRA has increased from £13.5Million to £13.9Million. As depreciation is used to finance the housing capital programme, the increased charge will reduce the need for borrowing and help to mitigate future interest costs within the HRA.

4.6.3 **Service Charges £219K (Reduced Income)**. Service charge income is forecast to be £219K below the original budget of £3.7Million. The variance is primarily driven by property void levels and reduced costs for services recharged to tenants and leaseholders. The lower utility costs reported in para 4.6.8 below have also resulted in a corresponding reduction in service charge income and therefore offset part of the associated expenditure savings.

4.6.4 **Rent Projection £148K (Reduced Income).** The rent forecast at Q1 is a small reduction of £148K on an annual budget of £53.1Million. This forecast is based on the latest void property percentage loss, current anticipated Right to Buy sales and expected new property additions. This variance represents a 0.3% change to the original forecast.

4.6.5 **Income Service Printing and Postage Costs £50K (Increased Expenditure)**. Printing and postage costs are forecast to be £50K above budget due to continued demand for statutory and customer communications. The pressure reflects both recurring activities, such as rent statements and annual rent increase notifications, and other correspondence issued throughout the year. The forecast is consistent with expenditure levels experienced in recent years and will be included as a pressure in future budget reviews.

4.6.6 **Q1 General Fund impacts £31K (Increased Expenditure).** There is a £31K pressure to the HRA from Q1 changes to the General Fund budgets. The largest variance relates to a cost pressure from the legal services costs of £34K (based on use) and this has been offset by a small net saving on other recharged costs.

4.6.7 **Temporary Accommodation Equipment and Maintenance £25K (Increased Expenditure)**. The number of temporary accommodation properties has increased significantly over recent years, resulting in higher costs for furniture, mattresses and minor property repairs. In addition, the higher turnover of occupants in temporary accommodation creates greater demand for replacement items and maintenance than is typically experienced within the Council's general housing stock. The forecast pressure of £25K reflects recent spending trends and the ongoing growth of the service and is partly supported by increased rental income from temporary accommodation, which has risen from £636K in 2021/22 to £871K in 2025/26.

4.6.8 **Utility Costs £240K (Reduced Expenditure).** Latest forecasts indicate a reduction in utility costs of £240K for 2026/27. Electricity expenditure is forecast to be £87K below the £860K budget, while gas expenditure is projected to be £153K below the £623K budget. The reduction reflects current contracted energy prices and forecast consumption levels and will continue to be monitored throughout the year (as set out in para 4.1.3 c. As a proportion of these costs is recovered through service charges, there will be a corresponding reduction in service charge income reflecting the lower costs incurred.

4.6.9 **Salary Projection £268K (Reduced Expenditure).** Employee costs are forecast to be £268K below the original budget of £12.7Million. This reflects current staffing vacancies and the expected timing of recruitment to vacant posts. The forecast also assumes achievement of the £352K vacancy allowance incorporated within the approved budget.

4.6.10 **Interest on Balances 307K (Increased Income).** Following the latest forecast of HRA balances for the year and considering the current interest rates, the estimated interest on balances has been increased from £1.3Million to £1.6Million for the year.

4.6.11 **Loan Interest £804K (Reduced Expenditure).** The revised HRA capital programme, detailed in paragraph 4.7, has reduced the level of borrowing required in 2026/27 compared with the original budget assumptions. This has resulted in a forecast reduction in interest costs of £804K during the year. Borrowing requirements and market conditions will continue to be monitored to ensure the HRA achieves the most favourable financing position, with any material changes reported through future budget monitoring reports.

4.6.12 **Repairs and Maintenance £357K (Reduced Expenditure).** Overall, the latest forecast for repairs and maintenance shows a reduction of £357K to the original budget and this has been broken down over the following areas.

a. **Disrepair Works £150K (Reduced Expenditure).** There has been increased pressure on disrepair costs in the last few years, with an outturn of £285K in 2025/26. In response to this pressure there have been operational changes and improvements to reduce disrepair claims and control costs for each repair. These improvements and current activity levels have led to a £150K reduction in forecast costs for this year and it is anticipated that this will be an ongoing saving for the HRA.

b. **Decent Homes 2 £279K (Reduced Expenditure).** The last HRA Business Plan included provision in the revenue account for the updated Decent Homes standard. This budget was based on assumptions of what works would be required in the final new standard, in particular some high cost elements like floor coverings. The Government have now issued their new guidance and after assessing the actual requirements of the standard, this provisional budget is no longer needed and gives an annual saving to the HRA of £279K.

c. **Responsive Repairs and Building Maintenance Trading Account £72K (Increased Expenditure).** Current levels of responsive repairs activity indicate expenditure on repairs be approximately £270K lower than the £3.5Million budget. However, the associated reduction in income to the Building Maintenance Trading Account offsets this saving, resulting in an additional net cost of £72K. This reflects a one-off budget adjustment required to align the trading account following revisions to salary estimates made after the 2026/27 HRA budget was approved. As responsive repairs is a demand-led service, the position will continue to be monitored throughout the year.

4.7 Housing Revenue Account Balances

4.7.1 Following the first quarter review, the HRA balance is now forecast to be £12.6Million and is above minimum required balances.

Housing Revenue Account Outturn Position	£'000
Working Budget – Q1 Report	**1,026**
1st Quarter Net Projected Underspend	(1,124)
Projected net Surplus post 1st Quarter review	**(98)**
HRA balance brought forward 01/04/26	**(12,469)**
Surplus in year	(98)
Projected HRA balance 31/03/2027	**(12,567)**
Increase Variation Delegated Limit	**500**
Variations to date	(1,124)
Future Variations within Cabinet Delegated Limit	**1,624**

4.8 **Capital Monitoring**

4.8.1 The 2026/27 approved budget for each fund is:

- General Fund £56 Million
- Housing Revenue Account £86 Million

These budgets reflect the Capital Strategy (Q4) approved by Cabinet on 15 July 2026 and includes capital budgets approved by Cabinet and/or Council since that date.

4.8.2 The table below sets out the current projected position for the Capital programme 2026/27 and the proposed changes including rephasing of capital budgets at Q1 into future years.

	2026/27				2027/28		2028/29	
£000	**Actual Spend Q1**	**Q4 Capital Strategy**	**Q1 Revised Strategy**	**Variance Q4 v Q1**	**Movement**	**Revised Strategy**	**Movement**	**Revised Strategy**
Total GF Schemes	4,071	55,618	52,250	(3,368)	2,737	33,655	997	10,256
Total HRA Schemes	7,478	85,493	65,329	(20,154)	13,012	58,811	1,458	39,419
Total Capital Programme	**11,549**	**141,111**	**117,579**	**(23,522)**	**15,749**	**92,466**	**2,455**	**49,675**
Re-phase detail:								
Environment & Leisure				162	(125)			
Housing Development				(5,313)	5,462			
Regeneration				1,887	(2,779)		900	
Planning & Regulation				(104)	179		97	
Total GF Movement including Re-phasing				**(3,368)**	**2,737**		**997**	
Housing Investment				(4,405)	(2,737)		1,458	
New Build (Housing Development)				(15,749)	15,749		-	
Total HRA Re-phasing				**(20,154)**	**13,012**		**1,458**	

Re-phasing

4.8.3 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.

4.8.4 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.

4.9 **General Fund – re-phasing from 2026/27 to/from 2027/28 £3.5 Million - the main items are explained below:**

a. Environment & Leisure £125K, Ridlins track (£100k) and repurposing Stevenage Arts and Leisure Centre (£25k). The delivery of both projects is due mainly in 2027/28. Preliminary works are required in 2026/27 and as a result initial works budgets have been re-phased from 2027/28 into the current year.

b. Land, Development & Neighbourhood Regeneration £5.3 Million -

    i. £2.5 Million of Kenilworth Phase 2 has been re-phased into 2027/28. This is to align the delivery budget as start works have been delayed following delays arising from highways and utility diversion works required ahead of construction.

    ii. Of the total £2.5Million Wholly Owned Housing Development Company loan investment budget remaining (originally £15 Million), £1.8Million has been re-phased into 2027/28 to be available for future schemes .

c. Regeneration - Stevenage Sports & Leisure Hub - the revised expenditure profile reflects the contractor's delivery programme. The expenditure profile will continue to be reviewed throughout project delivery. Forecasts are informed by monthly valuations and assessments undertaken by the project's cost consultants against actual contractor progress on site. As a result, spend profiles may continue to fluctuate over the life of the project as works are measured, certified and reforecast. At Q1 the budget has been re-phased where £1.8 Million brought forward from budgets in 2027/28 to 2026/27 and £900K re-phased into 2028/29.

4.10 **HRA – re-phasing £20 Million - the main items are explained below:**

a. Housing Development - £15.7Million – Brent Court - continued delays in receiving gateway 2 approval for the works at the site. This is a national issue whereby schemes considered HRB's are experiencing delays in receiving the necessary statutory approvals to enable works on site.

b. Housing investment £4.4Million re-phasing and reduction across 2026/27 to 2028/29 – this has been reprofiled in light of significant financial challenges the HRA faces both from significant savings and the need to fund building high rise safety works that are due to come to the Committee in a later meeting. Mor information can be found in the HRA MTFS report.

4.11 New Grant / Contribution funded Growth Items £699K

a. The Council has received £149K of Brown field land release fund to fund the demolition of garages ahead of disposal. This demolition budget has been added to the programme in 2026/27.

b. Following Cabinet's approval in January 2026 of £225K of Neighbourhood CIL funding and £30K of Biodiversity Net Gain (BNG) contributions to support projects aligned with the Council's Climate Action Plan, Green Space Strategy, Woodlands Strategy and Biodiversity Action Plan, officers have worked to identify a second phase of investment opportunities.

   It is proposed that a further £550K of Neighbourhood CIL funding be allocated to a Phase 2 programme of projects focused on health, wellbeing and leisure infrastructure. This programme supports the Council's corporate priority of creating thriving communities by enhancing leisure and recreation opportunities and working with partners to tackle health inequalities across the borough.

   In considering the allocation of these funds, projects have been assessed against the key criteria of CIL compliance, strategic fit with Council priorities, and deliverability, ensuring that available funding is directed towards schemes capable of delivering measurable benefits for local communities.

   Officers will continue to work closely with Members and partner organisations to ensure that funding is targeted towards projects that maximise community benefit and deliver against the Council's strategic objectives. A full breakdown of recommended projects are included as **Appendix D.**

4.12 Virements

Members are asked to approve the following virement:

From KC171: £142K - Burwell Road Shops roof – only £125K of the original budget (£267K) is required for this project. Approval is requested to re-focus £142K as below:

a) KR174 £74K – to enable required works to other commercial property
b) KR554 £58K for Bedwell Neighbourhood Centre Canopy works
c) KR183 £10K – Homestart, 4-5 Bedwell Park, quoted received for these works exceed the original budget by £10K.

4.13 Capital Financing

4.13.1 The table below sets out the change in the Capital Financing position since Q4, because of changes to the expenditure phasing discussed above.

£000	2026/27			2027/28		2028/29	
	Q4 Capital Strategy	Q1 Revised Strategy	Variance Q4 v Q1	Movement	Revised Strategy	Movement	Revised Strategy
Total Capital Financing	**141,101**	**117,579**	**(23,522)**	**15,749**	**92,466**	**2,455**	**49,675**
Changes detail:							
Capital Receipts			559	3,312		2,023	
Grants and Contributions			289	(538)		(35)	
Short Term Borrowing			(4,566)	43		67	
Revenue contributions			350	(80)		(1,058)	
Total GF Financing changes			**(3,368)**	**2,737**		**997**	
Capital Receipts			6,924	(2,194)		(1,653)	
Grants and Contributions			(6,015)	4,057		-	
Borrowing			(21,327)	11,255		3,111	
Major Repairs Reserve			264	(106)		-	
Total HRA Financing changes			**(20,154)**	**13,012**		1,458	
Total Capital Financing			**(23,522)**	**15,749**		**2,455**	

4.14 Capital Receipts Forecast

4.14.1 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 2026/27 Forecast	7,047	21,972	14,925
Year 2027/28 Forecast	42,128	36,832	(5,296)
Year 2028/29 Forecast	3,594	-	(3,594)
Year 2029/30 Forecast	199	1,150	951
Year 2030/31 Forecast	-	1,150	1,150
Total Capital Receipts (GF)	**52,968**	**61,105**	**8,137**
2026/27 HRA Right to Buy Forecast	-	4,779	4,779
2026/27 Other Capital Receipts Forecast	500	500	-
Total Capital Receipts (HRA)	**500**	**5,279**	**4,779**

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

5 IMPLICATIONS

5.1 Financial Implications

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

5.2 Legal Implications

5.2.1 The purpose of this report is to present the forecast General Fund net expenditure, Housing Revenue Account (HRA) position and Capital Programme for 2026/27, together with the projected impact on General Fund and HRA balances. Whilst there are no direct legal implications arising from the recommendations at this stage, Members are reminded of their statutory duty to set and maintain a balanced budget.

5.3 Equalities and Diversity Implications

5.3.1 This report summarises the external and internal factors affecting approved budgets and recommends in-year budget adjustments where necessary. Any budget changes identified for future years that may have an adverse impact on groups protected under the Equality Act 2010 will be considered through the Council's budget-setting process, including the completion of Equality Impact Assessments (EqIAs) where appropriate. None of the budget changes reported are expected to result in changes to existing equalities and diversity policies.

5.4 Risk Implications

5.4.1 A risk-based assessment of reserves and balances is undertaken as part of the General Fund budget-setting process and is reported to Council accordingly. Current projections indicate that both General Fund and Housing Revenue Account (HRA) balances will remain above the approved minimum levels, providing an appropriate level of financial resilience against identified risks.

5.5 Policy Implications

5.5.1 The budget framework reflects the Council's policy-led approach to financial planning and resource allocation across all services. It supports the delivery of corporate priorities and forms an integral part of the Council's Medium Term Financial Strategy (MTFS), ensuring that resources are aligned with agreed policy objectives and strategic outcomes.

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 – Outturn Q4 Monitoring Report for General Fund, Housing Revenue Account, Capital and Group Companies 2025/26 (Cabinet 15 July 2026)

Appendices

A General Fund Capital Strategy Q1 (2026/27)

B HRA Capital Strategy Q1 (2026/27)

C Prudential Indicators Q1 2026/27

D CIL Phase 2 Projects