Meeting: **CABINET** **Agenda Item:**

Portfolio Area: Resources and Performance

Date: **19 November 2026**

2ND 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 second quarter projected net increase in General Fund expenditure of £425,290 be approved as set out in section 4.1.

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

Housing Revenue Account

2.3 That the 2026/27 second quarter projected net increase in HRA expenditure of £373,570 be approved.

Capital Programme

2.4 That the General Fund capital budget re-phasing of £4Million from 2026/27 to future years be approved.

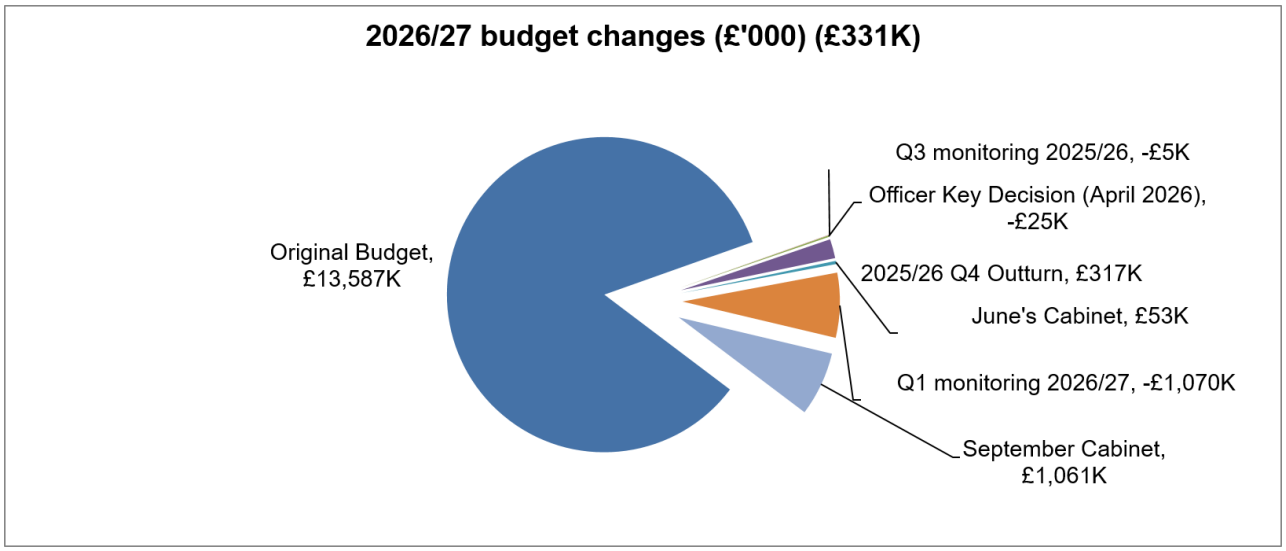
2.5 That the Housing Revenue Account capital budget re-phasing of £394K to/from 2026/27 to future years be approved.

2.6 That General Fund capital virements of £216K in paragraph 4.11 be approved.

2.7 That the proposed changes to the funding of the General Fund and HRA capital budgets in section 4.12 be approved.

3. BACKGROUND - GENERAL FUND

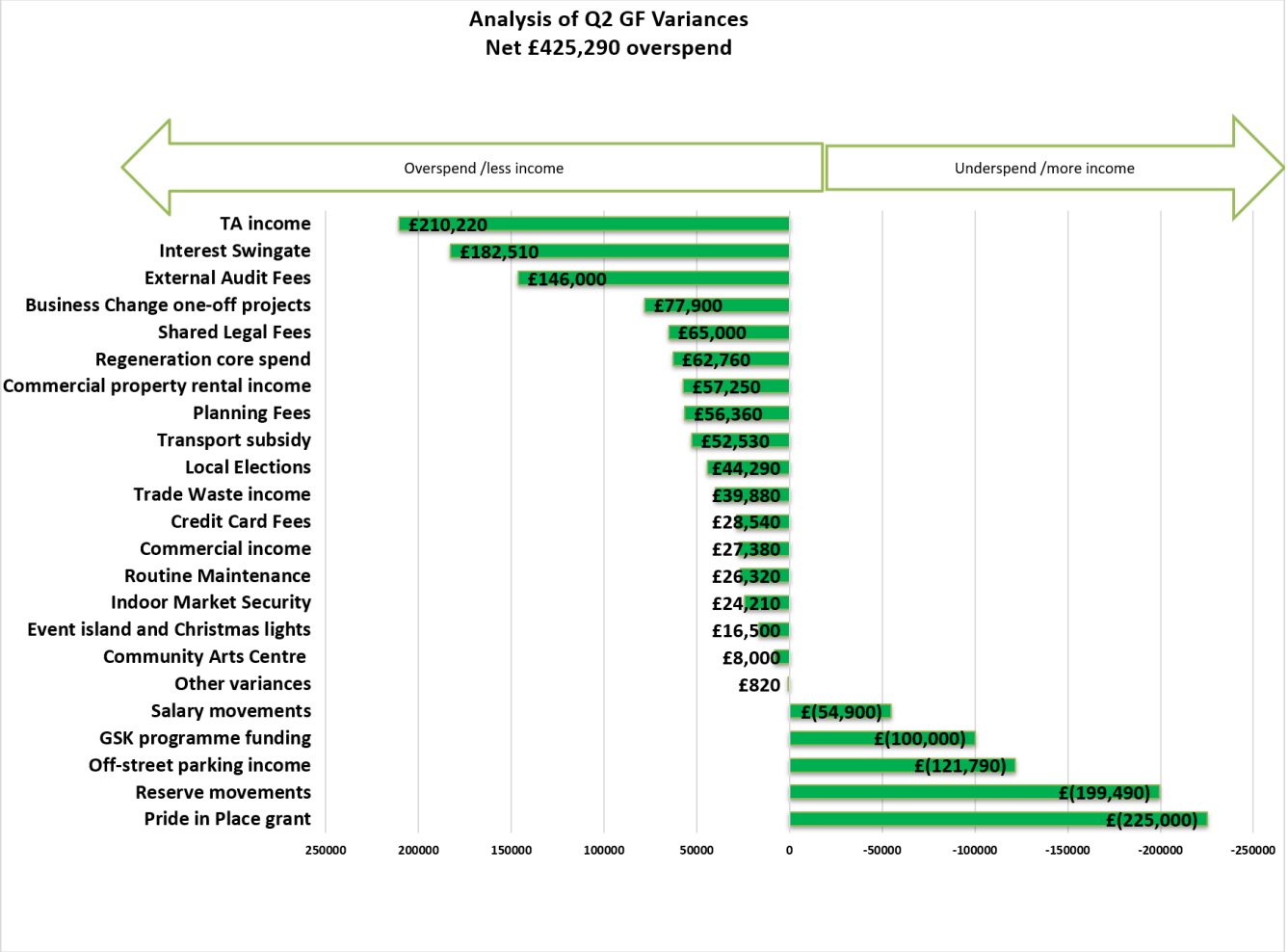
3.1. Since the General Fund net budget of £13,587,330 was approved at February 2026 Council, Members have since authorised further net budget changes of £330,950 as detailed in the chart below:



4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 General Fund – Budget Review

4.1.1 Following the second quarter review of the General Fund budgets officers are projecting a net increase in the forecast budget spend for the year of £425,290.



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

a. **Technical Accounting (TA) income £210K (Reduced Income) –** some of the Councils teams work on capital projects and part of their salaries are therefore charged to capital schemes and are not a cost to the General Fund, however a projection of current workloads means activity is more revenue focused within the Regeneration team which means costs of £181K are now funded from revenue. Similarly, a further £29K of ICT staff time is also revenue rather than capital based. To mitigate the cost to the General Fund there are regeneration salary savings of £69K and a use of the earmarked reserve of £56K are recommended (para 4.3.1 e), leaving a net pressure of £85K.

Service	Cost £
Regeneration TA	181,000
ICT TA	29,000
Regen salary savings	- 69,000
Regen reserves	- 56,000
Total	**85,000**

b. **Interest Swingate £183K (Reduced Income) –** a detailed explanation provided in paragraph 4.3.1 a.

c. **External Audit Fees £146K (Increased Expenditure) –** the first quarter monitoring report recognised £100K cost for Audit Build Back costs as a result of nationwide delays in the completion of external audits, however this was insufficient to cover the whole amount. A further pressure is now forecast following an updated review of all external audit costs, which includes further build back costs associated with the 2025/26 audit and additional 2024/25 audit expenditure. Across the General Fund and HRA, the updated position represents a further £261K pressure in addition to the £100K reported at Quarter one, taking the total projected pressure to £361K.

d. **Business Change one off projects £78K (Increased Expenditure)** – a drawdown of the earmarked Business Change reserve is projected to deliver agreed projects including £17K for Phase one Payment Card Industry (PCI) compliance testing, £31K for website development and £30K for additional IT resource to provide capacity while existing resources support the PCI work. The Business Change has a reserve which is used to pump prime deliver of their projects.

e. **Shared Legal Fees £65K (Increased Expenditure) –** demand for legal services across the shared legal partnership remains higher than budgeted, alongside the requirement for specialist legal support in some cases has meant the budget is insufficient and a further pressure has been identified in Quarter two, reflecting the continuation of the pressures reported in Quarter one. This is projected to be an on-going increased cost and included in the Balancing the Budget reports to this Cabinet.

f. **Regeneration spend £118K (Increased Expenditure) –** this relates to offsetting the Regeneration TA pressure set out in paragraph 4.1.2 (a) with the remaining amount funding current projects funded using their earmarked reserve as detailed in paragraph 4.3.1 (e).

g. **Commercial Property rental Income £57K (Reduced Income) –** this is primarily due to delays affecting the commencement of rental income across two separate lettings. Of this, £37.5K relates to a planning delay, with rental income now forecast to commence from October 2026. A further £20K relates to a separate letting, where delays in completing fit-out works resulted in a two-month delay in rental income. This delay was not reflected in the budget setting and is projected to be not ongoing.

h. **Planning Fees £56K (Reduced Income) –** wider economic conditions, including the cost of living and borrowing costs, may be impacting development activity, with planning application numbers currently around 10% lower than at the same point last year. This is also reflected nationally whereby application numbers are down year-on-year. In addition, Planning is a demand-led service, and fee income depends on the applications submitted.

i. **Transport Subsidy £53K (Reduced Income) –** this is due to a change in the green waste disposal location to a facility closer to Stevenage. As the subsidy received from Hertfordshire County Council (HCC) is linked to transport

distances, the shorter journey has resulted in a reduction in the level of subsidy receivable. The revised arrangements are delivering some operational efficiencies, which have been accounted for within this pressure. The projected ongoing pressure for next year is £15K.

j. **Local Elections £44K (Increased Expenditure)** the budget for local elections has not been sufficient to cover the whole cost and £50K was added to the 2026/27 budget, based on the May 2026 election a further £44K is required taking the total cost of an election to £200K, which will be an on-going pressure.

k. **Trade Waste Income £40K (Reduced Income)** – this is primarily due to a combination of customer losses and existing customers reducing the frequency of their collections. While new customers have been secured during the year, this has not been sufficient to offset the overall reduction in income.

l. **Credit Card Fees £29K (Increased Expenditure) –** these are forecast to be above the budget, reflecting higher transaction volumes due to higher parking income (see paragraph 4.1.3 c). The card fees budget was reduced by £18.5K part of savings programme during 2026/27 budget setting (see para 4.4.1 c), but higher parking income has increased costs.

m. **Commercial Income £27K (Reduced Income) –** this is reflecting lower than anticipated income from filming and advertising opportunities. The commercial team continues to promote Stevenage as a filming location, however, income generated to date remains below the budgeted level. Advertising opportunities in the local newspaper have also not generated the level of income anticipated in the budget.

n. **Routine Maintenance £26K (Increased Expenditure) –** routine maintenance spend continues to exceed budget for works at Cavendish Road depot. The majority of this spend relates to day to day repairs, materials, and safety checks.

o. **Indoor Market £24K (Increased Expenditure) –** The market budget had assumed a reduction due to revised regime for on-site presence and security. However, the revised arrangements are now expected to start at the end of October 2026 resulting in a one-off pressure.

p. **Event Island and Christmas Lights £17K (Increased Expenditure) –** relates to a purchase of radios (£8.5K funded from Event Island reserve, see para 4.3.1 f) and a further £8K to provide and install a new remote-control system to switch on clock tower lights which failed last year and would require a contractor to be stationed inside the clock tower for the Christmas light switch on each year.

q. **Community Arts Centre £8K (Increased Expenditure) –** estimated cost of dilapidations schedule apportioned following the break clause in the contract actioned by the landlord requiring the Council to relinquish the building.

r. **Other Variances £1K (Increased Expenditure) –** a combination of small variances across the service.

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

a. **Salaries £55K (Reduced Expenditure) –** salary variances across the services reflect a combination of vacancy savings and additional staffing requirements. Underspends have arisen within Policy and Performance and Regeneration due to vacant posts, with the Regeneration saving being used to partially offset the capital TA pressure (para 4.1.2 a). The additional staffing costs within Refuse and Recycling where needed primarily to maintain service delivery during periods of sickness absence and meet seasonal operational requirements. Property Services is also forecasting an underspend as recruitment to the new staffing structure is not completely in place. The resulting salary variances are summarised below.

Service	Cost £
Policy & Performance	- 14,740
Regeneration	- 69,480
Environment & Leisure	129,320
Property Services	- 100,000
Total	**- 54,900**

b. **GSK Programme Funding £100K (Increased Income) –** a contribution from Herts Futures has been received towards the GSK programme works. This will contribute towards the budget pressure identified in Quarter one Cabinet report.

c. **Off Street Parking Income £122K (Increased Income) –** income performance is predicted to exceed the budget across the Council's car parks, which represents 2.75% increase against approved budget. Based on performance to date, this higher level of income is expected to continue for the remainder of 2026/27.

d. **Reserves Movements £199K (Increased Expenditure) –** a detailed explanation of the underlying reserve movements provided in paragraph 4.3.

e. **Pride in Place Grant £225K – (Increased Income) –** additional £135K of grant funding has been received, giving a total grant income budget for 2026/27 of £285K. Based on current projections £60K is expected to be spent in 2026/27 with the remaining £225K transferred to reserves to support future ongoing Pride in Place expenditure (para 4.3.1 g).

The cumulative changes made to the General Fund net budget, remain within the £500,000 increase variation limit for General Fund and £500,000 for LGR 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 (GF)	**(429)**
Previously approved Budget Changes (LGR)	**451**
Revised GF Budget agreed	**13,609**
Quarterly monitoring Q2 projection (GF)	**425**
Updated GF Budget	**14,034**
Increase Variation Limit Delegated (GF)	**500**
Increase Variation Limit Delegated (LGR)	**500**
Variations to date (GF)	**(3)**
Variations to date (LGR)	**451**
Remaining Delegation Within Cabinet Delegated Limit (GF)	**503**
Remaining Delegation Within Cabinet Delegated Limit (LGR)	**50**

4.2 Collection Fund

4.2.1 The Council is responsible for the collection of both Council Tax and Business Rates, also known as National Non-Domestic Rates (NNDR), which are administered through the Collection Fund. Income from these sources is monitored throughout the year and compared against the anticipated levels set during the budget-setting process.

4.2.2 Although the income credited to the Council's General Fund revenue account is determined through the annual Council Tax precept (approved each February) and the NNDR1 government return (which sets the Council's share of business rates income), any difference between actual and budgeted income is held within the Collection Fund. These variances are then carried forward as either a surplus or deficit and subsequently released to, or recovered from, the General Fund in future financial years.

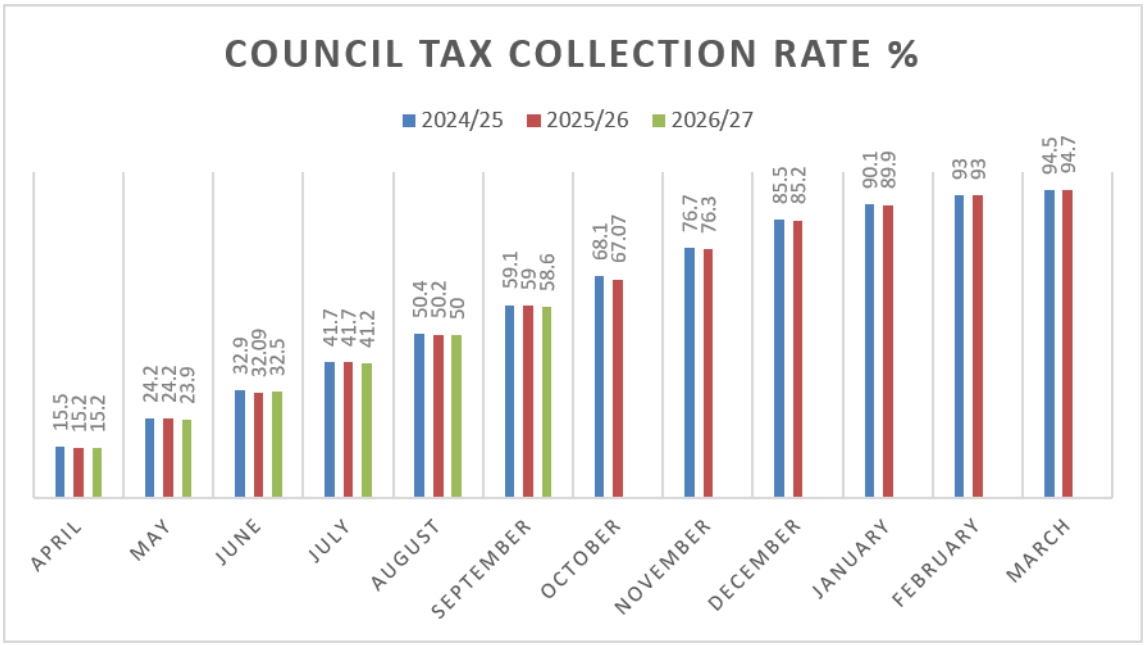
4.2.3 Council Tax Receipts

4.2.4 Council Tax income is collected on behalf of all precepting bodies (Stevenage Borough Council, Hertfordshire County Council, and the Hertfordshire Police Authority) and distributed in accordance with the approved precepts.

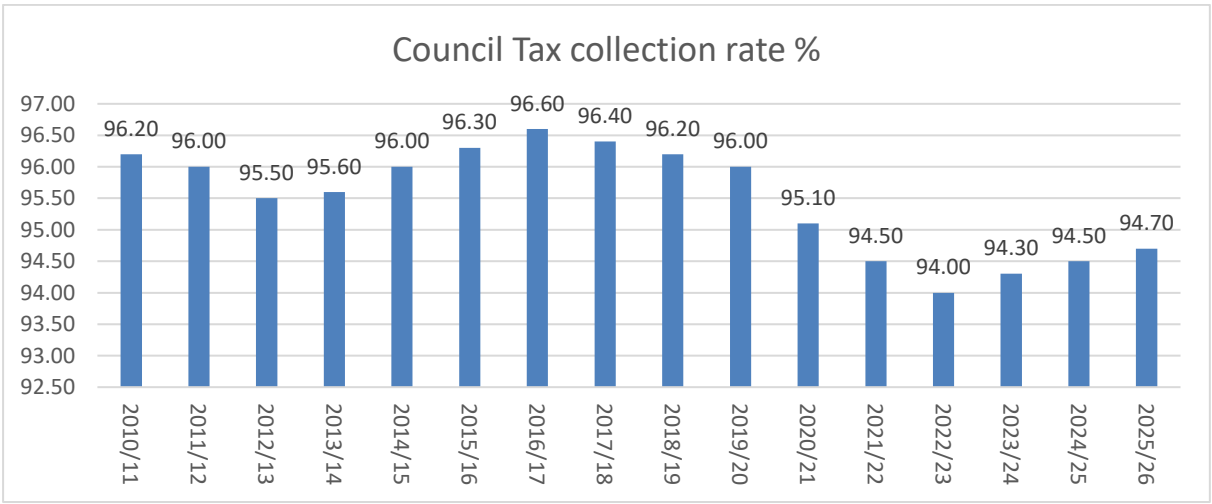
4.2.5 For 2026/27, the total Council Tax liability raised for collection (after allowing for discounts, exemptions, and reductions) amounts to £70 Million, of which £7.33Million (10.61%) represents the Council's share.

4.2.6 Collection performance is monitored throughout the year by comparing the proportion of Council Tax collected at the same point in previous 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 September 2026, 58.6% of the annual Council Tax liability had been collected, compared with 59% at the same point in 2025/26 and 59.1% in 2024/25. It is worth noting the Council's Quarter two collection rate was the highest when compared with other Hertfordshire District Councils, however a circa 94% collection rate is low. To improve the collection performance by the year end which has reduced over the years (particularly post COVID) and as shown in the chart below, Finance and Shared Revenues and Benefit team are currently working together and looking at implementing initiatives to improve the position.



4.2.9 **Council Tax – Tax Base**

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

4.2.11 For 2026/27, the approved tax base was 28,884.46 Band D equivalent properties (after adjustments for non-collection). This estimate carries an inherent level of risk, as any variation between the forecasted and actual number of chargeable dwellings will result in either a surplus or deficit within the Collection Fund which will impact on the Council's Medium Term Financial Strategy.

4.2.12 Monitoring as at end of September 2026 indicates a current tax base of 29,106.49 which is above the budgeted tax base as a result of more dwellings on valuation list and changes in discounts. Further information can be found in Balancing the Budget report also included in this Cabinet agenda.

4.2.13 **Council Tax Forecast**

4.2.14 Taking the above matters into account and projecting to the end of the financial year, early indications suggest that the Collection Fund in respect of Council Tax is forecast to deliver a surplus of £0.913 Million in 2026/27. Although the current in-year collection rate of 58.6% is slightly below the 60% target, this shortfall is offset by an increase in number of chargeable properties and a reduction in discounts. Based on the latest tax base and bad debt provision, this has resulted in an overall improvement in the projected collection fund position. If the surplus is realised, the Council's share would be approximately £97K which would be credited to the General Fund in 2027/28.

4.2.15 **Business Rates**

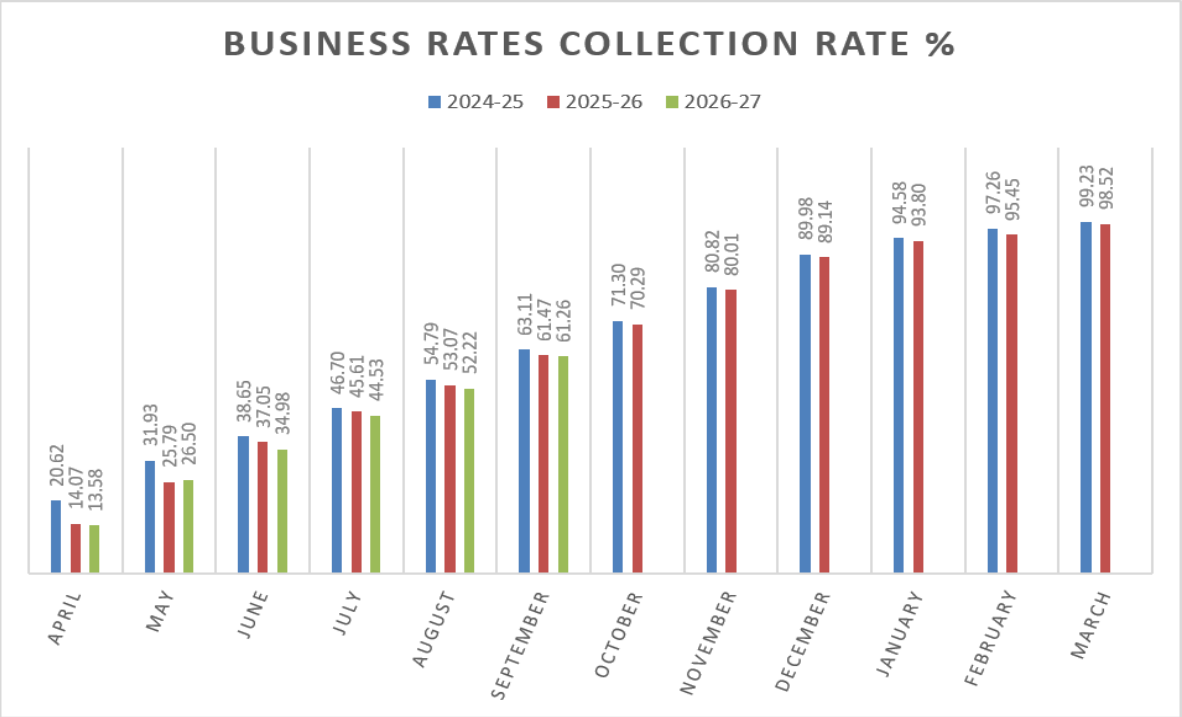
From 2026/27, the Government introduced changes to the Business Rates Retention Scheme, including a national reset and new funding baselines for local authorities. The new distribution of local government funding took into account the 'gains' Councils have kept since the last reset (2013/14). The result of this is that the level of Stevenage's retained rates is only at the level the government assumed in their base line funding, (the government's assessment of the Council's need).

4.2.16 The table below summarises the forecast business rates income for the year as at the end of September, compared with the original estimates set out in the NNDR1 return:

	2026/27 Original v Projected		
	Budget 2026/27 (NNDR 1) £	Forecast Year End Position £	Variance £
Net yield	(65,990,010)	(61,719,082)	4,270,928
Stevenage share of yield	(26,396,004)	(24,687,633)	1,708,371
Tariff	22,786,682	22,786,682	0
Share net of tariff	**(3,609,321)**	**(1,900,950)**	**1,708,371**
Baseline Funding Level	(3,609,322)	(3,609,322)	0
(Gains) /Losses	0	1,708,372	
Losses applicable for Safety Net (@ 100%)	0	1,708,372	
Retained Business Rates	**(3,609,321)**	**(3,609,322)**	**0**

Further details can be found in Balancing the Budget report also included in this Cabinet agenda.

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



4.2.18 Analysis shows that the collection rate for September 2026 stands at 61.26%, compared with the Quarter two target of 60%. Although this is lower than the collection rates achieved at the same point in previous years (61.47% in 2025/26 and 63.11% in 2024/25), Stevenage's collection rate is the highest in Hertfordshire.

4.2.19 **Housing Benefit**

Based on the latest information available, the Housing Benefit budget is currently forecast to be broadly balanced overall. Whilst there are some emerging budget pressures within the service, these are currently being offset by favourable variances elsewhere, resulting in no significant change to the overall forecast position. As Housing Benefit remains a demand-led and volatile service area, the position will continue to be monitored closely, and any material changes will be reported through future budget monitoring reports.

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 £11,106,834 (31 March 2026, £13,950,263). During Quarter two the following movement between reserves have been recommended.

Reserves	Q2 To Be Approved
NNDR Reserve	182,510
ICT Reserve	74,070
Business Change	77,900
Town Square Reserve	(6,010)
Regeneration SG1	118,630
Event Island	8,500
Pride in Place Programme Reserve	(225,000)
Total	**230,600**

*() represents movement to reserves

a. **NNDR Reserve –** the forecast equity share interest income relating to Claxton House (Swingate) is lower than estimated based on current projections, however the overall return to the Council is higher compared to that contained in the last Companies report to the Cabinet in September 2026. The General Fund does not assume any gain from the cost of funding the Equity share or the resultant interest return and it is transferred to/from the NNDR reserve, a corresponding £183K drawdown from the reserve is now required to reflect the revised forecast.

b. **ICT Reserve** – increased forecast expenditure across ICT contracts, supplies and services, together with higher salary costs, has resulted in an in-year pressure. £74K of this pressure is proposed to be funded through a drawdown from this reserve.

c. **Business Change** – as detailed in paragraph 4.1.2 d.

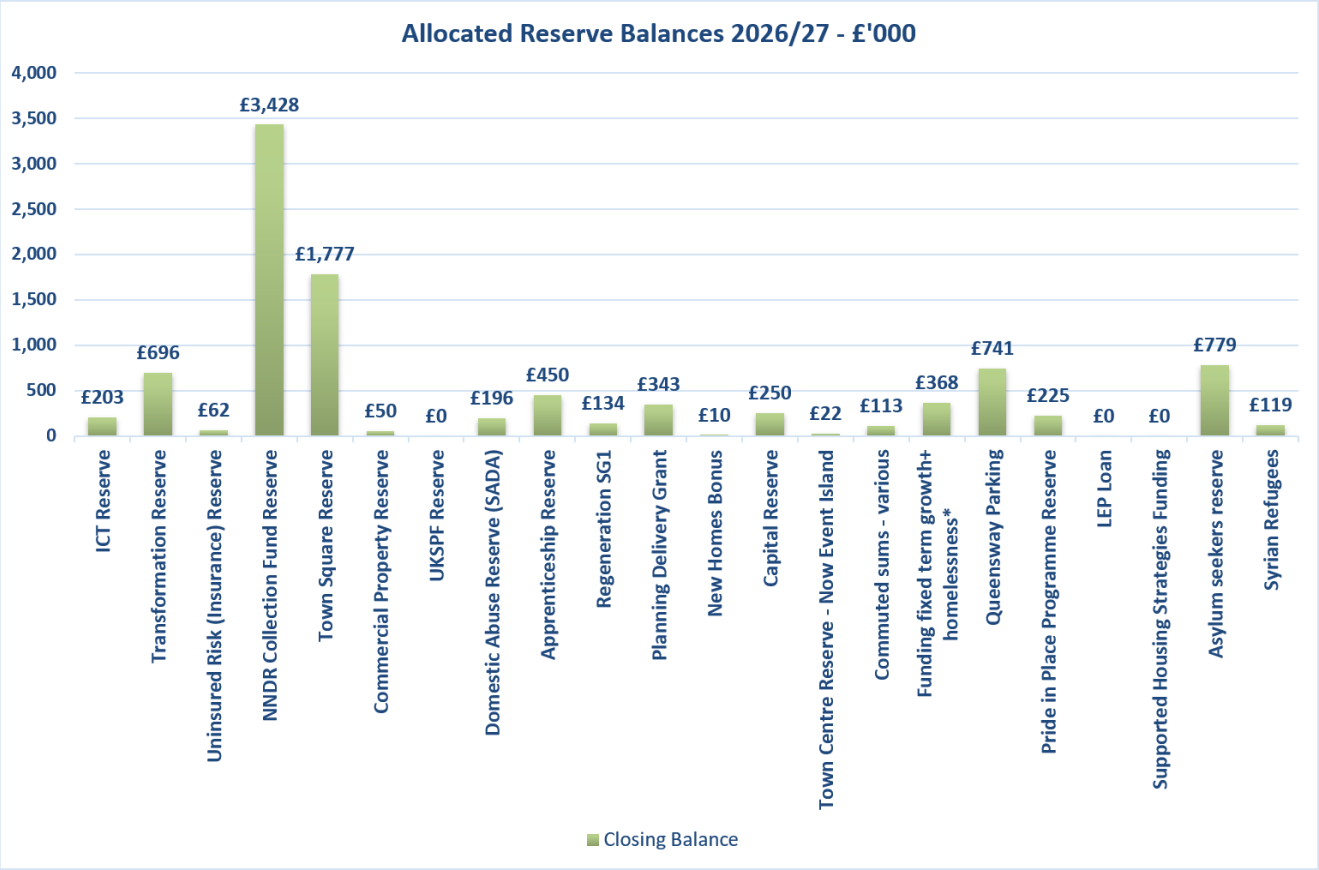
d. **Town Square Reserve –** the forecast transfer to reserves for the year is based on the latest activity profile for 2026/27. The net income/costs

relating to the Town Square assets are transferred to the earmark reserve to fund the holding costs of the assets prior to any regeneration.

e. **Regeneration Reserve –** is forecast to fund £63K of operational expenditure and £56K of the capital TA pressure, giving a net £118K drawdown from the reserve.

f. **Event Island Reserve –** a drawdown of £8.5K is proposed to fund the purchase of radios as set out in paragraph 4.1.2 p.

g. **Pride in Place Programme Reserve –** a £225K contribution to the Pride in Place Programme reserve is proposed, reflecting the grant funding position detailed in paragraph 4.1.3 e above.



4.3.2 General Fund Balance – Following the Quarter 2 review the General Fund balance as at the 31 March 2027 is now forecast to be £6.816 Million.

General Fund Balances	Working Budget £'000
Original Net General Fund Budget	**13,587**
Approved budget changes	331
Net Working budget approved to Date	**13,918**
2nd Quarter Review	425
Total Net Expenditure post Q1 review	**14,344**
Less core resources at Budget Setting Report	(13,587)
Transfer (to)/from General Fund balances	**756**
General Fund balance 31/3/26	**(7,572)**
Transfer (to)/from General Fund balances	**756**
Projected General Fund balance 31/3/27	**(6,816)**
Allocated Revenue Reserves (Paragraph 4.3.1)	(11,107)
Total General Fund Revenue balances (estimated 31/3/27)	**(17,922)**

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	-1,121,524	88%
	Partially Achieving	121,500	-9%
	Not Achieving	38,040	-3%
- 1,281,064		-1,281,064	

4.4.1 Based on the second quarter position, the Council is forecast to achieve 88% of its approved savings programme, with only a small number of schemes currently forecast to be partially undelivered in 2026/27 as detailed below.

a. **Fees and charges savings of £84K** – fees and charges have all been implemented, however some areas are seeing income below the working budget as at Quarter two. Most of this pressure is driven from Trade Waste income, which is partly due to timing.

b. **Estates Opportunities £37.5K –** as detailed in paragraph 4.1.2 g delivery of this has been delayed due to the timing of the planning application. As a result, the associated income is not expected to be achieved in 2026/27.

c. **Credit Card Fees £18.5K** – these are directly linked to income levels and transaction volumes. As detailed in section 4.1.3 c, an increase in parking income has been reported, resulting in a corresponding increase in credit card transaction fees.

d. **Trade Waste new charges £6K** – the implementation of the new charges were delayed but now have gone live, resulting in a one-off shortfall against the associated savings target in 2026/27.

e. **Income from Billboards £11K** – this income is currently forecast to be below the budget target due to market conditions and delays in the rollout of new digital advertising sites. The Commercial team is working with advertising partners to maximise income from existing advertising assets and is exploring fixed-income digital advertising arrangements to provide a more stable income stream in future years.

f. **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.

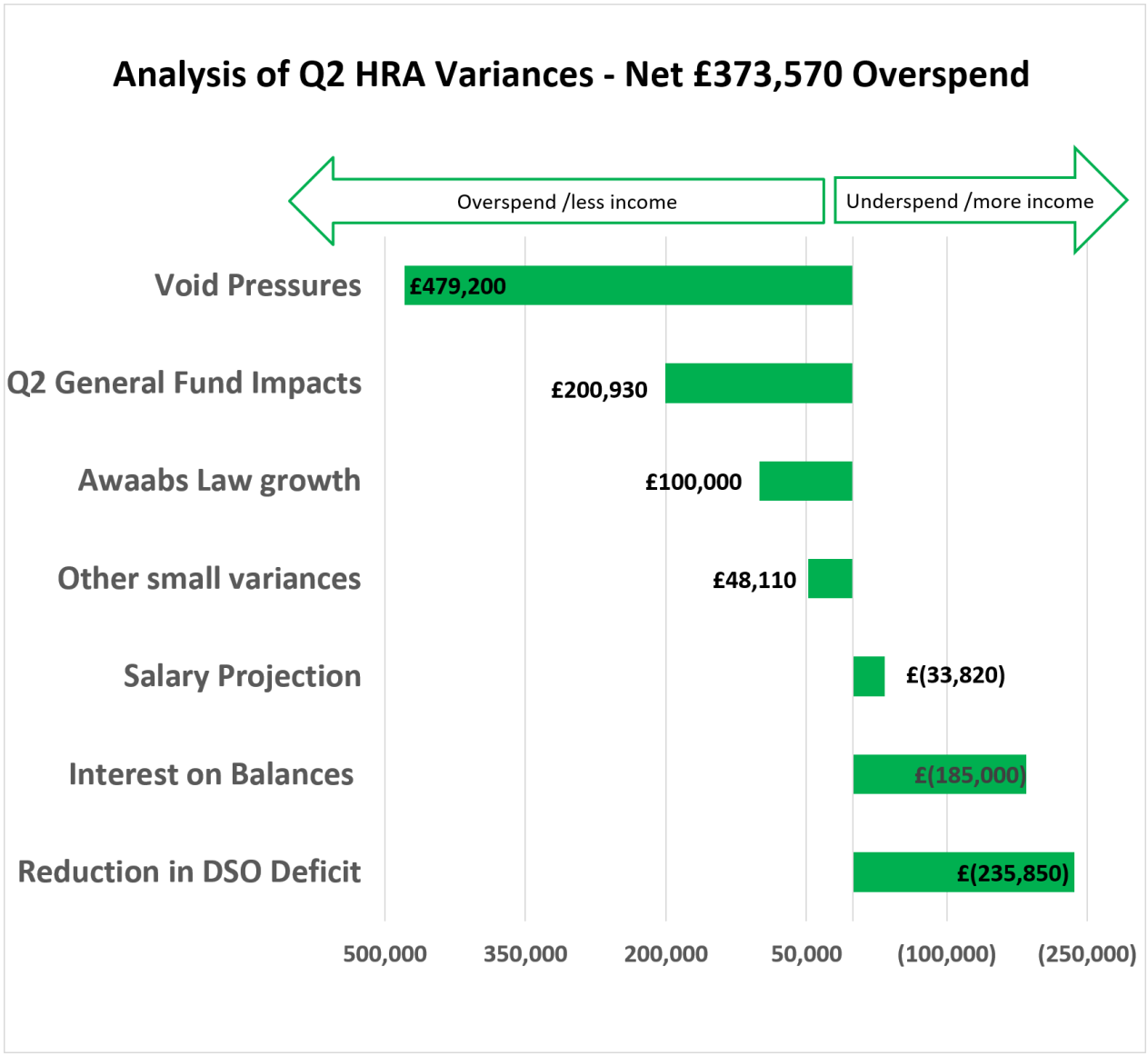
4.5 Housing Revenue Account

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 net budget changes of (£227K), as shown in the table below.

HRA Working Budget	£'000
Original Net Budget 2026/27	**243**
25/26 Q4 Carry Forwards	783
26/27 Q1 Net Projected Underspends	(1,124)
26/27 MTFS Report Changes	29
26/27 NEC to the Cloud - Officer Decision	85
Revised HRA Working Budget agreed	**17**

4.6 Housing Revenue Account - Budget Review

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



4.6.2 **Void Pressure £479K (Increased Expenditure).** An original budget of just under £2.3 Million was allocated for repairs to vacant (void) properties. There are normally between 400 to 500 properties, used for secure tenancies, which become vacant in a year, but there are also around 200 units used for temporary accommodation that become void more regularly. There is some variability in both costs and numbers each year, depending on the condition of the properties and the number of tenants ceasing their tenancies. However, current projections indicate a £479K cost pressure for this year. There has been increased costs for void temporary accommodation, and officers are currently analysing the jobs to date to understand the increase. However, until this work is completed it has been assumed that current costs are likely to continue for the year.

4.6.3 **General Fund Impacts £201K (Increased Expenditure)**. This relates to three main areas the largest increase relates to the HRA's share of external audit fees that have seen an additional charge of £115K. There has also been an increase in shared legal costs of £35K, linked to increased work in repairs

related cases. There has also been a £31K increase in ICT related expenditure, due to a reduction salaries charged to capital projects, an increase in other salary budgets and some supplier cost pressures.

4.6.4 **Awaab's Law Growth £100K (Increased Expenditure).** From 30 November 2026, Phase two of Awaab's law is due to commence, and this will add another seven key safety hazards to the current damp and mould regulations. A cost of £100K has been identified to develop monitoring systems to manage cases and meet legislative requirements. The majority of the additional funds are to increase capacity in the customer service centre, with additional resources also required in the repairs team and to procure a specialist case management system. The HRA MTFS already includes an ongoing pressure of £200K from 2027/28 to manage this area of work.

4.6.5 **Other small variances £48K (Increased Expenditure).** A total of £48K of other small pressures have been identified as part of the quarter two monitoring process and have been included in the projected position for the year.

4.6.6 **Salary Projection £34K (Reduced Expenditure)**. The latest salary projections show a small reduction to the forecast outturn of £34K and this mainly relates to timing differences on recruiting to vacant posts.

4.6.7 **Interest on Balances £185K (Increased Income).** The latest projection of HRA balances and current interest rates on investments have led to increased interest on balances of £185K for the year.

4.6.8 **Reduction in net cost of Repairs and Voids DSO £235K (Reduced Expenditure).** At quarter two there are lower projected salary costs of £81K, mainly due to vacancy and lower agency costs, combined with additional income relating to void property repairs of £157K.

4.7 **Housing Revenue Account Balances**

4.7.1 Following the second quarter review, the HRA balance is now forecast to be £12.1 Million and is above minimum required balances.

HRA Account Outturn Position	£'000
Working Budget – MTFS Report	**17**
2nd Quarter Net Projected Overspend	374
Updated HRA Budget	**390**
HRA balance brought forward 01/04/2026	**(12,469)**
Deficit in year	390
Projected HRA balance 31/03/2027	**(12,079)**
Cabinet Delegation - HRA	
Increase Variation Limit Delegated	**500**
Variations to date	(636)
Remaining Variations within Cabinet Delegated Limit	**1,136**

4.8 Capital Monitoring

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

- General Fund £53 Million
- Housing Revenue Account £65 Million

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 Q2 into future years.

	2026/27				2027/28		2028/29	
£000	**Actual Spend Q2**	**Q1 Capital Strategy**	**Q2 Revised Strategy**	**Variance Q1 v Q2**	**Movement**	**Revised Strategy**	**Movement**	**Revised Strategy**
Total GF Schemes	12,635	53,103	48,925	(4,178)	366	34,220	3,842	14,098
Total HRA Schemes	18,084	65,329	65,723	394	(394)	58,416	-	39,419
Total Capital Programme	**30,719**	**118,432**	**114,648**	**(3,784)**	**(28)**	**92,636**	**3,842**	**53,517**
Re-phase detail:								
Environment & Leisure				(1,619)	1,603		-	
Land, Development & Neighbourhood Regeneration				(2,322)	2,322		-	
Estates				30	-		-	
Technology				(12)	12		-	
Regeneration				(271)	(3,571)		3,842	
Deferred works reserve				16	-		-	
Total GF Movement including Re-phasing				**(4,178)**	**366**		**3,842**	
New Build (Housing Development)				400	(400)		-	
ICT				(6)	6		-	
Total HRA Re-phasing				**394**	**(394)**		**-**	

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 2027/28-2028/29 £4 Million - the main items are explained below:

a. Environment & Leisure £1.6Million, Garage improvement plan (GIP) – it is expected that £1.2Million of the GIP budget will now be spent in 2027/28 on bringing back the Sprayed Asbestos garage back into stock following

contract procurement works. Works to replace the asbestos roofs will be carried out using the income generated from the sprayed asbestos garages.

b. Land, Development & Neighbourhood Regeneration £2.3Million - £2.3Million of The Oval scheme costs have been delayed waiting for utility diversion works to be concluded.

c. Regeneration – Stevenage Sports & Leisure Hub – the revised expenditure profile aligns with the contractor's delivery programme and will be reviewed throughout the project. Forecasts are based on monthly valuations by the project's cost consultants against actual progress on site and may fluctuate as works are measured, certified and reforecast. At Quarter two, £271K of the budget has been re-phased into 2027/28 and £3.8Million into 2028/29.

4.10 **HRA – re-phasing £394K - the main items are explained below:**

a. Housing Development - £400K of slippage identified within the programme 2026/27 to 2027/28, to be utilised to secure homes under the Council's buy back policy in 2026/27, increasing the provision of larger family homes for Council tenants.

4.11 **Virements**

Members are asked to approve the following virements to and from the deferred works reserve:

a. Railway North Drainage £15K – this budget is for the installation of a linear drainage channel in the car park entrance to protect the stairwell and lift shaft from flooding.

b. Splash Pads FVP, an additional £50K is required (subject to final quotes), in addition to the approved budget of £35K to:
   - resurface the splash pads,
   - de stone the seating area,
   - add new layer of topsoil and reseeding

   This work needs to be completed before the splash pads can re-open to users in 2027. Costs have significantly increased since the budget was approved a few years ago.

c. Savings of £16K against the £47K budget for fuel pumps at Cavendish be transferred to the deferred works reserve. These works have now been completed – total costs £31K.

The deferred works reserve balance after these virements will be £380K. The level of deferred works reserve needed for 2027/28 will be considered as part of the Capital Strategy 2027/28 report (Council February 2027).

4.12 **Capital Financing**

4.12.1 The table below sets out the change in the Capital Financing position since Q1, because of changes to the expenditure phasing discussed above.

£000	2026/27			2027/28		2028/29	
	Q1 Capital Strategy	Q2 Revised Strategy	Variance Q1 v Q2	Movement	Revised Strategy	Movement	Revised Strategy
Total Capital Financing	**118,432**	**114,648**	**(3,784)**	**(28)**	**92,636**	**3,842**	**53,517**
Changes detail:							
Capital Receipts		(2,354)	(2,322)			3,842	
Grants and Contributions		(2,436)	2,577			-	
Short Term Borrowing		778	37			-	
Revenue contributions		(166)	74			-	
Total GF Financing changes		**(4,178)**	**366**			**3,842**	
Grants and Contributions		400	(400)			-	
RCCO		(6)	6			-	
Total HRA Financing changes		**394**	**(394)**			**-**	
Total Capital Financing		**(3,784)**	**(28)**			**3,842**	

4.13 Capital Receipts Forecast

4.13.1 The tables below summarises 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	21,972	14,131	(7,841)
Year 2027/28 Forecast	36,832	28,133	(8,699)
Year 2028/29 Forecast	-	17,224	17,224
Year 2029/30 Forecast	1,150	1,150	-
Year 2030/31 Forecast	1,150	1,150	-
Total Capital Receipts (GF)	**61,104**	**61,788**	**684**
2026/27 HRA Right to Buy Forecast	4,779	4,779	-
2026/27 Other Capital Receipts Forecast	500	500	-
Total Capital Receipts (HRA)	**5,279**	**5,279**	**-**

4.13.2 Until sold, the value of land sales can fluctuate from the forecast by value as well as timing. As capital receipts are commercially sensitive, only high-level forecasts are included above.

4.13.3 The largest component of the Council's forecast capital receipts is the Bragbury End disposal. The majority of the anticipated receipt is still expected to be realised; however, there remains a degree of risk regarding the timing of the receipt.

4.13.4 These relate primarily to S106 contributions from third parties which are currently being negotiated. The timings for the receipt are also impacted by the outcome of the Reserved Matters application for the site which cannot be progressed until the S106 is resolved.

4.13.5 Highways works to the site are also identified as a potential risk to the receipt timings. The risks are currently being mitigated through close working with external partners to secure a route forwards.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is financial in nature and therefore 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 – Q1 GF & HRA Revenue and Capital Monitoring Report 2026/27 (Cabinet 10 September 2026)

BD2 – Housing Revenue Account Budget and Rent Setting 2026/27 (Council 21 January 2026)

BD3 – General Fund and Council Tax Setting 2026/27 and Capital Strategy 2025/26 to 2029/30 (Council 25 February 2026)

BD4 – 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 Q2 (2026/27)

B HRA Capital Strategy Q2 (2026/27)