

## Appendix 4 – Finance and Resources Directorate Level Forecasts.

- 1.1. The table below provides the full year forecast across the Finance and Resources Directorate followed by more detailed explanations for any under or overspends that are forecast for the year.

Management Area	Revised 2025/26 Budget	Total Full Year Forecast	Base Budget (over/under-spend)	Non Delivery of Savings	Q2 Total Variance	Q1 Total Variance	Movement Q1 to Q2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>FINANCE AND RESOURCES, OF WHICH</b>	<b>2,133</b>	<b>6,747</b>	<b>4,613</b>	<b>0</b>	<b>4,613</b>	<b>4,310</b>	<b>303</b>
Capital Projects and Property	1,315	4,218	2,903	0	2,903	3,028	(125)
Finance	126	711	585	0	585	369	216
Audit & Risk Management	52	65	13	0	13	3	11
Digital Services	1,023	1,990	967	0	967	869	98
Strategic Procurement	(497)	(522)	(25)	0	(25)	41	(66)
Chief Executive's Office	115	285	169	0	169	0	169

- 1.2. At Q2 Finance and Resources is reporting a projected overspend of £4.613m which represents a deterioration of £303,000 from Q1.
- 1.3. Capital Property & Projects Services ("CPP") are forecasting a net improved position of £125,000 against the Q1 projection. This overall variance is driven by the three service areas within the CPP.
- 1.4. Corporate Property Model Service (£730,000 Favourable): This significant improvement demonstrates that the risk mitigation reflected in the quarter 1 forecast which was overly conservative. Actual utility consumption and charges to date confirm that pressures relating to energy, NNDR, and security costs are lower than previously anticipated.

- 1.5. Construction Service (£408,000 Adverse): Reflects staff costs that can no longer be capitalised due to project delays. Staff are being reallocated to projects within Strategic Asset Management, Housing capital delivery and potential cost recovery for procurement framework related projects. Mitigating actions are being implemented but the forecast variance has worsened since the prior month's forecast of £855,000.
- 1.6. Strategic Property (£195,000 Adverse): This variance since quarter 1 signals a projected overspend on internal legal consultancy costs, where the budget is currently insufficient to cover the financial requirement to address the improvements in the property portfolio.
- 1.7. The other large variance is in Digital Services (£967,000). There are two main drivers to this variance as follows:
  - i. The non-delivery of staffing related savings and the core 5% savings target (£500,000) that had been allocated to the service. Given the significant restructure that took place in 2024/25 and the delivery of £500,000 savings, further planned staffing changes with Digital Services will not take place now until 2026/27. Mitigations are being put in place across the whole Directorate to meet this shortfall from other services by holding vacancies as one off mitigation in year pending longer term changes to be identified in 2026/27. Delivery of this staff saving remains a risk until the planned restructures across the Directorate are complete.
  - ii. The additional cost of funding the ERP programme to date over and above the agreed initial funding (£350,000) Discovery work and an options appraisal is underway to identify a replacement system for SAP the Council's finance, HR and procurement system. Additional costs have needed to be incurred to fund this work which will make a recommendation to Cabinet in early 2026 of the recommended option and budget requirement.
- 1.8. The remainder of the overspend is a result of the share of Digital Transformation savings target (£100,000) and contract savings (£200,000). The service continues to identify mitigations for the £100,000 savings in year which are now not deliverable but are expected to deliver in full from 2026/27 as part of the Service Modernisation work currently underway. With regards to contracts there are a number of opportunities under way, including ceasing Monday.com and opportunities for cloud migration but full delivery in year is at risk.
- 1.9. Finance is forecasting a £585,000 overspend due to the dependency on high-cost interim staff which continues pending completion of the re-structure of the service that will start shortly and expected to be complete for the end of the year. This overspend is expected to be addressed from April 2026.

- 1.10. Within the Strategic Procurement there is a small underspend of £25,000. Although there is a pressure relating to the additional £200,000 Dynamic Purchasing System income target that was added to the budget in March 2024, the changes arising from the Procurement Act means this is no longer achievable but mitigations have been identified by holding further vacancies within the Operations team.

### **2025/26 Savings**

- 1.11. Against a full year savings target of £3.3m, the directorate are forecasting 100% delivery of their savings. The table below sets out the full details of the savings and delivery forecast.

Cabinet Decision Date	Saving proposal	2025/26 £'000s	2025/26 Projected Full Year Savings £'000s	2025/26 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
Feb-24	Apply charges for non-LCP Dynamic Market Places 0.5% - 1% on c£40m of spend. Would include social care related categories. Can only be applied from 2025/26 due to Procurement Act not being in force until October 24	-200	-200	0	Green	Changes to the Procurement Act brought in restrictions for use of Dynamic Markets for below threshold procurements. This essentially excludes any care contracts below £550,000. Therefore, the Council had to establish a suite of dynamic purchasing systems (DPS) for the care categories ahead of the new Procurement Act coming into force. It is not possible to charge suppliers a fee on a DPS but alternative mitigations have been identified by holding staffing vacancies.
Feb-25	Staff Reduction in Strategic Procurement (5% FTE)	-100	-100	0	Green	Delivered
Feb-25	Reduction in Finance and Accountancy Services across Business Partnering, Chief Accountant, Capital and Treasury Teams (5% FTE)	-70	-70	0	Green	In year savings have been achieved by holding vacancies with ongoing savings expected through the re-structure that will be implemented from April 2026.

Cabinet Decision Date	Saving proposal	2025/26 £'000s	2025/26 Projected Full Year Savings £'000s	2025/26 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
Feb-24	Directorate Digital Savings	-100	-100	0	Amber	Service Modernisation savings for the F&R directorate will be achieved through the Service Modernisation programme. Programme priorities mean Finance and Resources longer term opportunities are likely to be in 2026/27 and therefore alternative mitigations are required in the interim.
Feb-24	Property Data project to maximise asset efficiency and develop a disposal pipeline	-443	-443	0	Amber	Data project is currently being scoped through the Service Modernisation Programme. It is unlikely savings will be achieved as originally planned until 2026/27 and therefore other one off mitigations are being identified for in year.
Feb-24	Commercial portfolio - rental and other commercial opportunities	-75	-75	0	Green	Completed
Feb-24	Digital Transformation Savings - Digital Savings - Directorate Allocation (P&H)	-90	-90	0	Red	Service Modernisation savings transferred from old Placemaking and Housing Directorate still need to be identified through the Service Modernisation roadmap work. Savings have not yet been identified and prioritisation is being given to adults and housing digital transformation work in 2025/26.

Cabinet Decision Date	Saving proposal	2025/26 £'000s	2025/26 Projected Full Year Savings £'000s	2025/26 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
Feb-25	Asset Management - Continuation of current projects to review all rent and lease agreements within the commercial portfolio and a further reduction in operational sites for the delivery of Council services. Savings will be generated through increased rental income and capital receipts from the routine disposal of sites which will reduce the need for borrowing to deliver the capital programme.	-350	-350	0	Green	Corporate cross cutting proposal: currently reviewing all rents and looking at underutilised operational buildings - this will identify options to improve utilisation or identify for disposal. New disposals Policy now in place following agreement by Cabinet on 17 June.
Feb-23	Digital Transformation Savings (Digital Services share of old CSE Directorate	-101	-101	0	Red	As with the F&R Digital savings, these will be delivered in the round as part of Service Modernisation work. Work to confirm these savings will follow on from the prioritisation of Adults and Housing. Therefore, these savings are unlikely to be delivered until 2026/27
Feb-25	Further reducing the cost of our digital estate through contract and licence reductions and can propose a further £200k for 2025/26, to come from Digital Service budgets.	-200	-200	0	Red	There are currently no plans to deliver this saving alongside the contracts savings in the Applications and infrastructure review below. Mitigations are still to be identified.
Feb-24	Digital and Change Restructure – reduction in staffing costs	-205	-205	0	Green	This saving is on track to be delivered.
Feb-24	Applications & infrastructure review	-200	-200	0	Green	This saving is on track to be delivered.

Cabinet Decision Date	Saving proposal	2025/26 £'000s	2025/26 Projected Full Year Savings £'000s	2025/26 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
Feb-25	Digital - Service Desk - Efficiencies have already been made in the way the internal Digital Service desk is run as part of a major restructure of the Digital Service to deliver savings this year, however a review has identified additional measures to reduce staff demand on the service desk further.	-100	-100	0	Green	This saving cannot be achieved as planned in 2025/26 but mitigations have been identified through staffing savings from elsewhere in the service and will be delivered in full in 2026/27.
Feb-25	Balance to deliver the total £430k Fin, Procurement & Audit target of the F&R 5% Staff saving	-260	-260	0	Green	
Feb-25	Digital & Change share of 5% staff savings	-471	-471	0	Red	As a result of the re-structure in Digital in 2024/25, the 5% staff savings cannot be achieved in 2025/26. However, mitigations are looking at savings across the whole Directorate to meet this shortfall, largely by holding vacancies pending, pending longer term reductions within Digital in 2026/27.
Feb-25	Finance and Resources share of 5% staff savings transferred from Placemaking and Housing	-364	-364	0	Amber	This is being achieved in 2025/26 by holding vacancies/realignment of salaries pending restructures within Corporate Property and Major Projects during the year.
<b>Total</b>		<b>-3,329</b>	<b>-3,329</b>	<b>0</b>	<b>Amber</b>	

## Capital Forecasts

SCHEME REF	SCHEME NAME	2025/26 Revised Budget @ QTR. 1 (£'000)	2025/26 QTR. 2 Adjustments (£'000)	2025/26 QTR. 2 Revised Budget (£'000)	2025/26 QTR.2 Full year Forecast Outturn (£'000)	Budget Variance (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 2 & Qtr. 1 Forecast (£'000)	Scheme Progress Comments
602	Corporate IT Board	1,263	0	1,263	957	(306)	Green	Green	Green	182	Although this project is reporting an underspend to be carried forward to 2026/27, this is on budget for the overall project. Projects include the updated intranet, network modernisation and service modernisation.
604	Continuous Improvement	1,163	0	1,163	1,451	288	Amber	Green	Green	0	Forecast overspend will be offset from next year's budget. This includes much needed investment into essential technology and infrastructure.
621	Libraries IT and Buildings upgrade	994	0	994	994	(0)	Green	Green	Green	693	Project on programme and budget.
607	Financial Management System Replacement	114	0	114	(2)	(116)	0	0	0	(1,832)	This budget line previously funded the setting up of a new e-procurement system. This will now be considered as part of the wider SAP replacement of which an options appraisal is underway and a further report will be presented to Cabinet in 2026.
624	Digital Together	120	0	120	120	0	Green	Green	Green	0	Project on budget
625	CCTV Move and Replacement of end-of-Life Infrastructure	1,466	0	1,466	1,266	(200)	Green	Green	Green	0	Resource costs to conduct feasibility and high-level design, to enable enforcement & protection. Capital programme will be realigned to 2026/27 based on review and options to align to a central CCTV delivery model.
626	Corporate Data Platform	1,098	0	1,098	1,268	170	Amber	Green	Green	(47)	The current estimated expenditure assumes current fixed-term contract resources are retained until March 2026..

SCHEME REF	SCHEME NAME	2025/26 Revised Budget @ QTR. 1 (£'000)	2025/26 QTR. 2 Adjustments (£'000)	2025/26 QTR. 2 Revised Budget (£'000)	2025/26 QTR.2 Full year Forecast Outturn (£'000)	Budget Variance (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 2 & Qtr. 1 Forecast (£'000)	Scheme Progress Comments
627	Hybrid AV between now and Civic Centre coming online	694	0	694	371	(323)	Green	Green	Green	0	Project on budget overall. Future year spend profile is closely tied to the Civic centre scheme.
628	Locality Hub ICT	989	0	989	550	(439)	0	0	0	0	This scheme aims to modernise data & services, and work has already commenced for the delivery of a digital front door to support Adult & Community Services.
629	Leisure Insourcing ICT	269	0	269	267	(2)	Green	Amber	Green	0	Project on budget. Scoping under review with Leisure. Works ongoing
635	Mobile Replacement (Smart Phones / Devices)	425	0	425	425	0	Green	Green	Green	0	Project on budget. New corporate policy being worked on to reduce the cost of the mobile IT estate.
636	Replacing Desktop AV / Screens in Offices	300	0	300	100	(200)	Green	Amber	Green	0	Project on budget overall. Efforts to extend the life of the existing stock continues and is aligned to the Civic centre project.
655	Data Centre Move	212	0	212	212	0	Green	Amber	Green	0	On budget overall.
656	BT Big Switch Off	1,546	0	1,546	1,546	(0)	Green	Green	Green	(0)	Project on budget and on track but also largely dependent on progress by BT.
657	Corporate Laptop Refresh	1,719	0	1,719	781	(938)	Green	Green	Green	0	Windows 11 upgrade nearing conclusion. Reprofiled capital slippage to align with corporate workforce plan.
659	M365 Additional Functionality	540	0	540	270	(270)	Green	Green	Green	0	Project on budget, the scheme has been reprofiled to reflect the current scope of work and underspend to be carried forward.
660	Capital support for Digital Outcomes	1,965	0	1,965	1,045	(920)	Green	Green	Green	745	Project on budget, projects are being scoped to align with the delivery of strategic change project. Linked to procurement service design & re-design towards enhancing digital platforms & corporate services, to improve customer satisfaction, enquires, requests & feedback
4011	Commercial Property Remediation	4,000	0	4,000	1500	(2,500)	Amber	Red	Green	(34)	The feasibility studies have returned over-budget and are being reviewed. The expenditure will need to be reprofiled in Qtr. 3 once more information is available.



SCHEME REF	SCHEME NAME	2025/26 Revised Budget @ QTR. 1 (£'000)	2025/26 QTR. 2 Adjustments (£'000)	2025/26 QTR. 2 Revised Budget (£'000)	2025/26 QTR.2 Full year Forecast Outturn (£'000)	Budget Variance (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 2 & Qtr. 1 Forecast (£'000)	Scheme Progress Comments
4012	Energy Performance Certificate improvements	1,000	0	1,000	25	(975)	0	0	0	0	
342	The Environment Digital Transformation (EDT) Programme	200	0	200	624	424	Amber	Amber	Green	141	<p>Phase 2 scope is to be defined, with anticipated focus on ASB functionality and waste-related case management services, delivered in conjunction with broader process automation, optimisation, and futureproofing. A forecast envelope of £300k has been provisionally earmarked for Phase 2 growth expenditure in 2026/27, subject to business-case confirmation once the detailed delivery scope has been finalised.</p> <p>Scheme Reference 342, originally titled "Public Protection – to replace Life Expired IT System," has been rebranded as the Environment Digital Transformation (EDT) Programme to better reflect the strategic scope, cross-cutting service impact, and modernisation objectives of the initiative</p>
316	Asset Management of Council Buildings	8,948	(1,373)	7,575	5,702	(1,873)	Green	Amber	Green	469	<p>This slippage is due to reprofiling spend for some significant projects which are now expected to run into future years or are subject to a review process. Work continues at full capacity to clear backlogged compliance, and safety works to improve the condition of the estate.</p>
Finance & Resources		29,025	(1,373)	27,652	19,475	(8,178)				320	

**REVISED 2025/26 - 29/30 (GF) CAPITAL MTFS AS AT QUARTER 2**

SCHEME REF	SCHEME NAME	2025/26 Revised Budget (after Virement) (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	2029/30 Budget (£'000)	2025/26 - 29/30 Total (£'000)
602	Corporate IT Board	1,263	860	860	0	0	<b>2,983</b>
604	Continuous Improvement	1,163	662	564	0	0	<b>2,389</b>
621	Libraries IT and Buildings upgrade	994	0	0	0	0	<b>994</b>
607	Financial Management System Replacement	114	0	0	0	0	<b>114</b>
624	Digital Together	120	0	0	0	0	<b>120</b>
625	CCTV Move and Replacement of end-of-Life Infrastructure	1,466	733	0	0	0	<b>2,200</b>
626	Corporate Data Platform	1,098	1,000	0	0	0	<b>2,098</b>
627	Hybrid AV between now and Civic Centre coming online	694	450	0	0	0	<b>1,144</b>
628	Locality Hub ICT	989	0	0	0	0	<b>989</b>
629	Leisure Insourcing ICT	269	0	0	0	0	<b>269</b>
635	Mobile Replacement (Smart Phones / Devices)	425	225	0	0	0	<b>650</b>
636	Replacing Desktop AV / Screens in Offices	300	150	0	0	0	<b>450</b>
655	Data Centre Move	212	0	0	0	0	<b>212</b>
656	BT Big Switch Off	1,546	0	0	0	0	<b>1,546</b>
657	Corporate Laptop Refresh	1,719	1,200	1,100	0	0	<b>4,019</b>
659	M365 Additional Functionality	540	0	0	0	0	<b>540</b>
660	Capital support for Digital Outcomes	1,965	1,000	0	0	0	<b>2,965</b>
456	Dilapidations Fountayne Road	0	1,000	0	0	0	<b>1,000</b>
4011	Commercial Property Remediation	4,000	3,000	3,000	4,186	0	<b>14,186</b>

4012	Energy Performance Certificate improvements	1,000	500	500	500	0	2,500
SCHEME REF	SCHEME NAME	2025/26 Revised Budget (after Virement) (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	2029/30 Budget (£'000)	2025/26 - 29/30 Total (£'000)
342	Public Protection - To replace life expired IT system	200	0	0	0	0	200
316	Asset Management of Council Buildings	7,575	7,600	6,378	897	0	22,450
<b>Finance &amp; Resources</b>		<b>27,652</b>	<b>18,380</b>	<b>12,402</b>	<b>5,583</b>	<b>0</b>	<b>64,018</b>