

## 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	Q3 Total Variance	Q2 Total Variance	Movement Q2 to Q3
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>FINANCE AND RESOURCES, OF WHICH</b>	<b>2,993</b>	<b>7,730</b>	<b>3,353</b>	<b>1,384</b>	<b>4,737</b>	<b>4,613</b>	<b>124</b>
Capital Projects and Property	1,557	4,709	2,710	443	3,153	2,903	250
Finance	205	685	310	170	480	585	(105)
Audit & Risk Management	74	67	(6)	0	(6)	13	(19)
Digital Services	1,498	2,454	185	771	956	967	(11)
Strategic Procurement	(459)	(471)	(12)	0	(12)	(25)	13
Chief Executive's Office	119	285	166	0	166	169	(3)

1.2. Finance and Resources are forecasting a pressure of £4.7m Quarter 3. This reflects an adverse movement of £124,000 since Quarter 2. The main areas of overspend continue to be in Capital Projects and Property, Finance and Digital and Change,

1.3. **Capital Projects and Property (£3.153m overspend)** and continues to be driven by the main factors reported at Quarter 2.

- **Corporate Landlord Model.** At the start of the year, this service was reporting a forecast overspend of £875,000. However, following implementation of the model in April 2025, a much better understanding of maintenance and running costs is now known and a small underspend of £32,000 is now expected. However, it should be noted that there are estimated pressures

in 2026/27 with the increase in business rates from the Government's re-valuation on non domestic properties and this has been reflected in the draft budget to Cabinet on 10 February 2026. Energy and running costs continue to be volatile and will be closely monitored next year and the Council's Asset Rationalisation Programme will review all operational assets to maximise use.

- **Construction.** This is reporting a forecast overspend of £436,000 a small improvement from Quarter 2 but continues to be a result of staffing costs that had previously been incorrectly capitalised. The planned re-structure will address this and the pressure is not expected to continue into 2026/27.
  - **Strategic Property.** This area is the largest element of the overspend at £2.697m for Capital Projects and Property. There continues to be high reliance on agency staff (£224,000 overspend) who are focussing on the review of the Commercial Property portfolio to update lease and rent agreements and dispose of surplus assets in line with the Council's Disposal Policy. Valuation, surveyor and legal fees associated with the reviews and disposals are estimated at £755,000 to deliver over £10m of savings and although there was no budget set for these costs at the start of the year, the additional income and capital receipt from any disposal will fund these one off costs and the latest estimate is that income is £1m higher than this time last year.
  - However, this work to get a better understanding of the portfolio has also identified previous unknown pressures. This includes, business rates on vacant properties, repair and maintenance costs and bad debts provision. These total £1.1m. Finally, rent payable on properties with historic buy back lease agreements in place is £840,000 more than budget. This budget remains very volatile and the forecast may change by the year end. There is a potential requirement for further accruals relating to backdated rent review uplifts as at 31 March 2026, including reviews falling due in the latter half of 2025/26, estimated at approximately £348,000, which is not reflected in the Quarter 3 forecast and will be captured in the next reporting period if crystallised. No additional budget has been built in for next year because of the ongoing work to increase income but this will be revisited as part of the 2027/28 budget setting process when it is anticipated that the full portfolio will have been reviewed.
- 1.4. **Finance (£480,000 overspend).** The overspend within Finance is £480,000, which although is an improvement on Quarter 2 of £105,000 still represents the ongoing reliance on high levels of agency staff. The planned re-structure of the department is now underway and new structure is expected to be in place by early Summer. Following this, an external recruitment campaign will be undertaken to fill any vacant roles with permanent staff. It is anticipated that existing agency roles will continue until this time.

1.5. **Digital and Change (£956,000 overspend).** The Change Team is mostly funded through flexible use of capital receipts. The forecast spend for the year end is £1.7m and capital receipts will be drawn down at the year end. Therefore, the overspend relates solely to Digital Services and Technology.

- The 5% staff savings target of £471,000 will not be achieved in 2025/26 and reflects that the service underwent a significant re-structure in 2024/25, delivering £480,000 of savings over three years. A further re-structure will therefore now be planned in 2026/27 to identify the further reductions needed to make the 5% reduction. In the interim, mitigations are in place by holding vacancies where appropriate, and tight restrictions on any non-essential recruitment. The exception to this is resources for essential activities and additional resources that have been agreed in the Information Governance Team and resources to support the delivery of savings from the Service Modernisation Programme on an invest to save basis.
- Enterprise Resource Platform (SAP Replacement). Work has commenced on the options appraisal for the replacement of SAP, the Council's finance, HR, Procurement and payroll system. Additional resource has been required to develop this full options appraisal that will be presented to Cabinet for a decision later in the year. Forecast spend by the year end is £775,000.

1.6. **Chief Executive's Office (£166,000 overspend).** The savings associated with the senior management restructure are expected to be delivered in 2026/27 because some short term additional capacity has remained within Adults, Housing and Health in 2025/26.

### **2025/26 Savings**

1.7. Against a full year savings target of £3.3m, the directorate are forecasting 58% delivery of their savings. The table below sets out the full details of the savings and delivery forecast.

Description	2025/26 FY Savings £'000s	2025/26 Projected Full Year Savings Delivery £'000s	2025/26 Shortfall	RAG Service Saving Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
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	Amber	Changes to the Procurement Act brought in restrictions for use of Dynamic Markets for below threshold procurements. This essentially excludes any care contracts below c£550k. 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 and therefore lost income but mitigations have been found by holding vacancies
Staff Reduction in Strategic Procurement (5% FTE)	-100	-100	0	Green	Delivered as planned.
Reduction in Finance and Accountancy Services across Business Partnering, Chief Accountant, Capital and Treasury Teams (5% FTE)	-70	0	-70	Red	Finance restructure/consultation launched, with implementation planned for June 2026. Savings delivery expected from Qtr2 2026/27.
Directorate allocation of previous year's Digital Savings	-100	0	-100	Red	Digital transformation savings will be delivered through the service modernisation programme. The current focus is on adult social care and housing and digital improvements within Finance and Resources is not expected until at least 2026/27.
Property Data project to maximise asset efficiency and develop a disposal pipeline	-443	0	-443	Red	Data project is under review and being scoped but will not deliver the associated savings until 2026/27.
Commercial portfolio - rental and other commercial opportunities	-75	-75	0	Green	Target achieved

Description	2025/26 FY Savings £'000s	2025/26 Projected Full Year Savings Delivery £'000s	2025/26 Shortfall	RAG Service Saving Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
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	Amber	Corporate cross cutting proposal; currently reviewing all rents and looking at under utilised operational buildings – this is identifying options to improve utilisation or identify for disposal. New disposals Policy now in place following agreement by Cabinet on 17 June.
Digital Transformation Savings (Digital Services share of old CSE Directorate)	-101	-101	0	Green	We have taken this on as a pressure, following senior management restructure and will be cover through underspends across the Directorate.
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	0	-200	Red	There are currently no plans to deliver this saving alongside the contracts savings in the Applications and infrastructure review below. Mitigations have not been identified and will need to be delivered in full by identifying alternative savings in 2026/27.
Digital and Change Restructure – reduction in staffing costs	-205	-205	0	Green	This saving is on track to be delivered through holding vacant posts within the structure. Longer term a further restructure is planned to determine the permanent reductions needed to deliver the savings.
Cost reductions from an applications & infrastructure review	-200	-200	0	Green	This saving is on track to be delivered.
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	-100	0	-100	Red	Delivery of this saving will be through the planned restructure in 2026/27.

Description	2025/26 FY Savings £'000s	2025/26 Projected Full Year Savings Delivery £'000s	2025/26 Shortfall	RAG Service Saving Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
has identified additional measures to reduce staff demand on the service desk further.					
Balance to deliver the total £430k Fin, Procurement & Audit target of the F&R 5% Staff saving	-260	-260	0	Green	
Digital & Change share of 5% staff savings	-471	0	-471	Red	As a result of the re-structure in Digital in 2024/25, the 5% staff savings cannot be achieved in 2025/26. However, during the year, mitigations have been considered across other services in the Directorate by holding vacancies pending longer term reductions within Digital in 2026/27. However, as can be seen from the financial position, this has not been possible.
Finance and Resources share of 5% staff savings transferred from Placemaking and Housing	-364	-364	0	Amber	These savings will be delivered in full in 2026/27 pending a restructure and achieved in year through mitigations on holding of vacancies.
Digital Transformation Savings - Digital Savings – transferred from previous Placemaking and Housing Directorate	-90	-90	0	Green	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>1,945</b>	<b>1,384</b>		

## Capital Forecasts

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
602	Corporate IT Board	1,263	0	1,263	957	(306)	Green	Green	Green	0	Scheme is on track to be delivered.
604	Continuous Improvement	1,163	0	1,163	748	(415)	Green	Amber	Green	(703)	There are ongoing activities around market engagement and delays to the mobile and laptop replacements. Laptop replacement covers hardware costs only. Mobile phones are BYOD, with basic technical controls and governance. This scheme also covers the costs to support for the Council's network and server systems to keep everything up to date and supported.
621	Libraries IT and Buildings upgrade	994	0	994	782	(212)	Green	Green	Green	(211)	This underspend will be requested to carry forward into 2026/27. Options for improvements are currently being assessed, and recommendations will be presented to Strategic Capital Board before proceeding.

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
607	Financial Management System Replacement	114	0	114	(2)	(116)	0	0	0	0	This budget line was originally for the replacement of the e-procurement system. However, this is currently paused and being considered as part of the wider ERP (SAP) replacement programme.
624	Digital Together	120	0	120	132	12	Green	Green	Green	12	Scheme now closed, the £12,000 remaining pressure on this scheme will be funded through Scheme 660. There is currently no requirement to extend the Granicus contract based on the current timeline of Netcall (Granicus Contract ends in October 2026). Any additional extension would be subject to separate approval process.
625	CCTV Move and Replacement of end of Life Infrastructure	1,466	0	1,466	200	(1,266)	Green	Amber	Green	(1,066)	Initial discovery activity is taking place which will lead to full business case. A request to carry forward this budget into 2026/27 will be submitted at the year end.

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
626	Corporate Data Platform	1,098	0	1,098	514	(584)	Green	Amber	Green	(755)	Work continues on the migration of Granicus govService forms, workflows, integrations and MyAccount functionality, and the expansion of the Netcall Converse CX solution to introduce customer contact channels. Go live of Netcall Liberty platform to replace Granicus govService expected end February 2026. A request will be submitted at the year end to carry forward unspent budget to complete the implementation of Netcall and deliver improvements across customer services through the Service Modernisation Programme.
627	Hybrid AV between now and Civic Centre coming on line	694	0	694	200	(494)	Green	Green	Green	(171)	Decision is still pending on whether the remaining budget will be required, and we continue to maximise the use of existing assets to align with the Civic Centre programme delivery and the accommodation strategy.

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
628	Locality Hub ICT	989	0	989	434	(555)	Green	Amber	Green	(116)	This budget was originally planned for the investment into Locality Hubs. A change in direction of this initiative was agreed in 2025 and has been re-purposed for the essential investment into the adult's digital front door and will continue into 26/27. A request will be submitted at the year end to carry forward remaining budget into 2026/27.
629	Leisure Insourcing ICT	269	0	269	120	(149)	Green	Amber	Green	(147)	Ongoing work is taking place in the Leisure centres following the insourcing. A request will be submitted at the year end to carry forward the remaining budget for works that will be undertaken during 2026/27.
635	Mobile Replacement (Smart Phones / Devices)	425	0	425	200	(225)	Green	Green	Green	(225)	Work is ongoing to define the Mobile policy. Until this is complete, there will be a request to carry forward the budget into 2026/27 and will be reviewed once the policy has been agreed.
636	Replacing Desktop AV / Screens in Offices	300	0	300	100	(200)	Green	Amber	Green	0	Work is underway to extend the life of the existing stock and maximise use of the assets.

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
655	Data Centre Move	212	0	212	104	(108)	Green	Amber	Green	(108)	Final works cannot be completed, until the issue around the future move of CCTV from RPH can be resolved, therefore a carry forward request will be made into 2026/27 at the year end.
656	BT Big Switch Off	1,546	0	1,546	867	(679)	Green	Green	Green	(679)	Project is progressing as planned and to continue to deliver. BT have set a new deadline and the Council is on track to meeting this revised deadline. A request to carry forward the budget will be submitted at the year end.
657	Corporate Laptop Refresh	1,719	0	1,719	278	(1,441)	Green	Green	Green	(503)	The council have deferred laptop replacement and have extended the life of current corporate devices; - longevity in many cases is now approaching 6 to 7 years and will expire. This is determined by several factors, 3rd party support., minimum technical requirements and fair usage and wear. The council has replaced approx. 300-400 devices in 25/26. A carry forward request will be submitted at the year end for the remainder of the budget for the extension of the warranties for a further 12 months on devices that can be supported.

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
659	M365 Additional Functionality	540	0	540	210	(330)	Green	Amber	Green	(60)	This project will continue into 2026/27, and re-procurement will start in 2026/27. A request to carry forward the budget will be submitted at the year end.
660	Capital support for Digital Outcomes	1,965	0	1,965	363	(1,602)	Green	Amber	Green	(682)	<p>This budget was created in March 2025 to support the Council's Service Modernisation Programme and improvements to Digital Technology. It is supporting the following projects:</p> <p>This funding is being used to support:</p> <ul style="list-style-type: none"> <li>- Service Modernisation</li> <li>- Iworld procurement</li> <li>- iShare discovery &amp; implementation</li> <li>- GIS - Discovery and Bus. Case</li> <li>- Legacy Reporting (Business Object decommissioning)</li> <li>- Capital Property - business case development</li> </ul> <p>A request to carry forward the unspent budget into 2026/27 will be submitted at the year end. As the Council moves more towards Software as a Services (SAS) there may be a move from a capital model to a revenue model for funding.</p>

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
4011	Commercial Property Remediation	4,000	0	4,000	164	(3,836)	Red	Red	Green	(1,335)	The feasibility studies for the identified sites have come back higher than anticipated and therefore further work is required before work is undertaken.
4012	Energy Performance Certificate improvements	1,000	0	1,000	0	(1,000)	Red	Red	Green	(25)	
342	Public Protection - To replace life expired IT system	200	0	200	317	117	Green	Green	Green	(307)	Programme delivery continues against the total approved EDT capital envelope of £870,942.50.
509	CPO - Empty Homes	0	1,000	1,000	350	(650)	Green	Green	Green	350	Forecast is in relation to the compulsory purchase order (CPO) of 27 Elsden Rd, Tott. N17 6RY
316	Asset Management of Council Buildings	7,575	0	7,575	4,580	(2,995)	Green	Amber	Green	(1,125)	This slippage is due to reprofiling spend for some significant projects which are now expected to run into future years and are currently on site and are subject to a review process. Work continued at full capacity and significant progression was made in respect of clearing backlogged compliance and safety building fabric works to improve the condition of the estate.

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
Finance & Resources		27,652	1,000	28,652	11,618	(17,034)				(7,857)	

### REVISED 2025/26 - 29/30 (GF) CAPITAL MTFS AS AT QUARTER 3

SCHEME REF	SCHEME NAME	2025/26 Revised Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	2029/30 Budget (£'000)	2025/26 (Revised Budget) - 29/30 (£'000) Total
602	Corporate IT Board	1,263	860	860	0	0	2,983
604	Continuous Improvement	1,163	662	564	0	0	2,389
621	Libraries IT and Buildings upgrade	994	0	0	0	0	994
607	Financial Management System Replacement	114	0	0	0	0	114
624	Digital Together	120	0	0	0	0	120
625	CCTV Move and Replacement of end-of-Life Infrastructure	1,466	733	0	0	0	2,200
626	Corporate Data Platform	1,098	1,000	0	0	0	2,098
627	Hybrid AV between now and Civic Centre coming online	694	450	0	0	0	1,144

<b>SCHEME REF</b>	<b>SCHEME NAME</b>	<b>2025/26 Revised Budget (£'000)</b>	<b>2026/27 Budget (£'000)</b>	<b>2027/28 Budget (£'000)</b>	<b>2028/29 Budget (£'000)</b>	<b>2029/30 Budget (£'000)</b>	<b>2025/26 (Revised Budget) - 29/30 (£'000) Total</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>
653	Capital Support for IT Projects	0	0	0	0	0	<b>0</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	40	1,100	0	0	<b>2,859</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	<b>2,500</b>
342	Public Protection - To replace life expired IT system	200	0	0	0	0	<b>200</b>
509	CPO - Empty Homes	1,000	0	0	0	0	<b>1,000</b>
316	Asset Management of Council Buildings	7,575	7,600	6,378	897	0	<b>22,450</b>

SCHEME REF	SCHEME NAME	2025/26 Revised Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	2029/30 Budget (£'000)	2025/26 (Revised Budget) - 29/30 (£'000) Total
<b>Finance &amp; Resources</b>		28,652	17,220	12,402	5,583	0	63,858