Appendix 4 – Finance and Resources Directorate Level Forecasts.

1.1. The table below provides the outturn position across the Finance and Resources Directorate followed by more detailed explanations for any under or overspends.

Management Area	Revised 2025/26 Budget	Final 2025/26 Outturn	Base Budget (over/under-spend)	Non Delivery of Savings	Revised Outturn to Budget Variance	Q3 Forecast to Budget Variance	Forecast Variance Movement Between Q3 and Outturn
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
FINANCE AND RESOURCES, OF WHICH	**3,860**	**8,795**	**3,551**	**1,384**	**4,935**	**4,737**	**198**
Capital Projects and Property	1,555	5,294	3,296	443	3,739	3,153	586
Finance	334	1,397	893	170	1,063	480	583
Audit & Risk Management	74	43	(31)	0	(31)	(6)	(24)
Digital Services	2,238	2,168	(841)	771	(70)	956	(1,026)
Strategic Procurement	(459)	(396)	63	0	63	(12)	75
Chief Executive Officer	119	289	170	0	170	166	4

1.2. Finance and Resources Directorate have achieved an outturn position of £8.8m of spend against revised revenue budgets of £3.9m resulting in an overspend of £3.6m for 2025/26. This reflects an adverse movement of £198,000 since Quarter 3. The key movements are as follows:

Finance

1.3. An adverse movement of £583,000 mainly due to (i) staff costs previously assumed to be funded from capital (£374,000) and (ii) Directorate spend on Legal and other professional fees (£100k) which had not been budgeted for.

Digital Services

1.4. The outturn position on digital services has shown an improvement of £1.026m since Quarter 3 but is mainly a result of previously assumed costs associated with the ERP (SAP replacement) programme costs now funded through contingency and flexible capital receipts (£828,000).

1.5. The service also had a favourable movement arising from a more accurate calculation of payments in advance for multi-year digital contracts (£228,000), and contracts and vacancy savings over and above assumed savings targets. This has mitigated a pressure of £883,000 arising from staff and non-staffing costs that were previously assumed to be funded from capital. This followed an extensive year-end review of capital transactions to ensure compliance with accounting standards on cloud computing arrangements.

Capital Projects and Property

1.6. The reasons for the overspend are in line with that reported at Quarter 3 but have worsened by £586,000.

Corporate Landlord Model

1.7. 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 the outturn position is an underspend of £103,000. 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 agreed budget for 2026/27. Energy and running costs continue to be volatile and exacerbated by the current global conflict and economic conditions and will be closely monitored next year. The Council’s Asset Rationalisation Programme will review all operational assets to maximise use and minimise surplus space.

Construction.

1.8. The final outturn position is an overspend of £514,000 and as reported at Quarter 3 is 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.

1.9. As highlighted throughout the year, this area is the largest element of the overspend at £3.2m. 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.

1.10. Valuation, surveyor and legal fees associated with the reviews and disposals were £1m 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.

1.11. 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 £775,000m. Finally, rent payable on properties with historic buy back lease agreements in place is £1m more than budget.

1.12. 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.

Chief Executive's Office

1.13. As reported at Quarter 3, 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

1.14. Against a full year savings target of £3.3m, the directorate have delivered 82% delivery of their savings. The table below sets out the full details of the savings and delivery.

Description	2025/26 FY Savings Target £'000s	2025/26 Projected Full Year Savings Delivery UP TO TARGET £'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£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 and therefore lost income but mitigations have been found by holding vacancies within the service.
Staff Reduction in Strategic Procurement (5% FTE)	-100	-100	0	Green	Savings delivered in full.
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 Quarter 2 of 2026/27.
Balance to deliver the total £430,000 Finance, Procurement & Audit target of 5% Staff saving	-260	-260	0	Green	Savings delivered in year by holding vacancies but longer term permanent reductions will need to be identified for 2026/27.
Digital and Change share of 5% staff saving	-471	-471	0	Green	This was achieved through holding vacant posts within the wider structure in 2025/26.Delivery of this permanent saving will be through the planned restructure in 2026/27.

Description	2025/26 FY Savings Target £'000s	2025/26 Projected Full Year Savings Delivery UP TO TARGET £'000s	2025/26 Shortfall	RAG Service Saving Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
Capital Projects and Property share of 5% staff savings	-364	-364	0	Green	These savings have been mitigated in 2025/26 through the holding of vacancies but will be delivered in full in 2026/27 pending a restructure. .
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 - P&H saving	-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 - P&H saving	-75	-75	0	Green	Savings delivered in full.
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 - P&H saving	-350	-350	0	Green	Savings delivered in full. This is a corporate cross cutting proposal; currently reviewing all rents and looking at under utilised operational buildings - this will identify further options to improve utilisation or identify surplus assets for disposal. New disposals Policy now in place following agreement by Cabinet on 17 June 2025.

Description	2025/26 FY Savings Target £'000s	2025/26 Projected Full Year Savings Delivery UP TO TARGET £'000s	2025/26 Shortfall	RAG Service Saving Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
We are 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	Green	This saving has been delivered in 2025/26 by various contract savings, notably by rationalisation of contracts within Virgin Media, O2 BT through PSTN Switch off, SDWAN and migration to Teams Voice and retirement of contracts no longer needed due to reprovision of digital services.
Digital and Change Restructure	-205	-205	0	Green	This saving has been achieved through holding vacant posts within the structure. Longer term a further restructure will be needed to determine the permanent reductions needed to deliver the savings.
Applications & infrastructure review (moved from CSC)	-200	-200	0	Green	This saving has been delivered in full.
Digital - Service Desk - Most queries are to do with forgotten passwords or problems with the remote VPN security system so changing our approach to password management and using the Microsoft integral VPN rather than our current separate system should reduce demand significantly and enable a saving to be made.	-100	-100	-0	Green	This was achieved through holding vacant posts within the wider structure in 2025/26. Delivery of this permanent saving will need to be through a restructure.
Digital Transformation Savings (Digital Services share)	-101	-101	0	Green	Savings not delivered as planned but have been mitigated through underspends on other budgets within the service. Opportunities will be considered in 2026/27 to deliver original savings as planned.

Description	2025/26 FY Savings Target £'000s	2025/26 Projected Full Year Savings Delivery UP TO TARGET £'000s	2025/26 Shortfall	RAG Service Saving Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
Capital Projects and Property Digital Transformation Savings - Digital Savings allocation	-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.
TOTAL	**-3,329**	**-2,716**	**-613**	**Amber**	

<u>2025/26 Capital Provisional Outturn Position</u>

1.15. Finance and Resources Directorate have achieved an outturn position of £8.9m of spend against revised capital budgets of £28.9m resulting in £20.0m of capital budgets being unspent in the year. A summary of the reasons for the variation is set out in the table below:

Scheme Ref. No.	Scheme Name	2025/26 Full year Revised Budget (£'000)	2025/26 Provisional Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
602	Corporate IT Board	**1,263**	**166**	**(1,097)**	**957**	**(791)**	This scheme is a critical enabler for Digital Services and the Council's wider digital transformation agenda. The fund provides capital investment to modernise services, deliver key digital programmes (Intranet Project & Network Modernisation (SD-WAN & connectivity)). In addition, it supports income collection, PCI-DSS standards, Resident automation and Incident & case management (Halo). A review of the Service Modernisation Programme is underway the budget for future years will be determined following this review.
604	Continuous Improvement	**1,163**	**639**	**(524)**	**748**	**(109)**	This scheme supports the infrastructure such as servers, firewalls and switches. The Scheme remains aligned to delivery of the Council IT Technical platforms. The underspend is largely a result of timing of the improvement. The underspend will not be carried forward and any future requirement over and above the 2026/27 budget will need be funded from capital contingency in line with the capital governance framework.

Scheme Ref. No.	Scheme Name	2025/26 Full year Revised Budget (£'000)	2025/26 Provisional Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
630	Libraries IT and Buildings upgrade	**1,092**	**708**	**(384)**	**782**	**(74)**	There is a statutory requirement that Libraries are supported and operating from systems that can be maintained and patched. Work has continued towards support for Library physical site and modernisation. Consultation has been taking place - which is expected to conclude at the end of June and inform the timeline for any Libraries ICT replacement of end of life technology & infrastructure (e.g., Server, Wi-fi, Peoples Network & Firewall). Underspend will be carried forward to 2026/27.
607	Financial Management System Replacement	**114**	**(2)**	**(116)**	**(2)**	**0**	This project is now part of the ERP Programme (replacement of SAP) and therefore a separate budget no longer required.
624	Digital Together	**120**	**0**	**(120)**	**132**	**(132)**	The council is migrating to a new customer platform, Netcall. This scheme is aligned to development of Granicus, the council's historic customer platform which will retire and cease once the replacement solution has been deployed. It is unlikely this budget will be required and therefore the underspend will not be carried forward and any requirement in 2026/27 will need to be requested from capital contingency and subject to approval through the capital governance framework.

Scheme Ref. No.	Scheme Name	2025/26 Full year Revised Budget (£'000)	2025/26 Provisional Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
625	CCTV Move and Replacement of end of Life Infrastructure	**1,466**	**0**	**(1,466)**	**200**	**(200)**	Delays have been due to poor initial market engagement. A decision based on the revised discovery work is expected in July and will inform and enable the next stage to commence through the internal capital programme governance. This will also enable the Council exit from River Park house and Alex House.
626	Corporate Data Platform	**1,098**	**1,078**	**(20)**	**514**	**564**	The project is expected to remain on budget and deliver agreed outcomes and targeted efficiencies and savings. Netcall is the replacement customer contact centre solution and customer platform due to go fully live in 2026, replacing legacy platforms.
627	Hybrid AV between now and Civic Centre coming on line	**694**	**205**	**(489)**	**200**	**5**	This scheme is to meet the ongoing hybrid rollout of AV solutions across the Council Based on the corporate accommodation strategy, spend has been lower than anticipated as we get close to the move to the new Civic Centre. Only £100,000 of the underspend will be carried forward to support any ongoing requirements to March 2027.

Scheme Ref. No.	Scheme Name	2025/26 Full year Revised Budget (£'000)	2025/26 Provisional Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
628	Locality Hub ICT	**989**	**206**	**(783)**	**434**	**(228)**	Part of the underspend is a result of the review of staffing costs that can now no longer be charged to capital. The Adults digital front door, and data roadmap projects are in flight and remain on budget and to deliver agreed outcomes, as well as targeted efficiencies and savings within digital but delivery will largely happen in 2026/27. Underspend to be carried forward to 2026/27.
629	Leisure Insourcing ICT	**269**	**17**	**(252)**	**120**	**(103)**	This feeds into the wider Leisure programme following the insourcing of the service. Unspent budget is expected to be utilised in 2026/27 and will replace dysfunctional Audio and PA solution and Digital Signage. Underspend to be carried forward to 2026/27.
635	Mobile Replacement (Smart Phones / Devices)	**425**	**0**	**(425)**	**200**	**(200)**	Additional resources have been commissioned to support the Council in responding to cyber security challenges and for use of BYOD across the Council. Delays in commissioning of this support means that this budget will now not be required until 2026/27 to implement any recommendations. The council are also currently undertaking of review of phone/device types and usage as part of a wider strategy to reduce cost and aligned to new ways oof working. However, some devices will still need to be replaced and updated and £200,000 will be carried forward to 2026/27.

Scheme Ref. No.	Scheme Name	2025/26 Full year Revised Budget (£'000)	2025/26 Provisional Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
636	Replacing Desktop AV / Screens in Offices	**300**	**0**	**(300)**	**100**	**(100)**	The Council have extended the life of desktop screens and therefore no spending in 2025/26. £150,000 of the underspend retained into 2026/27 until requirements of the Accommodation strategy and Ways of working is known
655	Data Centre Move	**212**	**119**	**(93)**	**104**	**15**	The budget remains in place to complete enabling activity to fully vacate River Park House and Alex house. Timescales will need to align with the move to the new civic centre and move of CCTV service. Unspent budget to be carried forward to 2026/27.
656	BT Big Switch Off	**1,546**	**623**	**(923)**	**867**	**(244)**	This is the Council complying with the statutory changes taking place across the Country. Legacy infrastructure comes to end of life in 2027 for the Council to maintain and deliver statutory services. The timeline is determined by national guidance provided to organisations across the country which the project team are aligned to. Unspent budget to be carried forward to 2026/27.

Scheme Ref. No.	Scheme Name	2025/26 Full year Revised Budget (£'000)	2025/26 Provisional Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
657	Corporate Laptop Refresh	**1,719**	**43**	**(1,676)**	**278**	**(235)**	The original programme was due to replace laptops in accordance with the Councils depreciation of devices – year 5, However, the Council have been able to continue to support devises beyond this period. The Council have extended the life of laptops, where this has been possible to delay the cost of replacement; and work around the Council workforce strategy. The scheme was re-profiled, to allow for replacement of devices beyond their life (with many laptops now 7 years old). Unspent budget to be carried forward to 2026/27.
659	M365 Additional Functionality	**540**	**113**	**(427)**	**210**	**(97)**	The delay is because of the timeline of the migration of the Councils data to cloud. Phase 1 will migrate the councils on premise data to Cloud and has now concluded. The Data management, architecture and Governance will support the Councils use and data controls. Unspent budget to be carried forward to 2026/27.

Scheme Ref. No.	Scheme Name	2025/26 Full year Revised Budget (£'000)	2025/26 Provisional Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
660	Capital support for Digital Outcomes (link to capitalisation, link to service modernisation and the reset.	**1,665**	**0**	**(1,665)**	**363**	**(363)**	The delay was based on the timeline of the migration of the Councils data to cloud. Phase 1 will migrate the councils on premise data to Cloud and has now concluded. The Data management, architecture and Governance will support the Councils use and data controls. £883,000 of the unspent budget carried forward to 226/27. Any requirement over and above this will need to be requested from capital contingency in line with the Capital Programme governance.
4011	Commercial Property Remediation	**4,000**	**193**	**(3,807)**	**164**	**29**	As reported at Quarter 3, feasibility studies for the identified sites have come back higher than anticipated and therefore further work is required before work is undertaken to review before any works progress. Unspent budget of £3.807m to be carried forward to 2026/27.
4012	Energy Performance Certificate improvements	**1,000**	**0**	**(1,000)**	**0**	**0**	
342	Public Protection - To replace life expired IT system	**730**	**323**	**(407)**	**317**	**6**	There have been some delays in progressing this project and therefore planned spend for 2025/26 is lower. Project now back on track and full budget expected to be spent in 2026/27.
509	Compulsory Purchase Order - Empty Homes	**1,000**	**0**	**(1,000)**	**350**	**(350)**	There has been no requirement to purchase homes in 2025/26 but budget needs to be retained for the duration of the CPO being in place.
316	Asset Management of Council Buildings	**7,477**	**4,449**	**(3,028)**	**4,580**	**(131)**	The unspent budget in 2025/26 is due to reprofiling spend for some significant projects which are now expected to run into

Scheme Ref. No.	Scheme Name	2025/26 Full year Revised Budget (£'000)	2025/26 Provisional Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
							future years and are currently on site or are subject to a review process. Work continues at full capacity and significant progression has been made in respect of clearing backlogged compliance and safety building fabric works to improve the condition of the estate. Unspent budget to be re-profiled to 2027/28 given a significant budget is already in place for 2026/27.
Finance & Resources		**28,882**	**8,879**	**(20,003)**	**11,618**	**(2,739)**	

2025/26 Capital Programme Funding

	2025/26 Final Outturn (£'000)
Funded By:	
Core Capital Programme Borrowing	8,830
Grants & Contributions from Non-departmental Public Bodies	50
Total	**8,879**