Appendix 5 – Corporate Budget Forecasts

1.1. The table below provides the outturn position across the Corporate budgets followed by more detailed explanations for any material under or overspends.

Management Area	Revised 2025/26 Budget	25/26 Final 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**
Corporate Budgets	**44,152**	**36,195**	**(13,246)**	**5,289**	**(7,957)**	**2,976**	**(10,934)**
Capital Financing Charges (borrowing costs and MRP)	22,072	17,655	(4,417)	0	(4,417)	(2,034)	(2,383)
Contingency	6,049	0	(11,338)	5,289	(6,049)	2,724	(8,773)
Treasury Management Charges (borrowing costs and investment income)	17,571	14,615	(2,956)	0	(2,956)	(5,357)	2,401
Parking Bad Debt Provision	0	11,133	11,133	0	11,133	9,900	1,233
Other Corporate Budgets (BAU)	35,480	33,379	(2,101)	0	(2,101)	(2,256)	156
Exceptional Finance Support	(37,020)	(40,587)	(3,567)	0	(3,567)	0	(3,567)

1.2. When Exceptional Financial Support is excluded, the Corporate budgets achieved an outturn position of £76.8m against revised revenue budgets of £81.2m resulting in an underspend of £4.39m for 2025/26 reflecting a positive movement of £7.4m since Quarter 3. With Exceptional Finance of £40.6m added, the Corporate position is reported as an underspend of £7.96m. The key movements and variations at outturn are as follows:

1.3. Capital Financing Charges consists of mainly the Council's budget for Minimum Revenue Provision (MRP) which is the provision for the repayment of the principal on loans. The overall underspend is a result of a change in the Council's MRP policy that was agreed by Council in March 2025 but was not reflected at the time the budget was set.

1.4. Contingency – the Council's corporate contingency for 2025/26 was £10.1m when the budget set in March 2025. Use of the contingency through the year for unplanned spend has been reported through previous quarterly reports. During Quarter 4, the contingency allocation has been used for the following items and at the end of the year £6.049m remains which has been utilised to support the overall end of year deficit.

- £679,374 funding Enterprise Resource Programme costs in 2025/26.
- £271,559 funding for London Borough of Culture which was already committed but the council funding is lower than anticipated.
- £122,000 funding for Finance transformational support.
- £121,500 funding for Customer Services additional staffing requirements.
- £95,625 funding for investment in NEC's Resource Resilience Service to support Housing Benefit administration.
- £54,000 funding for posts associated with North London Waste Authority disaggregation of IT services.
- £6,611 funding for procurement and new LIFT dashboard and Better Off Calculator contract which helps target government support funding to residents.
- £7,000 funding for developing the power BI dashboard for salary monitoring.
- £6,000 funding for two additional roles in the Feedback and Resolutions Team to tackle a backlog of stage two complaints

1.5. Treasury Management Charges – this budget covers both the borrowing costs on existing or new loans taken out in year and the income received from investment of the Council's balances in year. The overall underspend of £3m is a combination of both lower borrowing costs (£1.9m) and increased income from investments (£1.3m) as balances have been higher on occasions in the year compared to the cashflow forecast when the budget was set. The £2.4m adverse movement since Quarter 3 is a result of higher than forecast payments in the final quarter, which is not uncommon given the nature of capital spend and the end of year also sees high volumes of invoices settled before the accounts are closed. There has also been a steady increase in borrowing costs across the year. In Quarter 4 the global conflict and economic conditions have meant that the borrowing rate has been around 5%, compared to 4.35% at the start of the year and an assumed average for the year of 4.5%. It should be noted that since April 2026, there have been further increases in borrowing costs, averaging at 5.6% which is above the average set for the budget of 5% and therefore necessary action must be taken to review the capital programme to reduce the borrowing requirement, as well as continuing the range of spending controls in place to reduce the EFS requirement in year.

1.6. Other Corporate Budgets – this line consists of a range of non-services budgets, including London Wide and local levies the largest being the Council's contribution to North London Waste Authority at £11.3m. There is an overspend of £1.97m related to redundancy any other costs associated with the closure of three schools in the borough. Where possible, costs are expected to be absorbed by the Dedicated Schools Grant but in 2025/26, almost £2m remained for the Council to fund. Bank charges from accepting electronic payments continues to be above budget and an overspend of just over £400,000. Additional budget has been included for 2026/27 recognising this is the Council's preferred method for accepting payments but the contract with the provider has also been re-negotiated which will reduce costs by an average of £500,000 per year. The cost of External Audit was £287,000 higher than budget and recognises the additional work required to give External Auditors the assurance over accounts and value for money assessment following four years of incomplete audits. Finally, in March Government reclaimed a surplus Covid grant that had not been anticipated following their reconciliation exercise.

1.7. Parking Bad Debt Provision – work was undertaken during the year to analyse the parking debt balances and has resulted in a requirement for a net £11.2m additional bad debt provision. This is an increase of £1.3m from £9.9m forecast at Quarter 3 and results in a total bad debt provision on the balance sheet for parking bad debts at year end of £49.8m. Where this analytical work has identified errors in prior years, they will be corrected prior to the publication of the 2025/26 annual parking accounts report to ensure that they are compliant with legislation.

1.8. These pressures have been mitigated by underspends on the Corporate overhead allocation as more eligible costs were charged to the Dedicated Schools Gant and Pension Fund; a £640,000 underspend on levies predominately due to a lower actual NLWA levy of £11.3m which was only notified after the budget of £12m had been set, and £2.5m lower cost on other technical adjustments associated with operational and financial leases. These pressures and mitigations have resulted in an overall underspend of £2.1m.

1.9. Exceptional Financial Support (EFS) – when the Council agreed the 2025/26 budget in 2025/26, an in-principle agreement from MHCLG was received to utilise £37.020m of Exceptional Financial Support to balance the budget. Throughout the year, forecasts have shown that the level of EFS required to balance at the year-end has increased and at Quarter 3, this was estimated at £54m and MHCLG agreed in principle this higher level in February 2026. The provisional outturn is now known (subject to External Audit) and the requirement is now £40.6m to cover the deficit at year end. An update will be provided to MHCLG over the next few weeks and the final capitalisation direction will be received once the 2025/26 External Audit has been completed in February 2027. Some of the improvements since Quarter 3 are expected to be from the financial controls that have been in place across the organisation through the year and these will continue but during 2026/27 but all services must improve accuracy of in year forecasts to avoid unnecessary increases in EFS being requested in year.

2025/26 Savings

1.10. Against a full year savings target of £5.7m, the achievement on savings is 8%, which demonstrates poor delivery against the Council's cross cutting savings. These must be the focus for delivery in 2026/27 and is a key part of the Council's new Financial Sustainability Plan. The nature of cross cutting savings require all services to engage and held accountable for delivery. 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
Enabling Services Review - This proposal will review staff who provide enabling services support to the organisation to develop new delivery models that will reduce duplication across services and ensure efficient support to all frontline services across the organisation.	(1,000)	(100)	(900)	Red	Work has commenced on this programme, albeit delayed as a result of shortage in resources and capacity. Options for 'Project Management', which is not a single function but includes teams/capacity distributed across the council has commenced and new model within smaller financial envelope will be in place from September 2026 for Finance and Resources and deliver the assumed savings of £250,000. Phase 2 will then look at wider efficiencies with this cohort of staff across the Council. The next function to be subject to review is Business Support. This is also underway and Directorate workshops took place in early 2026 to define the model of business support going forward and within a smaller financial envelope.
Commissioning Modernisation Programme. This project will be delivered as two workstreams. Workstream 1 will review all existing contracts to ensure value for money. Workstream 2 will put in place increased governance to ensure that for all new contracts all commissioning options have been considered, outcomes for residents offer value for money and are affordable and improve contract management arrangements of suppliers.	(3,000)	0	(3,000)	Red	The focus of 2025/26 has been on establishing the strong foundations for this three year programme and all four pillars of the programme are now progressing. The new Commissioning Panel is in place and reviewing all commissioning activity greater than £160,000 and each new / extended commission will need to present options for a 5% reduction in spend. Some savings have been achieved through review of existing contracts in 2025/26, although this will be short of the £3m target. To date, this equated to cost avoidance of 1,025,488. Cashable savings to date are £390,000 Updated projected savings of agency fees for interim staff is £782,000. Directorate targets are being developed based on pipeline of commissioning activity over the next 2 years and these targets will enable the full delivery of £9.2m of savings by 2028/29.

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
Staffing Efficiencies - 5% staffing reductions	(100)	0	(100)	Red	This is the residual 5% savings that are held corporately and has not been allocated to Directorates and will need to be allocated in 2026/27. It has been mitigated in 2025/26 through the use of contingency.
Income Generation - Review across all services to identify commercial opportunities to expand existing income sources and new opportunities, with a focus on attracting external funding, charges reflecting the true cost of services and improving collection of income whilst also protecting those at risk of financial hardship.	(500)	0	(500)	Red	Lack of dedicated resources is holding up the pace of this work and in 2026/27 will be part of the Council's Financial Sustainability Plan to identify opportunities and led by a nominated Corporate Director and Director. Progress will be reported as part of the Quarter 1 report to Cabinet in September.
Previously agreed commercial income savings	(789)		(789)	Red	This saving is now being delivered through the wider income generation programme referenced above.
Digital Together - Corporate Programme	(360)	(360)	0	Green	This saving was never allocated to individual services has now been superseded by the Service Modernisation Programme but has been mitigated in year through use of contingency and either will need to be delivered longer term through the Service Modernisation Programme or written out of financial plans as part of the 2027/28 budget planning process.
TOTAL	**-5,749**	**-460**	**-5,289**	**Red**	

1.11. The agreed savings target per programme are set out below:

- Enabling Services £1.0m Target
- Contract and Procurement £3.0m Target
- Commercial income £1.29m.

1.12. Work is underway and part savings have been identified for the three cross cutting savings as highlighted above. These are currently held corporately pending confirmation of which service budgets will be impacted.

2025/26 Capital Provisional Outturn Position

1.13. Corporate budgets have achieved an outturn position of £44.6m against revised capital budgets of £58.9m resulting in £14.4m 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 (Under spend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
696	Flexible Capital Receipt (FUCR)	**0**	**3,965**	**3,965**	**0**	**3,965**	Use of capital receipts flexibility in 2025/26 was £611,000 contribution to Strategic Asset Management and ongoing implementation of the Strategic Asset Management and Improvement Plan, £707,000 towards the Children's Transition Project and £2,646m Corporate support for transformation and the change function (£2m).
697	Exceptional Financial Support	**54,000**	**40,587**	**(13,413)**	**54,000**	**(13,413)**	In February 2026, MHCLG agreed in principle £54m of EFS for 2025/26 based on the latest forecast at the time of submission. The provisional outturn has shown that only £40.6m is required and is more in line with the £37m assumed when the budget was set. The revised figure will be confirmed with MHCLG and the final capitalisation direction is not expected until the 2025/26 External Audit is complete in February 2027 and outturn finalised.

Scheme Ref. No.	Scheme Name	2025/26 Full year Revised Budget (£'000)	2025/26 Provisional Outturn (£'000)	Budget Variance (Under spend) / Overspend (£'000)	Qtr. 3 Forecast (£'000)	Movement between provisional outturn and Q3 Forecast (£'000)	Narrative
699	Capital Programme Contingency	**4,915**	**0**	**(4,916)**	**10,837**	**(10,837)**	The capital contingency for 2025/26 was set at £4.9m. However, none was required in year and therefore will be carried forward to 2026/27 subject to approval by Cabinet.
Corporate Items		**58,915**	**44,552**	**(14,363)**	**64,837**	**(20,285)**	

2025/26 CAPITAL FUNDING

	2025/26 Final Outturn (£'000)
Funded By:	
Core Capital Programme Borrowing	40,587
Capital Receipts	3,965
Total	**44,552**