

## **REPORT TO COUNCIL**

Date of Meeting: 2 September 2025

Report of: Strategic Director of Corporate Resources & s151 Officer

Title: Overview of General Fund Revenue Budget 2025/26 – Quarter 1

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

### **1. What is the report about?**

1.1 To advise Members of the overall financial position of the General Fund Revenue Budgets for the 2025/26 financial year after three months.

### **2. Recommendations:**

2.1 It is recommended that Council approves :

- 1) The General Fund forecast financial position for the 2025 financial year;
- 2) The supplementary budgets and budget transfers as detailed in paragraph 8.10 and Appendix 3;

2.2 It is recommended that Council notes:

- 3) The outstanding Sundry Debt position as at June 2025;
- 4) The creditors payments performance.
- 5) The budget reduction monitoring update.

### **3. Reasons for the recommendation:**

3.1 To formally note the Council's projected financial position and to approve additional expenditure required during the financial year.

### **4. What are the resource implications including non financial resources?**

4.1 The impact on the General Fund working balance is set out in section 8.9. The General Fund Working Balance is projected to stand at £4.138 million at year end.

### **5. Section 151 Officer comments:**

5.1 There are no significant issues for Council to consider at this stage. Whilst there are some areas with challenging financial positions, overall, the impact of the General Fund Balance does not cause any issues for the medium-term financial plan.

### **6. What are the legal aspects?**

6.1 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the

budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This might include, for example, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

- 6.2 The Local Government Finance Act 1992 places a legal requirement on Council to approve not only the budget but also any changes to the budget proposed during the year. Council has a legal duty to ensure that the budget is balanced and that any changes to the budget are fully funded.

## 7. Monitoring Officer's comments:

- 7.1 The purpose of this report is to advise Members of the overall financial position of the General Fund Revenue Budgets for the 2024/25 financial year after three months. Members will note the statutory duty imposed on the Council to monitor expenditure and income against the budget calculations as set out in the legal aspects above.

## 8. Report details:

### Overview of General Fund Revenue Budget 2025/26 – Quarter 1

#### 8.1 Financial Summary

FUND	Planned Transfer To / (From) Working Balance £	Budget Variance (More) / Less £	Outturn Transfer 2025/26 £
General Fund	(823,670)	(343,290)	(1,166,960)

#### 8.2 General Fund (Appendix 1 & Appendix 2)

For the 2025/26 financial year, the current forecasts show an overall projected positive variance of £295,550 against a revised budget of £20,670,760. This includes supplementary budgets of £4,500,520 already agreed by Council. Variances of more than +/- £30,000 are detailed below:

#### 8.3 Chief Executive

Head of Service Area	Budget £	Forecast Outturn £	Variance Over/(Under) £
Executive Office	1,609,880	1,609,880	0

- There are no significant variances to report for **Active & Healthy People** and **Strategic Management**.

## 8.4 Operations

Head of Service Area	Budget £	Forecast Outturn £	Variance £
Environment & Waste	5,755,960	5,086,840	(669,120)

- **Environmental Health & Licensing** is showing a forecast positive variance of £189k predominantly due to savings within the service establishment and the difficulties with recruiting into vacant posts. These savings have been reduced by increased costs in agency staff and this will continue to be monitored throughout the year.
- **Domestic Refuse Collection** is forecast to have a positive variance of £310k due to vacancies within the service establishment. Agency spend is also showing a material saving due to the difficulties in recruiting. Both these savings have been offset by increases in non-contractual overtime to cover Saturday shifts. These savings are expected to decrease as staff are brought in to cover new kerbside collection rounds.
- Income is expected to be lower than budget for **Waste Chargeable Services** – based on previous years – resulting in an adverse variance of £63k. However, it is too early to be certain this will continue so will be monitored throughout the year.
- There is no significant variance to report in respect of **Waste Strategy & Facilities**.
- An overall positive variance of £257k is anticipated for the **Materials Reclamation Facility** as recycling credit income is forecast to exceed budget although this will be monitored throughout the year to ensure forecast is met. However, the surplus income has been offset by having to transport materials to secondary MRF's. This cost should disappear as the MRF capital project is completed as the facility will be able to handle larger volumes and a more varied range of material.

Head of Service Area	Budget £	Forecast Outturn £	Variance £
Operations	5,696,000	5,470,380	(225,620)

- This positive variance of £122k for **Parks & Green Spaces** is predominantly due to vacancies within the staffing establishment. Recruitment has been difficult, and the use of agency has increased, reducing the overall saving.
- There is no significant variance to report in respect of **Bereavement Services**.

- A positive variance of £104k is forecast for **Street Cleaning**, as with the Parks service, difficulties in recruitment have led to material forecast savings against permanent staffing being offset by increases in casual staff spend.
- There are no significant variances to report for **Public Conveniences**, **Engineering Services** or **Waterways**.

Head of Service Area	Budget £	Forecast Outturn £	Variance £
General Fund Asset Maintenance	1,954,600	2,286,600	332,000

- **Corporate Support** is forecast to have an adverse variance of £332,000 due to the vacancy rate in the Civic Centre and therefore lower rental income from tenants.
- There are no significant variances to report for **Affordable Housing Development**, **Sundry Lands Maintenance** or **Corporate Property – Assets**

#### 8.5 Corporate Resources

Head of Service Area	Budget £	Forecast Outturn £	Variance £
Commercial Assets	(12,557,700)	(12,370,437)	187,250

- **Corporate Property – Estates** is showing a net forecast favourable variance of £12k:  
The Guildhall Shopping Centre continues to perform well with strong occupier demand with additional net income of £330k compared with budget. This will be transferred to the earmarked reserve as it cannot be used for general expenditure.

Favourable performance by the Guildhall Shopping centre is offset by the following:

- Lower rental income than Budget due to empty properties
- Business rates due to empty properties higher than Budget
- Property maintenance costs higher than Budget
- 

As the Guildhall Shopping Centre surplus cannot be used for General Fund expenditure the true impact on the General Fund is an adverse variance of £289k.

- A net forecast adverse variance of £133k is anticipated for **Parking Services**.  
The net income generated by Car Parks is lower than anticipated for the following reasons:
  - The increase in debit and credit cards and use of the Ringgo App has increased the costs to the Council for using these methods of payment;

- Re-zoning some of the Car Parks from Zone 1 to Central has increased their Business Rates bills;
- Rental income from Devon County Council renting offices at John Lewis car park has been lost after their Parking team moved out;
- Seasonal parking permit income is lower than expected.

Additionally, a cost of £105k for the cash collection team is forecast however there is no budget for this cost as it was envisaged the Council's parking operations would be cashless in 2025/26. Much of this cost is being offset by staff vacancies elsewhere in the Parking Services team. The adverse position is partially offset by:

- lower electricity costs, projected to be £181,000 lower than the budget;
  - lower staff costs than Budget due to understaffing;
  - 7% increase in car parking charges, estimated implementation November 2025, contributing c£400k additional income.
- There is no significant variance to report for **Major Projects**
  - An adverse variance of £60k is expected for **Markets**; income from commercial contracts at the Matford Centre continue to outperform the budget. The excess income has been offset by:
    - income from the solar array being lower than budget as a result of lower prices for selling the electricity generated and maintenance being required for some of the panels.
    - An estimated £85k of costs are to be recharged to the Council by the Auctioneer related to a drainage issue at the Matford Centre for which there is no budget. A claim against Stagecoach is to be pursued to recover these losses.

Head of Service Area	Budget £	Forecast Outturn £	Variance £
Finance	4,465,920	4,465,920	0

- There are no significant variances to report in respect of **Revenues & Benefits, Corporate, Unapportionable Overheads, Financial Services, or Internal Audit** at Quarter 1.

Head of Service Area	Budget £	Forecast Outturn £	Variance £
Legal & Democratic Services	1,771,250	1,643,080	(128,170)

- A positive variance of £133k is forecast for **Elections & Electoral Registration** due to the 2025/26 district elections being funded by Devon County Council. Any actual variance will be transferred to reserves at year-end.

- There are no significant variances to report for **Democratic Representation, Legal Services** or **Procurement**.

## 8.6 People & Communities

Head of Service Area	Budget £	Forecast Outturn £	Variance £
Customer & Communities	1,878,880	1,878,880	0

- There are no significant variances to report for **Exeter Community Grants Programme** and the **Customer Service Centre**.

Head of Service Area	Budget £	Forecast Outturn £	Variance £
Digital & Data	2,920,050	2,920,050	0

- There are no significant variances to report for **Central Support** or **IT Services**.

Head of Service Area	Budget £	Forecast Outturn £	Variance £
General Fund Housing	2,389,640	2,389,640	0

- There are no significant variances to report for **Housing Needs & Homelessness, GF Housing – Property** or **Private Housing**.

Head of Service Area	Budget £	Forecast Outturn £	Variance £
HR Workforce Planning & OD	945,020	895,020	(50,000)

- The forecast £50k surplus for **Transportation** will be transferred to reserves at year-end to be used for future Green Travel initiatives.
- There are no significant variances to report for **Human Resources** or the **Organisational Change Programme**.

## 8.7 Place

Head of Service Area	Budget £	Forecast Outturn £	Variance £
City Centre & Net Zero	1,487,040	1,487,040	0

- There are no significant variances to report for **Net Zero & Business, CCTV & Homecall** and **Community Safety**

Head of Service Area	Budget £	Forecast Outturn £	Variance £
City Development	1,726,690	1,726,690	-

- There are no significant variances to report in respect of **Building Control & Land Charges, Planning** and **Liveable Exeter Garden City**.

Head of Service Area	Budget £	Forecast Outturn £	Variance £
Culture & Leisure	6,028,790	6,286,900	258,110

- A net positive variance of £161k is forecast for the **Museum Service**:
  - There will be a £31.7k overspend in Museum Projects. However, this will be covered by reserves, taking the actual underspend to £193k
  - The majority of the variance is due to savings in utilities. A good proportion of this is due to RAMMs Dynamic Energy Management and System Maintenance Improvement Project, which continues to generate significant savings
- A forecast adverse variance of £444k is anticipated for **Leisure & Sport**, this is due to the removal of budgets for Northbrook Pool and Exeter Arena as part of 2025/26 budget savings. Northbrook is due to cease operating by the end of October so seven months of saving may be achieved. There are opportunities to increase revenue at Arena; these are currently being developed and will be included in quarter two monitoring, if material.
- There are no significant variances to report for **Culture, Visitor Facilities, Civic Ceremonials and Communications**.

## 8.8 Other Financial Variations

### Net Interest

Interest payable remains on target at Quarter 1; however, interest receivable is expected to be £157k lower than budgeted as interest rates are reducing.

## 8.9 General Fund Balance

In 2025/26 it is projected that there will be an overall net contribution from the General Fund Balance of £1,166,960. The minimum requirement for the General Fund working balance which was approved by Council in February 2025 at £3.100 million.

<b>Movement</b>	<b>2025/26</b>
Opening Balance, as at 01/04/25	<b>£5,305,182</b>
Net	(£1,166,960)
<b>Projected Balance at Year End</b>	<b>£4,138,222</b>

### 8.10 Supplementary Budgets

It is proposed that the supplementary budgets and budget transfers identified in Appendix 3 are approved and added to the 2025/26 budget. A total of £85,000 will need to be funded from General Fund balances, the remaining budgets are either self- financing or utilise earmarked reserves.

### 8.11 Outstanding Sundry Debt

An aged debt analysis of the Council's sundry debts is shown in the table below:

<b>Age of Debt</b>	<b>March 2024</b>	<b>March 2025</b>	<b>July 2025</b>
Up to 29 days (current)	£1,411,457	£1,264,074	£1,497,762
30 days – 1 Year	£2,738,947	£1,689,790	£1,829,508
1 – 2 years	£299,265	£1,005,233	£935,904
2 – 3 years	£273,541	£224,732	£375,419
3 – 4 years	£78,227	£202,422	£218,751
4 – 5 years	£290,834	£58,784	£75,792
5 + years	£340,009	£580,916	£587,133
<b>Total</b>	<b>£5,432,280</b>	<b>£5,025,951</b>	<b>£5,520,269</b>

In April 2025 a new Income Collection Team was formed with responsibility for sundry debtor income collection and the recovery of overpaid housing benefits. Resources have been dedicated to investigating older debts and establish what debts are realistically recoverable, so that decisions can be made and write-offs approved in line with the Council's financial regulations.

Monthly sundry debt reports are being issued to Directors and Heads of Service so they can monitor and challenge collection rates.

At the beginning of July, sundry debt levels for each directorate and service area, were as follows:



Head of Service	Description	£
Commercials Assets	Predominantly commercial property rents	3,736,298
Finance	Recovery of HB overpayments	7,444
Legal & Democratic	Election and electoral registration related	6,931
<b>Corporate Resources Total</b>		<b>3,750,674</b>
Environment & Waste	Predominantly trade refuse, recycling and licensing	422,745
GF Asset Maintenance	Civic centre recharges	17,041
HRA Asset Maintenance	HRA rechargeable repairs	31,235
Operations	Predominantly canal, waterway and allotment fees	355,675
<b>Operations Total</b>		<b>826,695</b>
Customer & Communities	Wellbeing Exeter related	45,000
GF Housing	Predominantly leasehold flat insurance and service charges	441,075
HR Workforce Planning & OD	Green travel recharges	1,454
HRA Housing	Predominantly leasehold flat ground rents	19,044
<b>People &amp; Communities Total</b>		<b>506,573</b>
City Centre & Net Zero	Predominantly Home Call alarm service	92,193
City Development	Planning related	73,251
Culture & Leisure	Predominantly group bookings for leisure services & marketing	270,884
<b>Place Total</b>		<b>436,328</b>
<b>Total</b>		<b>5,520,269</b>

## 8.12 Debt Write-Offs

The following amounts have been written off during 2025/26:

	2024/25 Total	2025/26 (Qtr 1)
• Council Tax	£280,588	£59,727
• Business Rates *	£5,829	£0
• Sundry Debt	£0	£5,893
• Housing Rents	£51,381	£1,311
• Non-HRA Rents	£33,087	£17
• HB Overpayments	£76,146	£40,039

\* Business Rate write offs dealt with annually

## 8.13 Creditor Payments Performance

Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 95.6% for the first three months of 2025/26 compared with 96.21% after the first three months of 2024/25.

## 9. Budget Reduction Monitoring (Appendix 4)

Budget savings of £2.143m were incorporated into the 2025/26 budgets, as at

Quarter 1 it is forecast that £696k of these savings will not be made in year, mainly due to proposals in the Leisure service taking longer to implement.

## **10. How does the decision contribute to the Council's Corporate Plan?**

10.1 This is a statement of the projected financial position to the end of 2025/26.

## **11. What risks are there and how can they be reduced?**

11.1 The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. Members have a legal responsibility to take action where balances are projected to reach an unsustainable level and the Strategic Management Board are working to address the current projected shortfall in reserves.

Areas of budgetary risk are highlighted in this report. The key areas of budgetary risks are attached as Appendix 5, for reference.

## **12. Equality Act 2010 (The Act)**

12.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

12.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impact on all members of the community.

12.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

12.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because there are no significant equality and diversity impacts associated with this decision.

## **13. Carbon Footprint (Environmental) Implications:**

13.1 There are no direct carbon/environmental impacts arising from the recommendations.

## **14. Are there any other options?**

Not applicable.

**Strategic Director of Corporate Resources & s151 Officer, Dave Hodgson**

Authors: Nicola Morley, Bridget Kendrick, Claire Hodgson and Suzanne Edwards

## **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:

None

Contact for enquires:

Democratic Services (Committees)

Room 4.36

01392 265275