

REPORT TO COUNCIL

Date of Meeting: 9 December 2025

Report of: Strategic Director of Corporate Resources & s151 Officer

Title: Overview of General Fund Revenue Budget 2025/26 – Quarter 2

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 six 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 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 September 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 £2.901 million at year end.

5. Section 151 Officer comments:

5.1 Whilst General Funds reserves are projecting to go under the minimum level set, the section 151 Officer recommends taking no action at this stage. This is because the current estimates of the impact of the new formula funding are such that the position will be rectified in the new financial year. In addition, some of the financial challenges relate to timing of additional income or reductions made and the full year impact will address some of these issues.

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 as at Quarter 2. 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 2

8.1 Financial Summary

FUND	Planned Transfer To / (From) Working Balance £	Budget Variance (More) / Less £	Outturn Transfer 2025/26 £
General Fund	(907,930)	(1,496,589)	(2,404,519)

8.2 General Fund (Appendix 1 & Appendix 2)

For the 2025/26 financial year, the current forecasts show an overall projected overspend of £610,300 against a revised budget of £21,479,070. This includes supplementary budgets of £5,308,830 already agreed by Council. Variances of more than +/- £30,000 are detailed below:

8.3 Chief Executive

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
Executive Office	1,611,270	1,589,010	(22,260)	0

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

8.4 Operations

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
Environment & Waste	5,755,960	5,273,680	(482,280)	(669,120)

- **Environmental Health & Licensing** is showing a forecast underspend of £202k 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.
- The forecast underspend in **Domestic Refuse Collection** has increased. Overall staff spend is still showing a material saving due to the difficulties in recruiting and Fleet is also showing a saving. Non-contractual overtime is still high to cover Saturday shifts.
- After a more detailed analysis of income for Green Waste bin hire – and a successful second quarter - **Waste Chargeable Services** is now showing a positive variance. This will continue to be monitored throughout the year and a further adjustment made in quarter three, if necessary
- **Waste Strategy & Facilities** is showing an underspend of £154k. This is due to supplementary budgets that will not be utilised in-year due to lack of resources
- The overspend in the **Materials Reclamation Facility** has increased, partly due to an accounting error at 2024/25 year-end where expected income was over-accrued; this has now been adjusted in the forecast. Income will continue to be monitored but is still being offset by having to transport materials to secondary MRF's.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
Operations	5,696,000	5,398,580	(317,420)	(225,620)

- The saving in **Parks & Green Spaces** has materially reduced from £122.2k to £44k. Agency costs are still high; however, with recent recruitment into vacant positions, this forecast spend is being monitored and may be reduced in the next

quarter. Premises costs as well as Supplies & Services are forecasting overspends which has also reduced the saving.

- There is no significant variance to report in respect of **Bereavement Services**.
- Similar to Parks, **Street Cleaning** is experiencing difficulties in recruitment, leading material forecast savings against permanent staffing being offset by increases in casual staff spend. This situation will be monitored as vacancies are filled.
- There are no significant variances to report for **Public Conveniences or Engineering Services**
- **Waterways** is now showing a forecast underspend of £208k, this is due to supplementary budgets not being fully utilised within this financial year.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
General Fund Asset Maintenance	1,854,600	2,186,600	332,000	332,000

- **Corporate Support** is forecasting an adverse variance of £332k due to the ongoing issue of vacant office space in the Civic Centre and therefore lower rental income from tenants than budgeted.
- 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 £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
Commercial Assets	(11,960,700)	(10,977,240)	983,460	187,250

- **Corporate Property – Estates** is showing a net forecast adverse variance of £695k: The adverse outturn to budget is predominantly driven by:
 - Lower rental income than budget due to empty properties, including Senate Court as the Council makes preparations for a move to the building
 - Delays in leasing units where significant repairs are required
 - Business rates due to empty properties higher than budget
 - Property maintenance costs higher than budget

Guildhall Shopping Centre performance has been impacted by rent reviews on some units resulting in lower rents and the surplus is currently forecast to be slightly adverse to budget.

Excluding the Guildhall Shopping Centre adverse position (which is ring fenced from the General Fund) the true impact on the General Fund is an adverse variance of £647k.

- A net forecast adverse variance of £556k 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.
 - The proposed increase in car parking tariffs for 2025/26 has not been implemented to date (expected November 2025)
 - Car park fire risk assessments not included in budget

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.

The adverse position is partially offset by:

- lower electricity costs, projected to be £196,000 lower than the budget;
 - lower staff costs than budget due to understaffing.
 - 7% increase in car parking charges, estimated implementation November 2025, contributing c£344k additional income.
- **Major Projects** is showing a net forecast favourable variance of £175k. The underspend is due to Civic Centre relocation where the 2nd tranche compensation payment to an in situ tenant is due in 2026/27, partially offset by higher spend on Bus Station site options review than budgeted.
- An underspend of £93k is expected for **Markets**; income from commercial contracts at the Matford Centre continues to outperform the budget. The excess income has been partially 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. The maintenance of the panels has started in 2025/26.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
Finance	4,385,420	4,552,920	467,500	0

- An overspend of £140k is forecast for **Revenues & Benefits**. Since reporting at Quarter 1, a restructure of Local Taxation Services (council tax and business rates) has started with one of the key objectives; to bring an end to heavy reliance on agency officers and permanently recruit a team that is resilient for the future. Advertising of posts has already started, and it is hoped that appointments will start to be made during December. The reported overspend is predominantly due to spend on agency staff, which the restructure is seeking to address.
- **Corporate:** The Rapid Impact Project has identified potential digitalisation savings and efficiencies in relation to Parks and Open Spaces and Waste service areas. A report is pending review by the Strategic Management Board and whilst savings are expected to be delivered, they may not be delivered in this financial year.
- There are no significant variances to report in respect of **Unapportionable Overheads, Financial Services, or Internal Audit** at Quarter 2.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
Legal & Democratic Services	1,771,250	1,699,720	(71,530)	(128,170)

- The forecast underspend in **Elections & Electoral Registration** has reduced to £82.5k. A more accurate forecast for printing & postage costs has been added, including an estimate for the new postal vote refresh exercise, the details of which were not clear at quarter one. Part – but not all – of this cost will be reclaimable and quarter three should give us a better indication of the true cost. Any surplus in Elections 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 £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
Customer & Communities	2,429,240	2,158,820	(270,420)	0

- A forecast underspend of £407,820 in the **Exeter Community Grants Programme** is made up of £118,010 ringfenced for Wellbeing Exeter and £135,290 ringfenced for Homes for Ukraine, which will fund Ukraine Wraparound services in 2026/27. These budgets are funded from ear-marked reserves and remaining funding will be re-requested as supplementary budgets, towards this planned spend, in 2026/27.
- There are no significant variances to report for the **Customer Service Centre**

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
Digital & Data	2,920,050	2,886,710	(33,340)	0

- There are no significant variances to report for **Digital & Data** or **IT Services**.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
General Fund Housing	2,205,160	2,160,210	(44,950)	0

- A one-off net underspend of £45k is anticipated within **Private Housing** due to vacancies within the team, partly offset with agency costs early in the year.
- There are no significant variances to report for **Housing Needs & Homelessness** or **GF Housing – Property**.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
HR Workforce Planning & OD	945,020	885,450	(59,570)	(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 £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
City Centre & Net Zero	1,487,040	1,617,030	129,990	0

- **Net Zero & Business** is forecast to be overspent by £80.4k by year-end, predominantly due to the purchase of new radios in the Business Crime Reduction Unit. However, £82.4k will be transferred from an ear-marked reserve to cover these costs.
- There are no significant variances to report for **CCTV & Homecall** and **Community Safety**

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
City Development	1,726,690	1,445,930	(254,180)	0

- **Building Control & Land Charges** is reporting an underspend of £57k. However, due to movements in reserves, the actual impact on the general fund is only £3,160

- **Planning** is now forecasting a £197k underspend. This is predominantly due to a supplementary budget funded by an earmarked reserve not being utilised fully in year; remaining funding will requested as a supplementary in 2026/27. Planning income is difficult to forecast as it depends on market conditions in the construction industry; however, at quarter two, it is forecast that income will not meet budget therefore a deficit has been included.
- There are no significant variances to report in respect of **Liveable Exeter Garden City**.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 1 Forecast Variance £
Culture & Leisure	6,028,790	6,282,090	253,300	258,110

- The forecast underspend in **Culture** derives from the Corn Exchange, which is forecasting a surplus of event income.
- A net underspend of £158.5k is forecast for the **Museum Service**:
 - There will be a £31.7k overspend in Museum Projects. However, this will be covered by reserves, reducing the pressure on the general fund
 - The majority of the variance is still due to savings in utilities, a good proportion of which is due to RAMMs Dynamic Energy Management and System Maintenance Improvement Project. However, in the future, the underspend will disappear as utility budgets are reduced, creating the potential for overspends.
- A forecast overspend of £386k is anticipated for **Leisure & Sport**, mostly due to the removal of budgets for Northbrook Pool and Exeter Arena as part of 2025/26 budget savings but partly due to the estate still bearing maintenance costs. The overspend has been mitigated by underspends against utilities. It is proposed to re-instate the Exeter Arena budget for 2026/27.
- There are no significant variances to report for **Tourism, Visitor Facilities, Civic Ceremonials and Marketing**.

8.8 Other Financial Variations

Net Interest

Interest payable remains on target at Quarter 2, however interest receivable is expected to be £173k 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 £2.405 million, reducing the balance to £2.901 million at year end, this is £199k below the £3.100 million minimum requirement for the General Fund working balance which was approved by Council in February 2025.

Movement	2025/26
Opening Balance, as at 01/04/25	£5,305,182
Net	(£2,404,519)
Projected Balance at Year End	£2,900,663

8.10 Supplementary Budgets

It is proposed that the supplementary budgets identified in Appendix 3 are approved and added to the 2025/26 budget. The budgets are self- financing.

8.11 Outstanding Sundry Debt

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

Age of Debt	March 2024	March 2025	September 2025
Up to 29 days (current)	£1,411,457	£1,264,074	£2,203,021
30 days – 1 Year	£2,738,947	£1,689,790	£2,487,080
1 – 2 years	£299,265	£1,005,233	£686,583
2 – 3 years	£273,541	£224,732	£616,966
3 – 4 years	£78,227	£202,422	£222,226
4 – 5 years	£290,834	£58,784	£90,514
5 + years	£340,009	£580,916	£502,804
Total	£5,432,280	£5,025,951	£6,809,194

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 end of September, sundry debt levels for each directorate and service area, were as follows:

Head of Service	Description	Qrt 1 £	Qrt 2 £
Executive Office		0	0
Commercials Assets *	Predominantly commercial property rents	3,133,337	2,326,890
Finance	Recovery of HB overpayments	7,444	53,040
Legal & Democratic	Election and electoral registration related	6,931	43
Corporate Resources Total		3,147,713	2,379,973
Environment & Waste	Predominantly trade refuse, recycling and licensing	422,745	182,258
GF Asset Maintenance	Civic centre recharges	17,041	(100)
HRA Asset Maintenance	HRA rechargeable repairs	31,235	31,159
Operations	Predominantly canal, waterway and allotment fees	355,675	454,375
Operations Total		826,695	667,692
Customer & Communities	Wellbeing Exeter related	45,000	45,000
GF Housing	Predominantly leasehold flat insurance, service charges & DFG	441,075	1,467,452
HR Workforce Planning & OD	Green travel recharges	1,454	901
HRA Housing	Predominantly leasehold flat ground rents	19,044	42,954
People & Communities Total		506,573	1,556,307
City Centre & Net Zero	Predominantly Home Call alarm service	92,193	87,366
City Development *	Predominantly CIL and Section 106 related	676,212	1,925,497
Culture & Leisure	Predominantly group bookings for leisure services & marketing	270,884	193,123
Place Total		1,039,289	2,205,986
Total		5,520,269	6,809,958

*Restated since Qtr 1 to move CIL invoices from the Head of Service, Commercial Assets to the Head of Service, City Development.

In terms of key changes to draw to attention, an invoice of £926k was issued in respect of Disabled Facility Grant funding, £475k in respect of CIL and £703k in respect of Section 106 contributions during September, totalling £2.1m. Hence, the rise in debts up to 29 days old and the overall level of debts.

8.12 Debt Write-Offs

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

	2024/25 Total	2025/26 (Qtr 2)
• Council Tax	£280,588	£109,109
• Business Rates *	£5,829	£0
• Sundry Debt	£0	£142,717
• Housing Rents	£51,381	£9,227
• Non-HRA Rents	£33,087	£2,893
• HB Overpayments	£76,146	£73,930

* 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 95.12% for

the first six months of 2025/26 compared with 96.11% after the first six 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 2 it is forecast that £1.053m of these savings will not be made in year, mainly due to proposals in the Leisure service and digitalisation efficiencies 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