

REPORT TO COUNCIL

Date of Meeting: 3 March 2026

Report of: Strategic Director of Corporate Resources & s151 Officer

Title: Overview of General Fund Revenue Budget 2025/26 – Quarter 3

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 nine months.

2. Recommendations:

2.1 It is recommended that Council approves:

- 1) The General Fund forecast financial position for the 2025 financial year

2.2 It is recommended that Council notes:

- 2) The outstanding Sundry Debt position as at December 2025
- 3) The creditors payments performance.
- 4) 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 10.9. The General Fund Working Balance is projected to stand at £2.202 million at year end.

5. Section 151 Officer comments:

5.1 The financial position remains challenging in the General Fund with the working balance projecting below the minimum level. Given the proximity to the financial year end, this will be addressed at year end, if this position continues in quarter 4.

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 content of this report raises no issues for the Monitoring Officer.

8. Equality Act 2010 (The Act)

- 8.1 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.

9. Carbon Footprint (Environmental) Implications:

- 9.1 No direct carbon/environmental impacts arising from the recommendations.

10. Report details:

Overview of General Fund Revenue Budget 2025/26 – Quarter 3

10.1 Financial Summary

FUND	Planned Transfer To / (From) Working Balance £	Budget Variance (More) / Less £	Outturn Transfer 2025/26 £
General Fund	(907,930)	(2,195,250)	(3,103,180)

10.2 General Fund (Appendix 1 & Appendix 2)

For the 2025/26 financial year, the current forecasts show an overall projected underspend of £18,773 against a revised budget of £21,479,070. This includes approved supplementary budgets of £5,308,830. Variances of more than +/- £30,000 are detailed below:

10.3 Chief Executive

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
Executive Office	1,611,270	1,481,650	(129,620)	(22,260)

- **Active & Healthy People** is funded by Sport England. Any budget that is not spent this year will be carried forward in the earmarked reserve for delivery next year.
- **Strategic Management** The underspend is predominantly due to a supplementary budget for Net Zero activities not being utilised in year.

10.4 Operations

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
Environment & Waste	6,018,740	5,234,180	(23,720)	(482,280)

- **Environmental Health & Licensing** has received two new grants, totalling £14.5k; neither of these will be used in-year and will be moved to ringfenced reserves. This leaves an actual underspend of £209k which is 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.
- The forecast underspend in **Domestic Refuse Collection** has decreased due to the purchase of equipment and costs associated with the final phases of the rollout of food waste collection.
- **Waste Chargeable Services** has now been adjusted in regards to the decline in income expected from trade refuse. Many factors have contributed to this including the loss of a contract and packaging getting lighter. However, income from green waste continues to be strong and has helped to mitigate this reduction.
- **Waste Strategy & Facilities** is showing a forecast underspend which has arisen from supplementary budgets not being utilised in year.
- The overspend in the **Materials Reclamation Facility** has materially increased from the previous quarter. Various incidences have occurred which resulted in closure for a period of time and the replacement of essential pieces of equipment; income has reduced as a consequence as well as an increase in the cost of transporting materials to other MRF sites for disposal.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
Operations	5,691,770	5,417,050	(274,720)	(317,420)

- The underspend in **Parks & Green Spaces** has increased due to additional HRA recharge for work on Vaughn Road. Agency costs have also been adjusted, due to vacant posts now being filled. Work has now commenced in assessing the impact of the recent bad weather and costs may increase due to storm damage
- There is no significant variance to report in respect of **Bereavement Services**.
- **Street Cleaning**'s quarter three forecast has improved slightly as remaining spend for the year is easier to forecast. Agency costs are still high to offset vacant posts within the establishment.
- There are no significant variances to report for **Public Conveniences**
- Utility accruals in **Engineering** for street-lighting were over-estimated at 2024/25 year-end, as costs were expected to be realised in 2025/26. However, after investigation, these costs will not materialise so this over-accrual has now been included in the year-end forecast.
- **Waterways** underspend has now reduced. Extensive reactive repairs have been carried out on the canal locks, resulting in high costs. Income has also been adjusted in line with expected revenue in the last months of 2025/26. As with Parks, the full impact of the recent bad weather has not been assessed yet and therefore has not been included in this forecast.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
General Fund Asset Maintenance	1,992,100	2,324,100	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. This shortfall has been identified as a pressure in the budget for 2026/27.
- There are no significant variances to report for **Affordable Housing Development, Sundry Lands Maintenance or Corporate Property – Assets**

10.5 Corporate Resources

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
Commercial Assets	(11,449,610)	(10,568,700)	880,910	983,460

- **Corporate Property – Estates** is showing a net forecast adverse variance of £271k: 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 is contributing an additional net income of £157k compared with budget. This will be transferred to the earmarked reserve as it cannot be used for general expenditure.

Excluding the Guildhall Shopping Centre position (which is ring fenced from the General Fund) the true impact on the General Fund is an adverse variance of £428k

- A net forecast adverse variance of £825k 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 was implemented in November 2025 limiting the benefit of the increased prices on income during the year;
 - Closure of car parks due to the installation of new payment machines (John Lewis and Guildhall) and repairs;
 - Car park fire risk assessments not included in budget

Additionally, a cost of £107k 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 £195,000 lower than the budget;
 - lower staff costs than budget due to understaffing;
 - 7% increase in car parking charges, implemented November 2025.
- **Major Projects** is showing a net forecast favourable variance of £164k. 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 £51k 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 2 Forecast Variance £
Finance	4,385,420	4,859,150	473,730	467,500

- An overspend of £84k is forecast for **Revenues & Benefits**. A restructure of Local Taxation Services (council tax and business rates) is underway 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. Interviews have taken place for several roles, and it is hoped that new starters will join the team during February and March. 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. In addition to this, an overspend in bank charges is forecast. A detailed review of bank charges and trends in customer payment methods is being undertaken to help inform future budget requirements so that based on bank transaction data.
- There are no significant variances to report in respect of **Unapportionable Overheads, Financial Services, or Internal Audit** at Quarter 3.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
Legal & Democratic Services	1,767,340	1,624,260	(143,080)	(71,530)

- The forecast underspend in **Elections & Electoral Registration** has increased to £132k. A £42k underspend has been confirmed in temporary staff costs. The Q3 forecast for printing and postage costs is currently £9k under the estimate made in Q2 as most of the actual costs have now been received for the Postal Vote Refresh. The outturn forecast may be materially different because of the

ongoing work surrounding the cancellation of next year's elections along with possible by-elections. The underspend in Elections will be transferred to reserves at year end.

- **Democratic Representation** has savings of £33k. A majority of the underspend comes from savings against members' Special Responsibility Allowances. The second highest saving is against Member Services' salaries due to a post being recruited in year.
- There are no significant variances to report for **Legal Services** or **Procurement**.

10.6 People & Communities

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
Customer & Communities	2,429,240	2,038,960	(390,280)	(270,420)

- A forecast underspend of £347,970 in the **Exeter Community Grants Programme** is made up of £118,010 ringfenced for Wellbeing Exeter and £178,390 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. The underspend also includes £50,000 against the Consultation & Engagement budget
- In the **Customer Service Centre**, vacancy savings in the establishment has been offset with agency staff costs. A smaller amount of savings has also been achieved against non-pay budgets.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
Digital & Data	2,941,670	2,913,280	(28,390)	(33,340)

- 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 2 Forecast Variance £
General Fund Housing	2,167,130	1,835,140	(331,990)	(44,950)

- 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.

- Unfortunately, the hand back of the final property in the Private Sector Landlord portfolio within the **General Fund Housing – Property** budget has resulted in a £24k overspend of the budget. The age of the building and its condition has provided a challenging refurbishment to an acceptable standard. It is due to be handed back by the end of January.
- The **Housing Needs & Homelessness** service has received top up funding of £99,985 Homelessness Prevention Grant and £407,054 of Rough Sleeping Grant in year. There are plans in place to spend this additional grant in accordance with the terms and the full amount will be committed by year-end. However, it is likely that the Homelessness Prevention Grant and £211k of the Rough Sleeping Grant will be paid in the next financial year. Therefore, the unspent balance will be transferred to an earmarked reserve and requested as a supplementary budget to the planned spend in 2026/27.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
HR Workforce Planning & OD	945,020	865,030	(79,990)	(59,570)

- 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**.

10.7 Place

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
City Centre & Net Zero	1,485,060	1,539,950	54,890	129,990

- **Net Zero & Business** is forecast to be overspent by £36.8k; however, £85.6k will be covered by reserves for the purchase of new radios in the Business Crime Reduction Unit, taking the forecast to £48.7k underspend. The improvement from quarter two is due to a more realistic expenditure forecast in Net Zero Projects for the remainder of the year.
- The overspend in **CCTV & Homecall** is partly due to the addition of additional staffing resources to give safe 24-hour cover in the centre; this has alleviated the pressure of additional overtime costs. This additional cost has been addressed in the 2026/27 budget, with the expectation that new third-party contracts will be

secured to cover this. The income forecast has also been adjusted to a more realistic target.

- **Community Safety** is showing a £70.8k underspend; however, £48.7k relates to unused supplementary budgets and there has also been a new £115k grant received which will not be fully utilised in year and will be transferred to reserves at year-end. This leaves a £92.9k overspend which has arisen due to the combination of the income target not being met and increased agency costs to cover a vacancy.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
City Development	1,722,860	1,188,650	(534,210)	(254,180)

- **Building Control & Land Charges** is reporting an underspend of £31k. However, due to movements in reserves, the actual impact on the general fund is only £3,160
- **Planning** is now forecasting a £314.6k underspend. This is due to new grants being received and existing supplementary budgets not being utilised. Once these have been taken into account, there is an actual overspend of £111.5k. This is entirely due to the forecast deficit in planning income.
- **Liveable Exeter Garden City** This underspend is because of supplementary budgets not being used.

Head of Service Area	Budget £	Current Outturn Forecast £	Current Forecast Variance £	Qtr 2 Forecast Variance £
Culture & Leisure	5,872,660	6,048,370	175,710	253,300

- The forecast underspend in **Culture** derives from the Corn Exchange, which is still forecasting a surplus of event income; however, the overspend has been reduced from quarter two due to some staffing costs moving across from another service.
- A net underspend of £133.8k is forecast for the **Museum Service**. The financial position was improved by income from the Government's Museum Renewal Fund to cover shortfalls in café rent and shop income; however, this was offset due to the transfer of miscoded staff costs into RAMM. An unbudgeted cost of £25,000 for the museum review has also been included. The service continues to make savings in utilities, although these savings will reduce in the next financial year due to the reduction in budgets.

- **Leisure** is now forecast an overspend of £300.3k, an improvement of £86k from quarter two. At that time, cautious maintenance spend at SSP was included, as the building warranty had expired; this forecast has now been adjusted down to a more realistic expectation. The overspend is due to removal of the budgets for Northbrook and Arena in 2025/26 (the Arena budget has now been re-instated for 2026/27)
- There are no significant variances to report for **Tourism, Visitor Facilities, Civic Ceremonials and Marketing**.

10.8 Other Financial Variations

Net Interest

Interest payable remains on target at Quarter 3 however, interest receivable is expected to be £159k lower than budgeted as interest rates are reducing.

10.9 General Fund Balance

In 2025/26 it is projected that there will be an overall net contribution from the General Fund Balance of £3.103 million, reducing the balance to £2.202 million at year end, this is £898k 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	(£3,103,180)
Projected Balance at Year End	£2,202,002

10.10 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	December 2026
Up to 29 days (current)	£1,411,457	£1,264,074	£2,010,406
30 days – 1 Year	£2,738,947	£1,689,790	£2,420,802
1 – 2 years	£299,265	£1,005,233	£512,214
2 – 3 years	£273,541	£224,732	£600,529
3 – 4 years	£78,227	£202,422	£164,283
4 – 5 years	£290,834	£58,784	£143,517
5 + years	£340,009	£580,916	£384,712
Total	£5,432,280	£5,025,951	£6,236,463

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 December, sundry debt levels for each directorate and service area, were as follows:

Head of Service	Director	Description	Qrt 2 £	Qrt 3 £
Executive Office			0	0
Commercials Assets	Corporate Resources	Predominantly commercial property rents	2,326,890	1,821,679
Finance	Corporate Resources	Recovery of HB overpayments	53,040	-
Legal & Democratic	Corporate Resources	Election and electoral registration related	43	-
Corporate Resources Total			2,379,973	1,821,679
Environment & Waste	Operations	Predominantly trade refuse, recycling and licensing	182,258	229,142
GF Asset Maintenance	Operations	Civic centre recharges	(100)	(100)
HRA Asset Maintenance	Operations	HRA rechargeable repairs	31,159	29,530
Operations	Operations	Predominantly canal, waterway and allotment fees	454,375	241,598
Operations Total			667,692	500,170
Customer & Communities	People & Communities	Wellbeing Exeter related	45,000	45,000
GF Housing	People & Communities	Predominantly leasehold flat insurance, service charges & DFG	1,467,452	513,513
HR Workforce Planning & OD	People & Communities	Green travel recharges	901	820
HRA Housing	People & Communities	Predominantly leasehold flat ground rents	42,954	14,480
People & Communities Total			1,556,307	573,813
City Centre & Net Zero	Place	Predominantly Home Call alarm service	87,366	87,027
City Development	Place	Predominantly CIL and Section 106 related	1,925,497	3,097,716
Culture & Leisure	Place	Predominantly group bookings for leisure services & marketing	193,123	156,058
Place Total			2,205,986	3,340,801
Total			6,809,958	6,236,463

In terms of key changes to draw to attention, circa 1,200 periodic invoices were raised in December and an invoice of £1.4m was issued in respect of CIL. Hence, the level of debts up to 29 days old and the overall level of debts. The oldest debt (+5 years) continues to reduce as a result of targeted debt management work, from £581k at the beginning of the financial year to £384k, of which £171k relates to a loan balance that is not due to be fully repaid until 2035/36.

10.11 Debt Write-Offs

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

	2024/25 Total	2025/26 (Qtr 3)
• Council Tax	£280,588	£192,276
• Business Rates	£5,829	£2,898
• Sundry Debt	£0	£276,426
• Housing Rents	£51,381	£29,742
• Non-HRA Rents	£33,087	£10,973
• HB Overpayments	£76,146	£85,548

10.12 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 95.59% for the first nine months of 2025/26 compared with 95.69% after the first nine months of 2024/25.

11. Budget Reduction Monitoring (Appendix 3)

Budget savings of £2.143m were incorporated into the 2025/26 budgets, as at Quarter 3 it is forecast that £1.048m of these savings will not be made in year, mainly due to proposals in the Leisure service and digitalisation efficiencies taking longer to implement.

12. How does the decision contribute to the Council's Corporate Plan?

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

13. What risks are there and how can they be reduced?

13.1 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 4, for reference.

14. Are there any other options?

Not applicable.

Strategic Director of Corporate Resources & s151 Officer, Dave Hodgson

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

Background papers used in compiling this report:

None