

CABINET ADDENDUM ONE

9.00AM, MONDAY, 29 JUNE 2026

COUNCIL CHAMBER, HOVE TOWN HALL

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ADDENDUM

ITEM		Page
6	ISSUES RAISED BY MEMBERS	3 - 6
8	REPRESENTATIONS FROM OPPOSITION MEMBERS	
	Representation from Councillor McLeay on Item 9: Development of a Community Cohesion Road Map for Brighton & Hove	
	Representation from Councillor Sykes on Item 14: Targeted Budget Management (TBM) Provisional Outturn 2025/26	
11	FUTURE OF ROUNDABOUT NURSERY	7 - 30
14	TARGETED BUDGET MANAGEMENT (TBM) PROVISIONAL OUTTURN 2025/26	31 - 128
15	COVENANT ON LAND IN WEST SALTDEAN	
	Notice that the above item has been withdrawn from the agenda	

Brighton & Hove City Council

Cabinet

Agenda Item 6(a)

Subject: Member Questions

Date of meeting: 29 June 2026

A maximum period of fifteen minutes in total shall be made available at each meeting of the Executive for questions from Members of the Council.

The questions included on the list of questions referred to above shall be taken as read at the Cabinet meeting. The question will be answered either orally or at the discretion of the Chair by a written answer circulated after the meeting. Officers may assist the Leader or a Cabinet Member with technical answers to questions. No supplementary questions shall be permitted.

The following written questions have been received from Members:

1. Councillor Meadows - Development of a Community Cohesion Road Map for Brighton & Hove

In paragraph 3.26 council tenants do not seem to have been included in the consultation; however, many fear their estates at night. What are the specific plans to include them?

2. Councillor Meadows - Public Space Protection Orders (PSPO)

Why are rough sleepers and the homeless not included in these PSPOs? And why aren't enforced encampments not included in any of the PSPO's? Will having too many exemptions on all the proposed PSPOs make them irrelevant and unenforceable?

3. Councillor McNair - Public Space Protection Orders (PSPO)

Will these PSPOs actually mean vehicles and campers will be moved on immediately? Or, as we've seen in Carden Hill with campervans with court orders, will they in reality be allowed to remain because it is too much of a cost to the council for it to enact?

4. Councillor McNair - Carers Strategy, "Think Carer - building a Carer Friendly City"

What support is the council providing to older carers, that is those over 60, as the plan appears to be for working age and young carers only? Many of our carers are over 60+ caring for their partners and it is only when they end up in hospital exhausted and ill that the council step in to help.

5. Councillor Meadows- Improving Fire Safety in Council Homes

The report is a little confusing. Paragraph 5.1 mentions 18 blocks, but we have only been able to identify 17 blocks. Which block is missing?

6. Councillor Meadows- Improving Fire Safety in Council Homes

The council was fortunate to receive pre-tender funding in addition to cost of works. If CSS fails to provide sufficient funds, what is the council's financial back-up plan? How much would it entail?

7. Councillor Meadows - Improving Fire Safety in Council Homes

How confident is the council that it will receive from Homes England CSS sufficient funding to mitigate the cost of works on all 18 blocks?

8. Councillor Meadows - Targeted Budget Management (TBM) Provisional Outturn 2025/26

How can we make informed comment on the budget on behalf of our residents when the information is either not ready or not shared with us?

9. Councillor Sykes - Improving Fire Safety in Council Homes

Three of the eight blocks earmarked for pre-tender financial support are Higher Risk Buildings due to their height and thereby require remediation plans to be considered by the Building Safety Regulator /HSE rather than local Building Control. The BSR continues to be under-resourced with applications taking up to a year to be considered rather than the 8 weeks set out in the regulations. This is not reflected in the paper. How would such delays affect programme and funding?

10. Councillor Pickett - Public Space Protection Orders (PSPO)

Whilst I pleased to see that the dog access related PSPOs are being assessed for areas such as Blakers Park, and the velodrome in Preston Park, I would like to ask if the Rose Garden in Preston Park could also be added. Additionally, I would like to ask if the PSPOs related to ASB in parts of the city are really the answer to the problems of drug-taking, drunkenness, and crime related to these issues. Don't PSPOs merely move the problem on without resolving the cause?

11. Councillor Hill - Carers Strategy, "Think Carer - building a Carer Friendly City"

One of the themes in this document is around improving and increasing access to respite provision, with 37.5% of carers surveyed currently accessing no respite support. The proposal to close Wellington House Day Centre would seem to reduce access to respite in my view and moreover is the view of those protesting the proposals today. How will the administration seek to improve access to respite despite the financial pressures on ASC budgets?

12. Councillor Hill - Carers Strategy, "Think Carer - building a Carer Friendly City"

The Kings Fund graphic shows that there is a wide gap between the total proportion of people caring for a mother or mother-in-law at 34% versus those caring for a father or father-in-law at 16%. Would you agree with me that this could suggest that there is a greater degree of unmet care needs amongst father or father-in-laws? I appreciate people who are fathers may also receive care from people who aren't children but such a wide gap between mothers and fathers seems significant.

13. Councillor Hill - Carers Strategy, "Think Carer - building a Carer Friendly City"

Only 40 people were surveyed in the Carer Friendly City Survey Results compared with 87 responses in 2023. Why did so few people take part in the survey this time and what can be done to improve this in future?

14. Councillor Lademacher - Improving Fire Safety in Council Homes

Will there be any consideration whilst appointing the specialist project team under the Homes England Cladding Safety Scheme of how the Council will ensure that residents in the affected blocks, particularly those who are elderly or disabled, receive communications in accessible format and have adequate support to understand what the works mean for them?

15. Councillor Lademacher - Development of a Community Cohesion Road Map for Brighton & Hove

Will there be any consideration during the community engagement phase of how the Council will ensure that communities most affected by cohesion pressures, particularly those facing language barriers or digital exclusion, are genuinely reached rather than the process defaulting to more easily accessible groups?

16. Councillor Shanks – Future of Roundabout Nursery

How will the quality of provision be monitored once the service has been contracted out?

17. Councillor West – Public Space Protection Orders (PSPO)

How will the new and extended PSPOs be effectively communicated to the public, in particular to the occasional visitors who will need to appreciate the expectation this places upon their choices for Overnight Recreational Stay?

18. Councillor West – Public Space Protection Orders (PSPO)

Provision in the city for those seeking to formally camp in tents, caravans and camping cars is woefully inadequate. This under provision will no doubt bear some responsibility for the unofficial camping the proposed PSPOs are aiming to address. Will the administration be seeking establishment of more licensed

camping, caravan and camping car pitches to support the city's visitor economy and reduce the pressure on parks and open spaces?

19. **Councillor McLeay – Improving Fire Safety in Council Homes**

Given the report highlights both urgency and constrained capacity, what evidence or benchmarking gives you confidence that the current delivery timelines are genuinely achievable, particularly in the context of sector wide delays in fire safety remediation, and what contingency plans are in place if they slip?

20. **Councillor McLeay – Improving Fire Safety in Council Homes**

The report notes that Homes England funding is allocated on a block-by-block basis and cannot be redirected. While I fully support the council doing all it can to ensure the safety of residents in our social housing, given that St James House is expected to be demolished within the next 5–7 years, were Homes England made aware of these redevelopment plans prior to the funding being awarded, and how are we ensuring this represents good value for public money?

21. **Councillor McLeay – Development of a Community Cohesion Road Map for Brighton & Hove**

The report highlights increasing pressures from polarisation and tensions between communities. How will the Road Map ensure the council maintains a fair and balanced approach that supports all communities equally, and avoids the perception of favouring or responding disproportionately to the demands of any one group? 9 Community cohesion

Brighton & Hove City Council

Cabinet

Agenda Item 11

Subject: Future of Roundabout Nursery

Date of meeting: Monday 29th June 2026

Report of: Cabinet Member for Children, Families and Youth Services

Lead Officer: Name: Corporate Director for Families, Children and Wellbeing

Contact Officer: Name: Georgina Clarke-Green

Email: georgina.clarkegreen@brighton-hove.gov.uk

Ward(s) affected: All

Key Decision: Yes

Note: Urgency By reason of the special circumstances below, and in accordance with section 100B(4)(b) of the 1972 Act, the Chair of the meeting has been consulted and is of the opinion that this item should be considered at the meeting as a matter of urgency.

Note: Reasons for urgency The special circumstances for non-compliance with Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that the public engagement exercise did not end until 19th June 2026. Sufficient time was then required to allow for consideration and analysis of the responses received.

For general release

1. Purpose of the report and policy context

- 1.1 To agree the proposed transfer of the council-run Roundabout Nursery to Aurora Academies Trust (Aurora) which runs City Academy Whitehawk (CAW) on the same campus. Roundabout Nursery staff would transfer to Aurora in accordance with Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006.
- 1.2 The transfer, under a business transfer agreement, would secure the future of early years provision for the local community in Whitehawk and strengthen links between children, families and schools. It would also ensure financial resilience and longer-term sustainability and contribute to reducing the budget gap as outlined in budget papers published in February 2026.
- 1.3 The transfer to Aurora would also support children's transition between nursery and school and is consistent with the government's school-based nursery policy.

- 1.4 This proposal supports delivery of the council plan in ‘Supporting the provision of high quality and inclusive education from early years through to adult learning’. It also supports the delivery and success of the council’s Medium Term Financial Strategy. The Council is currently experiencing significant and unprecedented pressures on many areas of service. In response, a comprehensive transformation programme has been developed to ensure that the Council can remain financially sustainable over the coming years.
- 1.5 Although the council is not legally required to operate nursery provision, as council-run nurseries are a non-statutory service, we recognise that maintaining high-quality nursery places is an important part of our commitment to improving outcomes for children. In some of the city’s most deprived communities, nursery provision plays a significant role in helping to reduce inequalities and close the attainment gap. For this reason, we remain committed to ensuring that high-quality nursery provision continues to be available across the city, supporting children, families and the wider community.

2. Recommendations

- 2.1 Cabinet agrees to the transfer of Roundabout Nursery to Aurora Academies Trust.
- 2.2 Cabinet agrees to delegate authority to the Corporate Director for Families, Children and Wellbeing to determine the date of the transfer referred to in paragraph 3.17 below and to negotiate and enter into a Transitional grant Agreement, lease and Business Transfer Agreement to Aurora together with all ancillary documentation necessary to give effect to the transaction on the terms as set out in this report.

3. Context and background information

- 3.1 Roundabout Nursery is 8 am to 6 pm early years nursery provision, open all year round for 86 children age birth to four. 71% of children attending Roundabout live in a 0 to 20% most disadvantaged area of the city and/or receive early years free entitlement (EYFE) as a disadvantaged two-year-old. 48% of children at Roundabout receive Early Years Pupil Premium.¹
- 3.2 The nursery employs 30 staff, 23 full-time equivalent. 97% of the staff are female.
- 3.3 In 2025/26 the budgeted subsidy from the council’s general fund was £365,000. Additional nursery costs include around £24,000 for utilities, building repairs and maintenance, management overheads, corporate contracts and other additional costs such as payroll, finance and HR.
- 3.4 Approximately 30% of nursery income is from the council’s general fund, with the remainder from the early years block of the dedicated schools grant, which funds the early years free entitlement, and parental fees.

¹ Summer 2026

- 3.5 Aurora runs CAW and as an academy trust is an exempt charity (it has full charitable status in law but is exempt from registering with and being directly regulated by the Charity Commission). If the transfer goes ahead, children at the nursery will become pupils of CAW which is currently going through the non-statutory process to lower its age range to 0. Aurora is committed to continuing the delivery of all year-round, all-day provision at Roundabout Nursery.
- 3.6 At its Ofsted inspection in June 2024 CAW was judged “outstanding” for early years provision.
- 3.7 CAW believes that lowering its age range will secure its future pupil numbers and sustainability. However, parents will still have to apply for a school reception place when their child turns four. This means that parents continue to be able to express a school preference; their child will not automatically stay on at CAW for their primary phase.
- 3.8 Should the transfer progress, CAW will have to follow the Early Years Foundation Stage framework for children aged 0 to four in the same way as all early years providers. As the nursery will still be open to children under the age of two, CAW will have to register on the Ofsted early years register and be inspected by Ofsted under this framework.
- 3.9 CAW will also have to follow the council’s early years free entitlement provider agreement which is consistent with the law and statutory guidance on early years funding.
- 3.10 In order to assure future financial sustainability and ongoing nursery provision it is proposed that the council agrees a three-year transitional grant with Aurora, as per recommendation 2.2 above. This grant will maintain the council’s wider oversight of nursery provision at CAW for a period of three years ending in March 2029.
- 3.11 It is proposed that the Roundabout nursery building will be let to Aurora on 25-year full repairing and insuring lease at peppercorn rent for entire term, on the condition that Aurora continues to run nursery provision and delivers social value as defined by council’s policy and reported to the council annually.
- 3.12 If the transfer progresses, a Business Transfer Agreement will be enacted – this will set out in detail exactly what is transferring from the Council to Aurora, including staff under TUPE, equipment, relevant contracts and data. It will also cover how children’s records are handled, identify any items excluded from transfer, and set out responsibilities for staffing costs, pensions and liabilities up to the transfer date.
- 3.13 Further details of the proposed Business Transfer Agreement, transitional grant agreed and the lease are given below.

- 3.14 If the transfer progresses, all Roundabout Nursery staff would TUPE to Aurora. Aurora is an admitted member of the East Sussex Local Government Pension Scheme and recognises the relevant trade unions. Aurora also honours National Joint Council pay rises.
- 3.15 The legal agreements identified above for the transfer will be drafted on the basis that they provide appropriate safeguards over the transfer, use of public funding and continued operation of the nursery.
- 3.16 These agreements are intended to ensure that Aurora is held to account for the provision, assets, staff and funding that transfer from the Council, and that there are clear legal mechanisms to protect the Council's interests and support service continuity. Specialist external legal advice is also being commissioned to strengthen these arrangements wherever possible.
- 3.17 These documents will be finalised after the June Cabinet decision and signed ahead of the transfer completing at the end of the summer. The plan is for Aurora to take over the running of the nursery from 1st September 2026.
- 3.18 Business Transfer Agreement – this will set out in detail exactly what is transferring from the Council to Aurora, including staff under TUPE, equipment, relevant contracts and data. It will also cover how children's records are handled, identify any items excluded from transfer, and set out responsibilities for staffing costs, pensions and liabilities up to the transfer date. This provides a clear legal record of what Aurora is taking on and helps protect the Council from future dispute.
- 3.19 Grant Agreement – this will specify the amount and timing of Council funding, what the funding can be used for, and the conditions Aurora must meet. It will include clawback provisions if funding is not used for the agreed purposes, and officers are seeking to ensure that Aurora's obligations continue beyond the final payment date so that the Council retains longer-term rights of challenge if terms are not met.
- 3.20 A three-year transitional grant will be paid to AAT as follows:
- Year 1 (September 2026 to March 2027) £0.162m (broadly matching anticipated gap in income and expenditure for this part-year). Costs of running the nursery between April 2026 and August 2026 will continue to be the responsibility of the council.
 - Year 2 (April 2027 to March 2028) £0.167m – this represents 60% of the recalculated annual shortfall (£0.278m) after allowing for expected changes in costs and income in the 2026/27 financial year
 - Year 3 (April 2028 to March 2029) £0.111m – this represents 40% of the recalculated annual shortfall (£0.278m) after allowing for expected changes in costs and income in the 2026/27 financial year
- 3.21 This results in a saving on the service budget to the general fund, based on the budgeted subsidy for 2025/26 as follows
- Year 1 saving £0.050m
 - Year 2 saving £0.198m

- Year 3 saving £0.254m

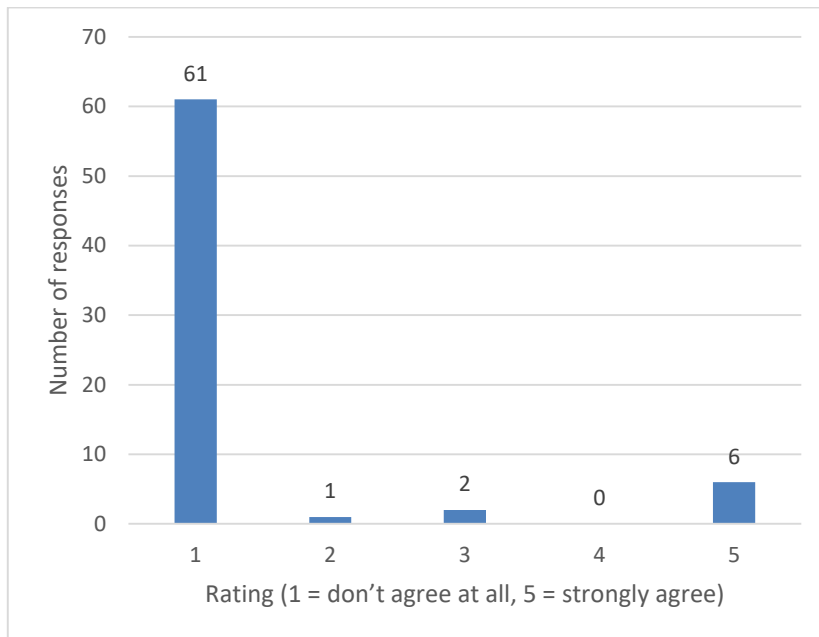
- 3.22 The full year saving of the service budget of £0.365m will be achieved by April 2029.
- 3.23 We are in agreement to pay Aurora some essential one-off costs to support the transition. These will be funded from the April to August 2026 nursery budget savings. This includes around £9,000 to cover increased pension costs and £15,000 as a one off contribution to additional running costs for the nursery.
- 3.24 Lease – a 25-year lease will be put in place for the nursery building. This will link to the wider legal agreements and set out Aurora’s obligations as tenant. The lease will restrict use of the building to nursery provision, and officers are seeking measurable conditions that would enable the Council to bring the lease to an end if required. This is an important safeguard in protecting the future use of the site. The property will be leased on full repairing and insuring terms. As part of this process, Aurora have instructed a condition survey to establish any immediate condition or compliance liabilities which will need to be undertaken. As part of the lease negotiations, we will consider any remedial work that needs to be undertaken or funded as part of the property transaction, ahead of final completion of the lease. As the current building user, we have continued to invest and maintain the premises, to ensure a safe and secure building. However, we will need to ensure that there is a fair settlement in terms of works being required within the first 12 months of the lease, given that Aurora will be taking on full repairing liabilities.
- 3.25 Because this is a business transfer rather than a service contract, the Council’s ability to direct Aurora’s day-to-day operation of the nursery will reduce over time, particularly once grant funding ends. However, this does not mean there will be no safeguards. The legal agreements above will establish clear expectations, financial controls and protections around the use of the site and transferred resources. In addition, any provider receiving early years funding must comply with the relevant funding conditions, statutory guidance and regulatory requirements, which provides a further layer of assurance around service standards and safeguarding. They will be required to be on the Ofsted early years register and that they must comply with the Early Years Foundation Stage framework, Working together to safeguard children statutory guidance and guidance from the Brighton & Hove Safeguarding Children Partnership, the Special Educational Needs and Disability Code of Practice, work with B&H Inclusion Support Service and the English as an Additional Language and Traveller Service. These are requirements of all early years providers who get funding from the Council.
- 3.26 The Council’s legal team is now preparing instructions for specialist external lawyers to advise on whether any further enforceable clauses can be added to strengthen oversight and protect service delivery for the longer term. This is intended to ensure that the Council has taken all reasonable legal steps to hold Aurora to account and to put in place the strongest possible safeguards within the structure of the transfer.

4. Analysis and consideration of alternative options

- 4.1 Consideration was given to approaching the wider market for expressions of interest in a nursery transfer. However, this would have been a prolonged process and potentially unsettling for staff, parents and children. The council needs to make the general fund saving in 2026/27 in accordance with its budget; there would not have been time or capacity/resources to do an extensive search, and there would be no guarantee that it would be productive. Aurora operates on the same site as Roundabout Nursery and therefore will provide a continuity of provision within the same community.
- 4.2 While private nursery providers have shown interest in expanding in Brighton & Hove, they have done this in the more advantaged areas of the city. Private nursery providers run largely on minimum wage staffing; it is likely they would not take on council staff with their terms and conditions. They also are not members of East Sussex LGPS. In addition, for private providers, TUPE requirements for council staff are a barrier to outsourcing, as well as elements of the Employment Rights Act 2025 which rules out a two-tier workforce from October 2026.
- 4.3 Experience is that voluntary sector nurseries in the city face significant financial pressures and would not have the capacity to take on a setting of Roundabout's size. The number of voluntary sector providers has declined substantially in recent years because of ongoing financial and structural challenges. These providers are also subject to the same constraints around staffing costs, including salaries and pension commitments, which further limits their ability to expand or assume additional provision.
- 4.4 We have engaged with other schools regarding nursery provision, and the following concerns have been consistently raised:
- The cost of delivering nursery provision at a time of significant financial pressure on school budgets
 - The resource and staffing implications of taking on new provision when schools already have competing priorities and wider challenges
 - Schools operate on a term-time basis and are reluctant to provide year-round childcare
 - Schools consulted, both currently and historically, have made it clear that they do not wish to admit two-year-olds; over the past ten years, only one school (Rudyard Kipling Primary) has agreed to lower its age range to accommodate this cohort
- 4.5 There has been a decline in maintained school nursery provision, with five nursery classes closing in the past decade because of financial viability concerns.
- 4.4 Roundabout nursery could be retained as council-run provision. However this would require a significant ongoing general fund subsidy which is challenging considering the council's current financial position.

5. Community engagement and consultation

- 5.1 In order to inform the development of these proposals and the final proposals in this report, a range of community engagement and consultation activities have taken place.
- 5.2 The proposals to transfer Roundabout Nursery featured in the council's budget setting papers in February 2026 and staff were invited to a meeting with management at that time to inform them about the proposal in principle. At that time, it was not known that Aurora would be the proposed new provider, however staff were able to share known concerns / questions at that time, which helped inform the subsequent processes.
- 5.3 Staff were then invited to a pre-TUPE engagement activity on 20th May 2026 and had their Union representatives present at that meeting. The purpose of the meeting was to inform staff that the proposed partner for the transfer for the nursery was Aurora Academy Trust and to explain what the process would be for staff. The TUPE process was explained.
- 5.4 For staff the formal TUPE consultation process commenced on 8th June 2026 and runs until 7th July 2026. A group meeting was held on 8th June at which representatives from GMB and UNISON were present. Representatives from Aurora Academy Trust made a presentation about their intention to continue the current provision at Roundabout Nursery and answered questions from staff. During the consultation period a number of questions have been raised by individual staff about their circumstances, and these have been responded to on an individual basis. Individual questions have focused on matters such as working patterns, pay arrangements and caring responsibilities. Aurora will be holding further meetings with staff at Roundabout to offer more opportunities to meet with them and to ask any questions.
- 5.5 Parents and carers from the nursery have been communicated with directly to inform them of the proposal and were invited to contact the nursery if they had any questions or concerns. They were also informed of the YourVoice survey, covered below.
- 5.6 Community engagement has also taken place through the council's Your Voice platform with a survey open 26th May 2026 – 19th June 2026 to gather views about the proposed changes. A summary of the survey responses is given below.
- 5.7 A question was asked in the survey – 'How much do you agree with moving the Roundabout Nursery to Aurora Academies Trust to become part of City Academy Whitehawk?'
- 5.8 70 people responded to this. The range of answers is given below.



5.9 This shows that 87% of those who responded to this question did not agree at all with the proposal. 8.5% of respondents strongly agreed and 4% of people that submitted a response to the survey provided no answer to this question.

5.10 Respondents were then invited to leave a free text comment with their views. 34 people left a comment. Here is a summary of the views provided. A full set of the responses has been shared with Cabinet Members ahead of the meeting in June 2026.

Concerns and mitigations

- Opposition was expressed around moving Roundabout Nursery away from council control, with concerns that an academy could prioritise cost or profit over children’s needs.

Response: The nursery would be required to adhere to the Business Transfer Agreement, the lease and the Grant Agreement that will be put in place ahead of transfer. They would also be required to comply with the Early Years Foundation Stage framework, Working Together to Safeguard Children statutory guidance, the SEND Code of Practice, and the council's early years provider agreement. It would also be required to register with Ofsted for early years provision and be inspected by Ofsted.

- Respondents see the nursery as a vital Whitehawk community asset, particularly for families in an area experiencing disadvantage. Several comments were made about the children within that community deserving the best quality of provision.

Response: The proposal would retain nursery provision on the existing site. Aurora has stated its commitment to continuing all-year-round, all-day provision at Roundabout Nursery. City Academy Whitehawk Early Years provision was also judged to be ‘outstanding’ in their Ofsted inspection in

May 2024. In addition, the proposed lease would restrict use of the building to nursery provision.

- The nursery's reputation, experienced staff and specialist support for children with SEND and vulnerable families are viewed as key strengths that must be protected. Fears were shared that the changes could reduce quality through staff loss, higher turnover, increased child-to-staff ratios and less specialist support.

Response: Staff would transfer to Aurora under TUPE. It also states that Aurora would be required to comply with the SEND Code of Practice and work with Brighton & Hove Inclusion Support Service and the English as an Additional Language and Traveller Service.

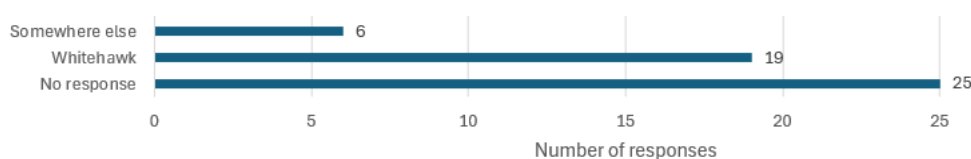
- The pace of the proposed changes was questioned and suggestion made that alternative savings options should be explored before progressing.

Response: Alternatives considered included approaching the wider market, private nursery providers, voluntary sector providers, other schools and retaining Roundabout as a council-run nursery. The report sets out the reasons these options were not recommended.

- A couple of comments questioned whether this proposal reduced choice for families in the area.

Response: This proposal maintains the current offer within that area of the city.

- 5.11 We asked survey respondents to let us know where in the city they lived. About 42 respondents told us which part of the city they lived in, with many areas represented by 1 or 2 respondents. Below shows the results where an area had over 5 respondents.



- 5.12 This shows that a significant number (19 responses) from those that live in Whitehawk. However 31 people did not provide the area that they live in.

- 5.13 Local ward Councillors and the local MP have been briefed on the proposal.

- 5.14 As part of the proposal, City Academy Whitehawk is required to extend the age range of who is allowed to be on roll at the school. Currently their age range is 2-11 years old, to allow for their existing nursery provision. They are currently consulting on expanding their age range to 0-11 and that runs until 3rd July 2026. It will be for Aurora/City Academy Whitehawk to consider community responses made via that consultation and to take forward the age range expansion with the DfE, however that has provided another opportunity for views / questions to be shared regarding this proposal.

5.15 The council values all those who have taken time to share their views on these proposals. It's important that they are heard, considered and plans amended accordingly. The council is putting in safeguards via the various agreements with Aurora, to maintain and sustain the high quality community focused provision at Roundabout. The proposed transitional grant will maintain the council's oversight of nursery provision at Roundabout, post transfer. It will include clawback provisions which further ensures the agreed purposes. The proposed lease ensures a nursery provision continues, the building cannot be used for another purpose. The proposed business transfer agreed sets out the details about what will be transferred to Aurora, including staff (maintaining their terms and conditions), equipment and data. These suite of documents provides a clear legal record of the agreements with Aurora and protects the council's intentions in the continuation of the nursery provision as it is.

6. Financial implications

6.1 A three-year transitional grant is proposed to be paid to Aurora as follows:

- Year 1 (September 2026 to March 2027) £0.162m (broadly matching anticipated gap in income and expenditure for this part-year). Costs of running the nursery between April 2026 and August 2026 will continue to be the responsibility of the council.
- Year 2 (April 2027 to March 2028) £0.167m – this represents 60% of the recalculated annual shortfall (£0.278m) after allowing for expected changes in costs and income in the 2026/27 financial year
- Year 3 (April 2028 to March 2029) £0.111m – this represents 40% of the recalculated annual shortfall (£0.278m) after allowing for expected changes in costs and income in the 2026/27 financial year.

6.2 As per paragraphs 3.23 and 3.24 above, a small number of additional costs / remedial works have been agreed in order to finalise the proposed transfer for September 2026. These are in addition to the year 1 transitional payment.

6.3 The proposal results in a saving on the service budget to the general fund, based on the budgeted subsidy for 2025/26 as follows

- Year 1 saving £0.050m
- Year 2 saving £0.198m
- Year 3 saving £0.254m

The full year saving of the service budget of £0.365m will be achieved by April 2029.

6.4 The effect of this arrangement in comparison with the initial proposal that was included within the Medium Term Financial Strategy is an additional cost to the council of £0.178m over the 3-year period 2026/27 to 2028/29. However, if the proposed transfer does not go ahead the ongoing cost to the council of maintaining Roundabout Nursery would be c. £0.300m per annum based on existing staffing and income streams.

- 6.5 Additional savings include utility costs, building repairs and maintenance, corporate contracts for example IT, broadband and management overheads.

Name of finance officer consulted: Steve Williams Date consulted:
22/05/26

7. Legal implications

- 7.1 The Council has the power to enter into an agreement to transfer the nursery business to Aurora by virtue of its powers under section 1 of the Localism Act 2011. The Council also has powers to grant a lease pursuant to section 123 of the Local Government Act 1972. In finalising the terms of the lease, the Corporate Director for Families, Children and Wellbeing will need to be satisfied that the requirements of section 123 of the Local Government Act 1972 are met and that all required consents as provided by statute for the disposal are in place. It will also be necessary for a subsidy analysis to be undertaken on final the arrangements to ensure compliance with the Subsidy Control Act 2022.
- 7.2 The proposals set out in this report will involve a transfer of Council staff to Aurora under a business transfer agreement in accordance with the Transfer of Undertaking (Protection of Employment) Regulations 2006 (the “regulations”). The staff will transfer to Aurora on their existing terms and conditions and will be consulted and engaged with as required under the regulations.
- 7.3 The preparation of the transfer agreement, the 25 year lease to Aurora and the grant agreement will be done by specialist external lawyers, selected from those firms on the Orbis Public Law [OPL] framework.

Name of lawyer consulted: Siobhan Fry and Eleanor Richards Date
consulted: (22/06/2026)

8. Risk implications

Key risks in the transfer include:

- 8.1.1 The assurance of ongoing provision in Whitehawk in the same way as it is at present once the nursery is no longer run by the council. Aurora is committed to continuing to run the nursery all year round, for full days, and taking children from birth, so that it is suitable for working parents.
- 8.1.2 The proposed transitional grant and business transfer agreement, as well as the lease, ensures continued nursery provision. In addition all nursery providers in the city must operate in accordance with the early years provider agreement including delivering the early years free entitlements free to parents. The council audits childcare providers annually to make sure that they are following the rules set out in the provider agreement and national guidance. Extra audits are carried out if any concerns are raised, or in response to parental complaints about how EYFE is being provided.

- 8.1.3 Nursery staff at Roundabout may decide not to transfer to Aurora and instead seek alternative employment. During the TUPE process, Aurora will be informed of any such decisions to enable appropriate contingency planning. However, we will work closely to support all nursery staff to ensure that the transition is as smooth and positive as possible.

Key risks of not agreeing to the transfer include

- 8.2.1 The council not meeting its savings target
- 8.2.2 Closure of the nursery through inadequate general fund subsidy being available

9. Equalities implications

- 9.1 An Equalities Impact Assessment for Restructures, HR Policy and Staff Change Management Activity has been undertaken to ensure consideration has been made on any impact on staff, should the TUPE transfer go ahead. The main potential impacts relate to disabled staff who may experience greater stress or require reasonable adjustments during organisational change, and staff on maternity or family leave, who may face barriers to engagement in the TUPE process. There is also recognition of potential short-term workforce instability if staff choose not to transfer, and data gaps, particularly in relation to intersectionality and certain groups (e.g. carers, care leavers).
- 9.2 To mitigate these risks, the assessment sets out a range of actions including tailored individual support, clear and ongoing communication, access to trade unions and HR advice, access to mental health and wellbeing support, and ensuring reasonable adjustments are identified and implemented. The use of consultation, engagement opportunities (including 1:1 discussions), and specialist advice (e.g. sharing the assessment with the council's equalities team) are intended to minimise adverse impacts. Overall, it is concluded that the proposal can proceed as planned because no significant disproportionate impacts have been identified and where potential impacts exist, these are considered manageable and mitigated through targeted actions, alongside the wider benefits of sustaining early years provision and securing staff employment terms through TUPE.
- 9.3 A Budget Equality Impact Assessment for the change in service provision (namely changing the nursery from being council run, to moving to another provider) was completed and provided to support the Full Council meeting in February 2026 when the budget setting decisions were taken. This is provided as Appendix 1. This assessment identifies potentially significant but mitigable impacts, particularly for groups who are more reliant on local, affordable early years provision. The main impacts relate to children under five, especially those living locally in Whitehawk where childcare provision is comparatively limited, as well as children with SEND, who are overrepresented at the nursery and whose families already experience barriers to accessing suitable childcare.

- 9.4 There are also identified impacts for Black and Global Majority children, families experiencing socio-economic disadvantage, and migrant or refugee families, who may face additional challenges in accessing alternative provision, alongside women (as primary carers) and those on maternity leave who are more dependent on stable childcare to support employment. To mitigate these risks, the proposal includes maintaining the same level and type of provision (EYFE, hours, and age range) through any alternative provider, ensuring service specifications reflect the needs of disadvantaged and protected groups, retaining staff terms via TUPE, and providing support through Best Start in Life Family Hubs to help families access places where needed. The assessment concludes that the activity can reasonably proceed because the core mitigation is to retain equivalent childcare provision locally, thereby minimising disruption and maintaining access for the most affected groups, particularly disadvantaged families and those with additional needs.

10. Sustainability implications

- 10.1 The proposal set out within this report supports the sustainability of high-quality nursery provision in Whitehawk.

11. Health and Wellbeing Implications:

- 11.1 Ongoing provision of a high-quality nursery directly improves and supports the health and wellbeing of young children in the area and is integral to the council's Best Start in Life strategy.

Other Implications

12. Procurement implications

- 12.1 None identified directly relating to this report.

13. Crime & disorder implications:

- 13.1 None identified directly relating to this report

14. Conclusion

- 14.1 To ensure ongoing high quality early years provision in Whitehawk it is recommended that the proposed transfer of Roundabout nursery to Aurora is agreed. These agreements are being completed by appropriate legal officers and will ensure the proposed transfer provides the council with the safeguards required around the continuation of the nursery provision at Roundabout.

Supporting Documentation

Appendices

- 1 Budget Equality Impact Assessment from February 2026

Budget Equality Impact Assessment (EIA) Template 2026/27 Service Users

The Budget EIA process is a legal duty supporting good financial decision-making. It assesses how proposals may impact on specific groups differently (and whether/how negative impacts can be reduced or avoided) so that these consequences are explicitly considered. Decisions must be informed by accurate, well-informed assessment of likely impacts so that they are fair, transparent, and accountable. Budget EIAs provide a record of this assessment and consideration.

For advice and guidance on completing this assessment contact [Deborah Totney](#), EDI Manager, People & Innovation.

1. Budget Proposal

Title of budget saving being assessed:	Transfer of Roundabout nursery to an alternative early years provider
Name and title of officer responsible for this EIA:	Vicky Jenkins Childcare Strategy Manager
Directorate and Service Name:	Families, Children and Wellbeing
Budget proposal no.	<i>EIA 2</i>

Briefly describe the budget saving proposal: (use the wording in the budget spreadsheet and more detail if needed)

The proposal is to transfer Roundabout nursery to an alternative provider
Proposed saving £50,000 2026/27, £215,170 2027/28, £100,000 2028/29

Summarise the most significant impacts identified by this assessment including which groups will be disproportionately negatively affected drawing out intersectional impacts as applicable:

<p>Roundabout is an 86-place nursery based on the same campus as Whitehawk Family Hub offering free early learning (the early years free entitlement, EYFE) and paid-for nursery provision to children aged 0 to 4.</p> <p>There is a far greater proportion of disadvantaged children attending Roundabout nursery compared with other nurseries in the city.</p> <p>In order to limit negative impacts for nursery users the proposal is to transfer to an alternative provider under a service specification to offer the same provision in terms of age range of children and hours and weeks of operation as Roundabout and with same EYFE offer so that parents can continue to access nursery provision without additional charges.</p>
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2. Consultation, engagement and supporting EIAs

What consultations or engagement activities are being used to inform this assessment?

If consultation is planned or in process – state this and state when it will done/completed even if indicative. If no consultation completed or planned, state this, giving an explanation.

None – at present the proposal is confidential

However, should an alternative provider be identified there will be full consultation with staff and parents

What other budget or service EIAs can assist/have been used to inform this assessment?

There is a budget EIA for Acorn, Cherry Tree and Jump Start nurseries but there are no identified impacts in this

3. Current data and impact monitoring

Do you currently collect and analyse the following data to enable monitoring of the impact of this proposal?

Consider all possible intersections (Delete and State Yes, No, Not Applicable)

Age	Yes
Disability and inclusive adjustments, coverage under equality act and not	Yes
Ethnicity, 'Race', ethnic heritage (including Gypsy, Roma, Travellers)	Yes
Religion, Belief, Spirituality, Faith, or Atheism	Not applicable
Gender Identity and Sex (including non-binary and Intersex people)	Yes
Gender Reassignment	Not applicable
Sexual Orientation	Not applicable
Marriage and Civil Partnership	No
Pregnant people, Maternity, Paternity, Adoption, Menopause, (In)fertility (across the gender spectrum)	No
Armed Forces Personnel, their families, and Veterans	Not applicable
Expatriates, Migrants, Asylum Seekers, and Refugees	No
Carers	Not applicable

Looked after children, Care Leavers, Care and fostering experienced people	Yes
Domestic and/or Sexual Abuse and Violence Survivors, and people in vulnerable situations (All aspects and intersections)	No
Socio-economic Disadvantage	Yes
Homelessness and associated risk and vulnerability	No
Human Rights	Not applicable
Another relevant group (please specify here and add additional rows as needed)	Not applicable

Additional relevant groups that may be widely disadvantaged and have intersecting experiences that create exclusion and systemic barriers may include:

- People being housebound due to disabilities or disabling circumstances
- Environmental barriers or mobility barriers impacting those with sight loss, D/deafness, sensory requirements, neurodivergence, various complex disabilities
- Ex-offenders and people with unrelated convictions
- Lone parents
- People experiencing homelessness
- People facing literacy and numeracy barriers
- People on a low income and people living in the most deprived areas
- People who have experienced female genital mutilation (FGM)
- People who have experienced human trafficking or modern slavery
- People with experience of or living with addiction and/ or a substance use disorder (SUD)
- Sex workers

If you answered “NO” to any of the above, how will you gather this data to enable improved monitoring of impact for this proposal?

Data not available

What are the arrangements for monitoring, and reviewing the impact of this proposal?

The impact of the proposal will be collected in termly early years census data. It will also be monitored through the annual audit of the nursery’s EYFE offer and in the Childcare Sufficiency Assessment.

4. Impacts

Briefly state source of data or data analysis being used to describe the disproportionate negative impacts. Preferably provide link to data/ analysis if open data source.

Data and analysis sources may include (not an exhaustive list):

- **Consider a wide range (including but not limited to):**
 - [Population and population groups](#)
 - 🕒 [Census 2021 population groups Infogram: Brighton & Hove by Brighton and Hove City Council](#)
 - [Census and local intelligence data](#)
 - Service specific data
 - Community consultations
 - Insights from customer feedback including complaints and survey results
 - Lived experiences and qualitative data
 - [Joint Strategic Needs Assessment \(JSNA\) data](#)
 - [Health Inequalities data](#)
 - Good practice research
 - National data and reports relevant to the service
 - Workforce, leaver, and recruitment data, surveys, insights
 - Feedback from internal 'staff as residents' consultations
 - Insights, gaps, and data analyses on intersectionality, accessibility, sustainability requirements, and impacts.
 - Insights, gaps, and data analyses on 'who' the most intersectionally marginalised and excluded under-represented people and communities are in the context of this EIA.

Assess impact for different population groups	Is there a possible disproportionate negative impact? State Yes or No	Describe the potential negative impact, considering for differences within groups For example, different ethnic groups, and peoples intersecting identities e.g. disabled women of faith OR If no impact is identified, briefly state why.
Age including those under 16, young adults, multiple ethnicities, those with various intersections.	Yes	Roundabout nursery is for children aged 0 to 4. In autumn 2025 there were 91 children on roll and 84.6% of children at Roundabout came from the local area (BN2 5 postcodes). Ongoing provision in Whitehawk & Marina will be retained in the proposal which is important because there is less childcare provision in the ward compared with other areas of the city (7.2 children per early years place in Whitehawk & Marina, compared with two children per early years place city-wide). See Childcare Sufficiency Assessment 2025

<p>Disability includes physical and sensory disabled, D/deaf, deafened, hard of hearing, blind, neurodiverse people, people with non-visible disabilities.</p>	<p>Yes</p>	<p>12.1% of children at Roundabout had SEND compared with 1.5% of children at private, voluntary and independent (PVI) provision (autumn 2025).</p> <p>Parents of children with SEND have more difficulty finding childcare than those without SEND and are less satisfied with childcare provision see Childcare Sufficiency Assessment 2025.</p> <p>The proposal retains childcare provision on the same basis to reduce negative impacts</p>
<p>Ethnicity, 'Race', ethnic heritage including Gypsy, Roma, Travellers</p>	<p>Yes</p>	<p>38.3% of three- and four-year-old children at Roundabout were BME, compared with 23.7% of children at PVI provision (summer 2025)</p> <p>The proposal retains childcare provision on the same basis in order to reduce negative impacts</p>
<p>Religion, Spirituality, Faith, Atheism, and philosophical belief</p>	<p>No</p>	
<p>Gender and Sex including non-binary and intersex people</p>	<p>Yes</p>	<p>Impact on both male and female parents and carers who use nurseries so that they can work. Women are significantly more impacted to changes in early years provision than men because they usually arrange early years care for their children, and the cost of nursery frequently comes from the woman's salary in a two-parent heterosexual household</p> <p>97% of permanent employees at Roundabout nursery are female.</p> <p>Staff transferring to a new provider would have rights under TUPE</p>
<p>Gender Reassignment</p>	<p>No</p>	
<p>Sexual Orientation</p>	<p>No</p>	
<p>Marriage and Civil Partnership</p>	<p>No</p>	
<p>Pregnancy, Maternity, Paternity, Adoption, Menopause, (In)fertility (across intersections and non-binary gender spectrum)</p>	<p>Yes</p>	<p>Childcare availability is of greater importance to pregnant women, those on maternity and adoption leave than the general population, particularly now that EYFE is available to the children of working parents from the age of nine months</p>

		The proposal retains childcare provision on the same basis in order to reduce negative impacts
Armed Forces Personnel, their families, and Veterans	No	
Expatriates, Migrants, Asylum Seekers, and Refugees considering for age, language, and various intersections	Yes	<p>Children from these groups may find it harder to access childcare because they are less likely to be able to travel to alternative provision away from their community; they are also less likely to be eligible for EYFE from the age of nine months and therefore may face greater challenges finding suitable provision</p> <p>The proposal retains childcare provision on the same basis to reduce negative impacts</p>
Carers considering for age, language, and various intersections	Yes	<p>Non-parents and guardians may assume responsibility for younger children and so there is reliance on these in the wider family/support network</p> <p>The proposal retains childcare provision on the same basis to reduce negative impacts</p>
Looked after children, Care Leavers, Care and fostering experienced people considering for age, language, and various intersections	No	
Domestic and/or sexual abuse and violence survivors	No	
Socio-economic disadvantage considering for age, disability, D/deaf/ blind, ethnicity, expatriate background, and various intersections	Yes	<p>Children attending Roundabout nursery are significantly more disadvantaged than children attending PVI nurseries in the city. 42.9% of children at Roundabout received Early Years Pupil Premium (EYPP), compared with 10% of children in PVI provision (autumn 2025).</p> <p>The proposal retains childcare provision on the same basis to reduce negative impacts</p>
Homeless and rough sleepers considering for age, veteran, ethnicity, language, and various intersections	No	
Human Rights	No	

Another relevant group (please specify here and add additional rows as needed)	No	
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Additional relevant groups that may be widely disadvantaged and have intersecting experiences that create exclusion and systemic barriers may include:

- Ex-offenders and people with unrelated convictions
- Lone parents
- People experiencing homelessness
- People facing literacy and numeracy barriers
- People on a low income and people living in the most deprived areas
- People who have experienced female genital mutilation (FGM)
- People who have experienced human trafficking or modern slavery
- People with experience of or living with addiction and/ or a substance use disorder (SUD)
- Sex workers

5. Cumulative impacts

Are there other budget proposals from other service areas that might worsen or mitigate the impacts from your proposal? Please give a brief description including name of other service(s).

There is a budget EIA for Acorn, Cherry Tree and Jump Start nurseries but there are no identified impacts in this

6. Action planning

What SMART actions will be taken to mitigate the disproportionate impacts identified in section 3? If no mitigating action is possible, please state and explain why. Add additional rows as required.

1. SMART action 1: Ensure that service specifications for alternative providers taking over Roundabout require the current offer of provision to remain in place so that EYFE continues to be available to local parents and children on the same basis as at present
2. SMART action 2: Ensure that service specifications for alternative providers taking over Roundabout requires provision which meets the needs of disadvantaged communities and those with protected characteristics as they are met at present.
3. SMART action 3: The same terms and conditions for staff will remain in place through TUPE.
4. SMART action 4: All families to be supported by Family Hubs to access places in other nurseries should they so wish.

7. Outcome of your assessment

Based on the information above give the proposal an impact score between 1 – 5.

1= proposal has minimal impact and/or mitigating actions will significantly minimise the impact

3= proposal will have a significant negative impact; however, mitigation actions will reduce the impact considerably.

5= proposal has significant impact and mitigating actions will have limited effect on reducing impact.

Proposal's impact score:	3
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8. Publication

All Equality Impact Assessments will be published. If you are recommending, and choosing not to publish your EIA, please provide a reason:

The proposal is confidential at present. Staff potentially impacted have not yet been consulted

9. Directorate and Service Approval

Signatory:	Name and Job Title:	Date: DD-MMM-YY
Responsible Lead Officer:	Vicky Jenkins Childcare Strategy Manager	12 th January 2026
Accountable Manager:	Georgina Clarke-Green	12 th January 2026

Notes, relevant information, and requests (if any) from Responsible Lead Officer and Accountable Manager submitting this assessment:

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EDI Review and Approval:

Equality Impact Assessment sign-off

Signatory:	Name:	Date: DD-MMM-YY
EDI Manager:	Lindsey Pearce	17-January-26

Notes and recommendations (if any) from Head of CETS Service reviewing this assessment:

Brighton & Hove City Council

Cabinet

Agenda Item 14

Subject: Targeted Budget Management (TBM) Provisional Outturn 2025/26

Date of meeting: Thursday, 25 June 2026

Report of: Cabinet Member for Finance & City Regeneration

Contact Officer: Name: Elizabeth Griffiths, Director Property & Finance
Haley Woollard, Deputy Chief Finance Officer

Email: elizabeth.griffiths@brighton-hove.gov.uk
haley.woollard@brighton-hove.gov.uk

Ward(s) affected: (All Wards)

Key Decision: Yes

Reason(s) Key:

Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000 and is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions (wards).

Note: Reasons for urgency

The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that some of the data and information key to producing the report was only available after the statutory publication deadline and failure to include this information would have materially affected the position being reported.

For general release

1 Purpose of the report and policy context

- 1.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Cabinet. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending through effective financial recovery planning together with more regular monitoring of high risk demand-led areas as detailed below.
- 1.2 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report

sets out the provisional outturn position (i.e. Month 12 year-end) on the council's revenue and capital budgets for the financial year 2025/26.

- 1.3 The final outturn position is subject to the annual external audit review of the council's accounts. The final position will be shown in the council's unaudited financial statements which are due for publication by 30 June 2026 and must be signed by the Chief Finance Officer (CFO) and will ultimately be reflected in the audited set approved by the Audit & Standards Committee, due to be published by 31 January 2027.

2 Recommendations

- 2.1 Cabinet notes that the provisional General Fund outturn position is a break-even position which is the same as the projected and planned resource position at Month 9 and taken into account when setting the 2026/27 budget.
- 2.2 Cabinet approves General Fund carry forward requests totalling £2.744m as detailed in Appendix 5 and assumed within the provisional outturn.
- 2.3 Cabinet notes the provisional outturn for the separate Housing Revenue Account (HRA), which is an overspend of £0.378m.
- 2.4 Cabinet notes the provisional outturn position for the ring-fenced Dedicated Schools Grant, which is an overspend of £1.762m.
- 2.5 Cabinet notes the provisional outturn position on the Capital Programme which is an underspend variance of £5.003m.
- 2.6 Cabinet approves the capital budget variations and re-profiling requests set out in Appendix 7.
- 2.7 Cabinet approves new capital schemes requested in Appendix 8.
- 2.8 Cabinet notes the Treasury Management end of year review 2025/26 as set out in Appendix 10.
- 2.9 Cabinet approves the transfer to ear marked reserves of £3.91m which is assumed within the provisional outturn and discussed at 4.9

3 Context and background information

Overview of the position

- 3.1 The provisional outturn is a break-even position on the General Fund revenue budget. This is an improvement of £4.861m from Month 9 which was a forecast of £4.861m overspend. The report also indicates that £5.523m (35%) of the substantial savings package in 2025/26 of £15.789m was not achieved.
- 3.2 When setting the 2026/27 budget, it was assumed the 2025/26 position would improve to a breakeven outturn (that is, £0.000m) due to a combination to spending controls and the application of central decisions to manage the position. Therefore, the position is in line with the assumptions within the 2026/27 budget report. It is worth noting however that a large element of the in year overspend was mitigated by releasing centrally held funds, meaning that the council is carrying an underlying overspend of circa

£7-8m which could not be mitigated by service activity and will carry forward into 2026/27.

- 3.3 The chart shown in 4.2 demonstrates that the TBM forecasts for 2025/26 have consistently tracked higher than other years (aside from 2022/23 where a £3.302m overspend was incurred), which is the result of a combination of pressures in cost and demand in demand-led services, as well as non-delivery of savings. A number of measures were implemented and one-off funding applied during 2025/26 which has helped address the outturn position:
- Tightening of spending and recruitment controls across the organisation in November 2025, including the delay of recruitment decisions to 1 April 2026;
 - A review of earmarked reserves at TBM Month 9, resulted in the allocation and subsequent release of £1.109m of previously earmarked reserves;
 - Release of the one-off £1.747m risk provision into the forecast at TBM Month 8;
 - Deferral of the contribution to reserves of £1.125m at TBM Month 9.
 - A further review of earmarked reserves resulting in the release of a further £0.564m at TBM Month 12;
 - Review of the use of capital receipts for funding transformation and capital activity resulting in the funding £1.551m of transformation activity from capital receipts;
 - Creation of a new officer-led Savings & Innovation Delivery Board which oversees and monitors the delivery of the 2025/26 transformation savings and recovery plans;
 - Development of service level financial recovery plans to mitigate and address overspends;
 - Development of transformation plans to address demand and costs, particularly in key areas with the most significant demand pressures, including Temporary Accommodation, and Children and Adult social care;
 - Exploration and implementation of additional financial recovery measures in Temporary Accommodation, monitored by a Strategic Coordination Group chaired by the Chief Executive;
- 3.4 A number of the actions outlined in 3.3 were corporately taken decisions. Therefore, (see 3.2 above) there is an underlying structural overspend of an estimated £7-8 million in service areas (particularly demand-led areas) which carries risk into the 2026/27 budget.
- 3.5 Appendix 9 shows the council's reserves and balances as at 31 March 2026. It is worth noting that the approved 2026/27 budget includes topping up the working balance by £4.106m as well as contributing £3.899m to the general risk reserve.

4 General Fund Revenue Budget Performance (Appendix 4)

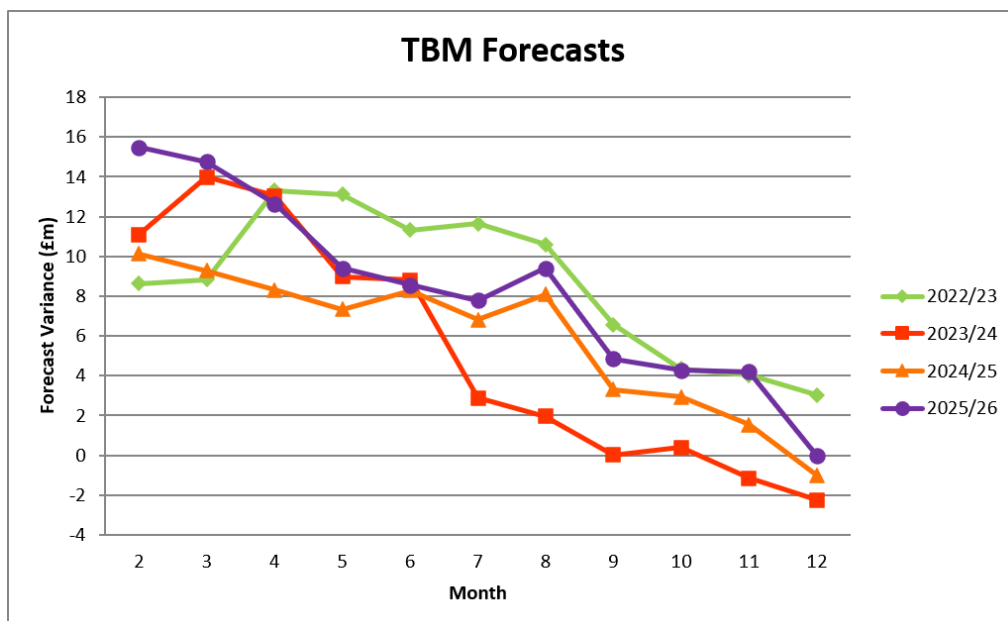
- 4.1 The table below shows the provisional outturn for council-controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Corporate Leadership Team. More detailed explanation of the variances can be found in Appendix 4.

Forecast Variance Month 9 £'000	Directorate	TBM Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
179	Families, Children & Wellbeing	74,709	73,864	(845)	-1.1%
8,593	Homes & Adult Social Care	118,806	129,616	10,810	9.1%
(3,036)	City Operations	42,558	31,553	(11,005)	-25.9%
(154)	Central Hub	35,440	34,103	(1,337)	-3.8%
5,582	Sub Total	271,513	269,136	(2,377)	-0.9%
(721)	Centrally-held Budgets	(15,136)	(12,759)	2,377	15.7%
4,861	Total General Fund	256,377	256,377	0	0.0%

4.2 The chart below shows the monthly forecast variances for 2025/26 and the previous three years for comparative purposes. This indicates that forecast risk early in the year has been higher in recent years. This is partly due to:

- Pay awards coming in higher than the budget assumptions due to persistent inflation.
- The requirement to deliver successive, large savings programmes which becomes increasingly challenging over time.
- Continuing economic conditions which are impacting external provider costs, many income sources (demand), and recruitment costs and which is difficult to predict with accuracy.
- Rising costs in demand led services driven by numbers, unit costs and increasing complexity of need.

2023/24, was also exceptional in terms of the availability of one-off resources of over £10m across the year, which significantly aided in addressing forecast risks.

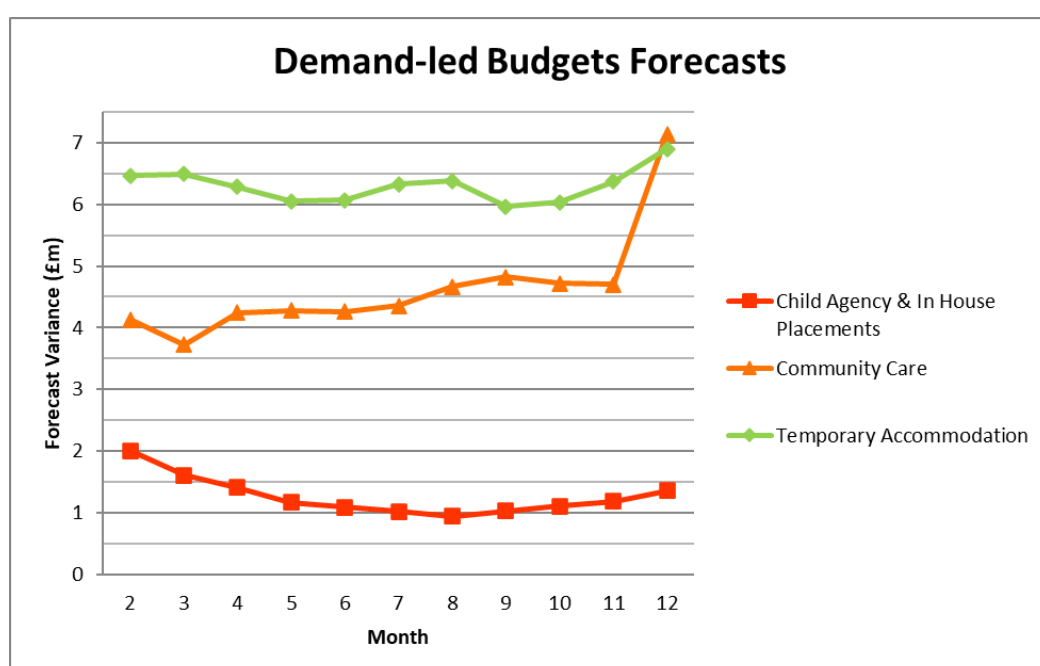


Demand-led Budgets

4.3 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are budgets of corporate significance where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These can include income related budgets. These therefore undergo more frequent and detailed analysis.

Forecast Variance Month 9 £'000	Demand-led Budget	TBM Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
1,030	Child Agency & In House Placements	28,718	30,074	1,356	4.7%
4,820	Community Care	80,795	87,933	7,138	8.8%
5,961	Temporary Accommodation	5,431	12,327	6,896	127.0%
11,811	Total Demand-led Budget	114,944	130,334	15,390	13.4%

The chart below shows the monthly forecast variances on the demand-led budgets for 2025/26. The details are included in the sections below. The increase on the community Care budget between Month 11 and outturn is because of spend against the home care contract where actual spend in the year was significantly higher than expected and additional bad debt provision contribution required due to increasing levels of aged debt.



TBM Focus Areas

- 4.4 There are clearly ongoing pressures across most areas of the council, particularly front-line, demand-led areas which is a clear indicator of the inflationary and demand pressures driven by current economic conditions. Key areas of pressures are outlined below:
- 4.5 **Children's Services:** The final outturn position showed significant cost pressures: £0.131m on Home to School transport, In House Children's Disability Residential Provision £0.126m, and £1.355m on Children's Placements. This together with Public Health contributions of (£0.426m), Early Help (£0.305m), Section 17(Prevention) (£0.279m), PFI (£0.540m), Council Nurseries (£0.238m), BHISS (£0.324m) and other underspends of (£0.345m) resulted in a year-end underspend of (£0.845m). Key drivers of the position were as follows:
- **Home to School Transport:** There were several factors contributing to the overspend in Home to School Transport. These include increased demand on the service (both at 5-16 ages, and 16 up until 19th birthday), increased numbers of children requiring single occupancy journeys, lack of local SEND school sufficiency, and increased numbers of routes required to accommodate individual post 16 learners' timetables. Market forces within SEND transport are also contributed to the overspend in Home to School Transport. The service is also increasingly impacted by local driver, vehicle passenger assistant, vehicle shortages and increased running costs. There was also a lack of competition in the transport market, particularly minibuss providers, which resulted in increased contract prices. There was also increasingly less capacity in the local system to meet demand, not just in the numbers of children requiring transport but the nature of the transport requirements. There was also an increase in solo routes being created to educational provisions where they were the only children attending and using HTST.
 - **Children's Placements:** The Children's Placements budget faced significant challenges, driven by various factors affecting the cost and availability of suitable placements for children in care. In recent years, there has been a noticeable rise in the number of children entering care with increasingly complex needs. This includes a small number of children with significant safeguarding risks requiring placements that offer specialised care and support at a very high cost. In addition, the prevailing market conditions have made the current framework contracts unattractive to providers and have resulted in the necessity to make more placements outside of the framework contract at higher rates.

Ongoing difficulties in recruiting foster carers have continued to cause sufficiency issues. The shortage of foster carers makes it problematic to place children in family settings, whether in-house or with external providers. This shortfall in available foster placements forces the service to select for more expensive care options. The number of children in Care remains relatively stable and the demand pressures are being managed through high quality social work intervention and the recently established Early Help service. However, the issues with very vulnerable children with complex needs coming into care, the local care provider

market and fostering recruitment has led to substantial cost pressures on the placement budget.

- **Schools PFI:** The Schools' PFI (Private Finance Initiative) was set up in 2003 to improve the facilities at four schools within the city - Dorothy Stringer, COMART (now closed), Patcham High and Varndean – using private finance to fund the capital improvements. The scheme runs for 25 years and a Special Purpose Vehicle (a legal entity created to fulfil specific or temporary objectives) “Brighton & Hove City Schools Ltd” was set up as part of it. This is currently owned by SEMPERIAN. The scheme is funded partly by a DfE grant with schools paying an annual charge back to the council and partly via an annual drawdown of earmarked reserves. The annual charge is updated each March for the RPIX (RPI All Items Excluding Mortgage Interest) for the 12 months to February. Once the 25-year period is complete (~ 31st March 2028) the contract with SEMPERIAN ends and the assets will be transferred back to the council.

As a result of late information received, anticipated PFI contractor costs were overestimated during the year. This was further compounded by late application of external contributions, resulting in a £540k underspend against budget and a £640k change from TBM 9. Measures have now been put in place to prevent a recurrence of these issues in 2026/27.

For prudence, inflation within the model for 2027/28 and future years has been assumed at 3%. This is more cautious than the Office for Budget Responsibility's forecast, which indicates that inflation will average 2% from 2027 onwards. The PFI contract finishes on 31 March 2028 and we will be holding back 10% of the PFI contractor costs for the final two years to ensure the assets are handed over in good condition. There will be both risks and benefits involved in the completion of this contract. Ultimately it gives the Council ownership of the asset and all its associated costs but also the control of its budget. However, for this to be successful it will require the correct support from Property and the Procurement and Commissioning Teams.

Schools Budgets

At the end of the 2025/26 financial year there was a net deficit school balances position of £2.281m. This represents an improvement of the financial position of £0.342m when compared to the net deficit position of £2.623m at the end of 2024/25.

There are 22 schools (out of a total of 53 maintained schools) that have overspends at the end of the 2025/26 financial year. This represents 42% of all schools.

The 2025/26 central Dedicated Schools Grant is an in-year deficit of £1.082m. At the end of the 2024/25 there was an overspend on central DSG of £0.680m, meaning the cumulative overall deficit position at the end of 2025/26 is estimated to be £1.762m. The DSG position is described in more detail in Appendix 4.

4.6 **Homes & Adults Social Care:** The directorate faced significant challenges in 2025/26 in mitigating the risks arising from increasing demands in homelessness and adult social care, managing the unit costs in temporary accommodation and the care market, and delivering all of the saving plans for 2025/26. It is to be noted that this is after applying service pressure funding of £8.391m in 2025/26 which was used to fund budget pressures resulting from the increased unit costs and complexity. Despite the hard work of colleagues to fully achieve the planned savings, the increase in demand and complexity exceeded the projection used for the budget setting.

The 2025/26 Homes and ASC budget faced a structural deficit, driven by sustained growth in demand for statutory services, rising complexity of need, and pressures in the provider market, that exceeded the Council's funding base.

The 2025/26 savings plan for the directorate totalled £9.256m, in addition to this, pressure mitigations of £5.025m were also applied to 2025/26 service pressure funding allocated corporately. There are continued actions focussing on attempting to manage demand for, and costs of services/accommodation across Homes and Adult Social Care and making the most efficient use of available funds.

Adult Social Care

The total financial recovery plan for Adult Social Care totaled £8.860m, with £6.413m achieved and £2.447m reported as not achieved in 2025/26. The Adult social care and commissioning departments continue to implement a strengths-based approach across key work streams in adult social care, ensuring robust pathways are in place, developing a community reablement offer and re-designing the front door service. Currently the Health & Social Care system is under considerable pressure, and this is generating additional costs for the council due to:

- Pressures on the system due to short-term grant monies and an unresolved national, long-term funding solution.
- Significant pressures on the acute hospital resulting in increased costs to support timely discharge into residential, nursing and home care.
- Increased complexity particularly in relation to working age adults and the associated costs of service delivery.
- Continued workforce capacity challenges across adult social care services.
- Increasing demand due to changes in funding arrangements including clients no longer being eligible for Continuing Healthcare.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. Established safeguards are in place to provide assurance within this process.

In respect of financial recovery and the ongoing management of Community Care Budget pressures, a monthly savings and efficiencies meeting provides rigorous monitoring and oversight of the Adult Social Care & Health savings progress. Additionally, each month the top ten spends on placements and packages of care are reviewed to ensure immediate remedial action is

undertaken to look at options and, wherever possible, reduce the cost of care whilst meeting assessed need.

Temporary Accommodation (TA):

The target for the Temporary Accommodation financial recovery plan was £5.421m. Of this, £3.081m was realised, leaving £2.340m unmet. The overspend is attributed to heightened demand for temporary accommodation and increased rental charges. A Temporary Accommodation Reduction Plan has been implemented, outlining actions to either limit the number of households entering TA, support households moving on from TA, or reduce associated costs. Broadly, these actions fall under prevention, facilitating move-ons to sustainable housing, cost reduction strategies, and boosting income through improved collection and quicker void turnaround times.

- Nightly accommodation (spot purchased): Demand for TA remains elevated, with efforts ongoing to reduce expenditure. Recently, 112 spot units were renegotiated as block booked contracts at improved rates. In 2025/26, an average of 468 households were housed in nightly spot accommodation, resulting in an overspend of £4.545m.
- Block Booked - Units increased from the budgeted 303 to an average of 498 per night, resulting in an overspend of £1.804m.
- Private Sector Leased (PSL) overspent by £0.860m, mainly due to renegotiated leases at higher rates. Nevertheless, PSL remains more cost-effective and stable than alternatives such as hotels.
- Other service areas reported underspends totalling £0.313m, predominantly due to staff vacancies and recruitment difficulties.

A robust management framework is in place, ensuring strict financial and operational oversight. Despite ongoing financial pressures, there are clear signs of stabilisation because of enhanced controls:

- 112 spot-purchased units have been converted to block-booked arrangements, lowering average nightly costs and increasing cost certainty.
- Move-on activity has increased, with 538 preventions achieved in 2025/26, £0.902m above target, helping to reduce future demand.
- Net inflow into nightly-paid accommodation has slowed, reflecting early positive impacts from prevention and move-on initiatives.
- Void turnaround times are improving, increasing supply and lessening reliance on expensive nightly-paid options.
- Income collection within TA is rising, improving the net financial position.

Whilst not all actions resulted in a full-year reduction in overspend, the recovery plan is delivering impact and shifting the long-term cost trajectory.

- 4.7 **City Operations:** This is a diverse directorate delivering a broad range of services across the city and council. Its financial performance is closely tied to public and visitor activity, which introduces volatility in monthly forecasts.

The directorate manages substantial income budgets for parking, planning, and venues each sensitive to fluctuations in visitor numbers, commercial activity, and the wider economy. For 2025/26, City Operations faced challenging in-year savings targets, primarily focused on service redesigns and income generation. Of the £1.782m planned savings, £1.463m was

achieved, leaving £0.319m unachieved. Key risks relate to income generation in Parking Services and City Parks, service redesigns, and efficiency measures such as the review of Multi-Functional Devices across the council.

The overall position for City Operations is a net £11.005m underspend showing an improvement of £7.969m compared to Month 9. This movement is a combination of an improvement in the forecast position of £3.5m between the month 9 forecast and year end, reflecting the continued actioning of financial recovery plans and measures, and a release of £4.4m of bad debt provision following a review of the level of provision required for parking charge notices. £3.9m of this release of provision has been moved to a corporate risk reserve. See 4.9 below.

There are pressures within the outturn which have been identified in year including the pressure of £0.584m relating to the NJC arrangements with the Royal Pavilion Museums Trust, ongoing costs ensuring Hollingdean Depot remains operational, refuse fleet related costs, architects fees, costs of maintaining trees across the city and increased costs for essential highway maintenance and backlog clearance. Offsetting these pressures is a significant underspend in the outturn for City Infrastructure, budget surpluses from leisure management fees, expenditure controls and underspends on staff costs across the service

The £3.544m improvement relates mainly to improvements in further staffing underspends as a result of the vacancy controls in place, improved incomes in sports & leisure, building control, and planning fees. Spend controls in year also resulted in improvements in outturn including reviews of vehicle fleet related costs in the council whilst ensuring services could be delivered, as well as reviewing use of available one off grants and funding in City Operations against eligible spend to support the councils overall financial position in year. A review of Direct Revenue Funding (DRF) as part of the spending controls and outturn has released £0.157m additional revenue resources. This has resulted in £0.013m of additional borrowing prepayments per annum for 15 years.

- 4.8 **Central Hub:** The directorate has delivered an overall underspend for 2025/26, with significant underspends across most areas offsetting a small number of material service pressures. This has been achieved in part through one-off funding being applied or through the capitalisation of transformation activity costs. These one-off measures will mean that there will be pressures carried into the 2026/27 financial year.

Across the Cabinet Office and Corporate Leadership Office, services have generally reported favourable positions, with underspends in Economic Development (£0.208m), Policy (£0.224m), and Tourism & Marketing (£0.033m) driven by staffing savings and income performance. These have helped offset a £0.120m overspend in Leadership Support, which reflects pressures arising from service redesign, recruitment activity and professional fees.

The Finance & Property directorate shows a mixed but managed position. Several services delivered strong underspends, most notably Building Surveying (£0.743m) and Financial Services (£0.400m), driven by reprofiling of works to capital, income overachievement, grant funding, and the flexible

use of capital receipts. These favourable variances have helped mitigate significant pressures within Estates Management, which reported an overspend of £1.681m, and Welfare, Revenues & Business Support, which closed the year with an overspend of £0.671m arising from system re procurement, staffing capacity pressures, and income shortfalls as detailed below.

Within Governance & Law, services have performed strongly overall, delivering a net underspend across the directorate. This reflects consistent staffing savings, income generation, and operational efficiencies across most services, including Legal Services (£0.184m underspend) and Registrations (£0.214m underspend). These mitigations have absorbed isolated pressures, including a small overspend within Mortuary Services (£0.059m).

The People & Innovation directorate delivered a particularly strong overall position, with combined underspends of over £2.1m across its services. This outcome has been largely driven by the flexible use of capital receipts to fund transformation related staffing costs, alongside vacancy management, income generation, and the pausing of non-statutory activity. These actions have enabled the directorate to absorb pressures such as increased utility costs while maintaining a significant net underspend. (£1.593m).

Finally, the Contribution to Orbis partnership reflects a modest £0.024m underspend, driven by better than anticipated performance across partnership services.

- 4.9 **Centrally-held Budgets:** There is an overall overspend of £2.377m, largely driven by moving £3.9m to a centrally held risk reserve which will allow an in depth review of aged debt in 2026/27. Without this, centrally held budgets would have had a net underspend in the year. This reserve was funded by amending a bad debt provision for PCNs which was being held at a level inconsistent with our approach to other debts and didn't accurately reflect the level of likely recovery. The release of this money and the creation of the provision will facilitate a further review of all aged debt without risking further impact on reserves.

Another contributing factor to the final position was an overspend of £0.803m which relates to the additional cost of the 2025/26 pay award above the amount provided in the budget.

The closing position on the Housing Benefit Subsidy budgets is a pressure of £5.070m. An audit in 2025/26 identified procedures had overlooked a key criterion in determining vulnerability in supported accommodation claims. This is partly due to the migration from legacy benefits to Universal Credit, with the distinction around employment vulnerability less clear. Up until this point, all these claims, whether or not they were eligible for Limited Capability for Work had been receiving 60% subsidy. However, if a claimant was not in receipt of the Limited Capability for Work component of Universal Credit, the claims should have received 0% subsidy, meaning the council has to bear the full cost of the Housing Benefit paid to the tenant over the Rent Officer Decision.

The issue was identified in 2025/26 but the problem started in 2024/25 meaning that the impact of both years had to be recognised in 2025/26. The impact of those years is £1.645m and £3.409m respectively.

A recovery plan is in place to minimise the ongoing housing benefit subsidy losses.

The corporate saving in relation to functional alignment activities from 2024/25 is also held in this area. At the year-end £0.974m of this was unachieved and is included in the forecast.

These pressures are offset by a £3.977m underspend in Financing Costs, primarily due to previous year slippage and reprofile of the capital programme the capital programme review, which has reduced the in-year borrowing need resulting in an underspend in the current financial year. In addition, the council continues to maximise the use of internal reserves to meet its capital financing requirement. Whilst this limits investment returns, it will delay the need to externally borrow during a time of elevated borrowing rates and therefore reduce in year borrowing costs as the rate of return on outward treasury investment is below the current cost of capital.

The 2025/26 budget contained a risk provision of £1.747m. This has now been released to support the in-year position.

Cabinet approved the deferral the planned repayment to Working Balance of £1.125m in 2025/26 in order to support the in-year position in the TBM Month 9 report to February 2026. Additionally, the Budget Update report to December Cabinet identified £1.109m of previously earmarked reserves and provisions that could be released to support the 2026/27 budget position. Due to the difficult in-year position this was released to support the 2025/26. At the year-end a further £0.564m of unrequired reserves has been released to support the 2025/26 position which are detailed in section 8.10.

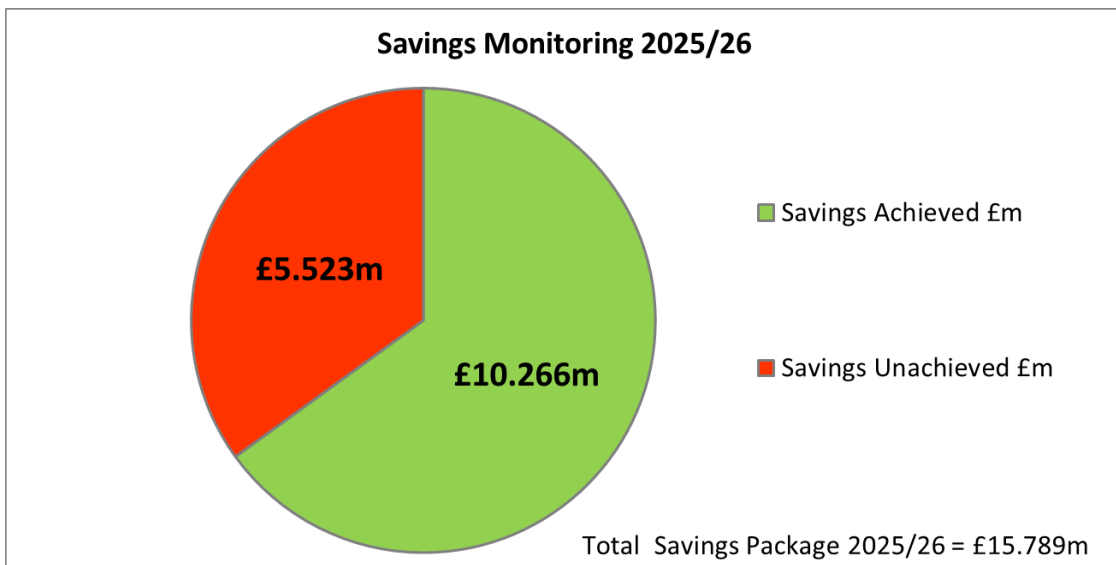
Carry Forward Requests (Appendix 5)

- 4.10 Under the council's Financial Regulations, the S151 Chief Finance Officer may agree the carry forward of budget of up to £0.050m per member of the Corporate Leadership Team (up to a maximum of £1m in total) if it is considered that this incentivises good financial management. However, due to the challenging financial situation, all requests are being presented to Cabinet for consideration. Similarly, carry forwards have only been proposed where there is clear evidence of either ring fenced or external funding where we have made a commitment to the funding body about the specifics of the planned expenditure, or where we are in an agreement with multiple parties and the balance carried forward represents a shared funding arrangement governed by an agreement that carries the expectation that the funds will not be withdrawn. In smaller exceptions, the carry forward request relates to funding agreed for committed spend, which due to timing has not yet been undertaken. This will normally be supported by a contractual or purchase order commitment.
- 4.11 Carry forward requests include grant funded and non-grant funded carry forwards totalling £2.744m which have been assumed in the outturn figures above. An analysis of these is provided in Appendix 5 split into two categories as follows:

- The non-grant funded element of carry forwards totals £0.786m. These items have been proposed where funding is in place for contractual commitments, existing projects or partnership working that cross over financial years and it is therefore due to a timing issue that this money has not been spent in full before the year-end.
- The grant funded element of carry forwards totals £1.958m. Under current financial reporting standards, grants received by the council that are un-ringfenced or do not have any conditions attached are now recognised as income in the financial year in which they are received rather than in the year in which they are used to support services. Carry forward is therefore required to ensure the grants are available to fund the commitments against them next year. Carry forwards must meet the criteria above or they are released against current year expenditure.

Monitoring Savings

- 4.12 The savings package approved by full Council to support the revenue budget position in 2025/26 was £15.789m following directly on from a £23.627m savings package in 2024/25 and makes 15 years of substantial savings packages totalling over £248m since government grant reductions commenced in 2010, and which have been necessary to enable cost and demand increases to be funded alongside managing the reductions in central government grant funding.
- 4.13 Appendix 4 provides a summary of savings in each directorate and indicates in total what has been achieved and the net position of unachieved savings. Appendix 5 summarises the position across all directorates and presents the entire savings programme. Work will be undertaken to review the non-achievement of savings to ensure there is robust monitoring of savings delivery moving into 2026/27.
- 4.14 The graph below provides a summary of the position as at outturn and shows that savings of £10.266m have been achieved and that savings of £5.523m (35%) were unachieved in 2025/26.



5 Housing Revenue Account Performance (Appendix 4)

- 5.1 The Housing Revenue Account (HRA) is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock – and the majority of funding is from the rent and service charges paid by tenants and leaseholders. The provisional outturn is an overspend of £0.378m, this position includes variances within specific service areas, details of which are provided in the Revenue Budget Performance Appendix. Any overspend in the HRA will result in a contribution from HRA reserves at year end (as at Month 12 the general reserves balance was £7.7m – equivalent to approximately 10% of income from rent and service charges).

HRA Risks

- 5.2 HRA continues to face significant uncertainty regarding the financial position, there are major risks that need to be addressed and monitored to ensure that the position remains stable. These risks include but are not limited to:
- Volume of Health & Safety compliance
 - Delays related to Building Safety compliance
 - Disrepair claims
 - Rent arrears and collection rate
- 5.3 The HRA will continue to review spend to try to improve the current financial position. Any variations will be reported to future Cabinet meetings during 2026/27. Officers are part of the London Directors of Housing Group and will endeavour to work with peers, as well as working with the Housing leads in the LGA, to explore how central government can support social landlords in investing in safety and quality improvements whilst also seeking to increase supply.

6 Dedicated Schools Grant Performance (Appendix 4)

- 6.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant within the General Fund which can only be used to fund expenditure on the Schools' Budget. The Schools Budget includes elements for a range of services provided on an authority-wide basis including Early Years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The 2025/26 central Dedicated Schools Grant is an in-year deficit of £1.082m. At the end of the 2024/25 there was an overspend on central DSG of £0.680m, meaning the cumulative overall deficit position at the end of 2025/26 is £1.762m. The DSG position is described in more detail in Appendix 4. Under the Schools Finance Regulations any under or overspend must be carried forward within the Schools' Budget in future years.
- 6.2 Currently, the government is providing legislation known as the Statutory Override facility that means any deficit associated with the Central DSG is excluded from the council's general fund financial position at the end of a financial year. The regulations require the negative balance (central DSG

deficit) be held in an unusable reserve. The override facility has recently been extended for a further 2 years and now runs to the end of the 2027/28 financial year. At the end of the 2025/26 financial year a negative unusable reserve of £1.762m has been established. This is simply an accounting term that means that the overspend is held on the balance sheet but is not required to be offset against our revenue expenditure or general reserves.

- 6.3 In February 2026, the Government announced that, as part of the wider SEND system reform, they will introduce a High Needs Stability Grant in 2026/27. This grant, subject to compliance with certain conditions, is expected to mean that 90% of the council's cumulative deficit (£1.762m) as at 31/03/2026 will be funded by government. Allocations of the High Needs Stability Grant will only be paid once a local authority has developed and submitted a detailed Local SEND Reform Plan to the Department for Education which is then approved as meeting the required criteria.

7 Capital Programme Performance and Change

- 7.1 The table below provides a summary of capital programme performance by Directorate and shows the changes to budget since TBM9. Full details of the budget changes and the performance against the budget are included within Appendix 7.

Directorate	Reported Budget Month 9 £'000	Reported at Other Committees/ IFRS Changes £'000	New Schemes since TBM9 £'000	Variations (changes to budget) £'000	Reprofiles & Slippage £'000	Reported Budget Month 12 £'000
Families, Children & Wellbeing	21,995	109	0	49	(14,128)	8,025
Homes & Adult Social Care	10,530	0	0	447	(1,575)	9,402
City Operations	84,101	0	0	3,249	(33,561)	53,789
Central Hub	21,481	0	0	252	(16,365)	5,368
Housing Revenue Account	103,597	(1,177)	0	2,942	(7,716)	97,646
Total Capital	241,704	(1,068)	0	6,939	(73,345)	174,230

(Note: Summary may include minor rounding differences to Appendix 7)

- 7.2 Cabinet's approval is required for the changes listed in Appendix 7 under the council's Financial Regulations. The following table shows the overall movement in the capital budget since approval of the Month 9 report.

Summary of Capital Budget Movement	Reported Budget Month 12 £'000
Budget approved as at TBM month 9	241,704
Reported at Other Committees/IFRS Changes	(1,068)
New schemes since TBM9 2025/26 (for approval – Appendix 8)	0
Variations to budget (for approval – Appendix 7)	6,939
Reprofiling of budget to later years (for approval – Appendix 7)	(65,213)
Slippage (for noting only)	(8,132)
Total Capital	174,230

7.3 Appendix 7 also details any slippage into next year. At this stage project managers have forecast that £8.132m of the capital budget will slip into the next financial year and this equates to approximately 3.36% of the capital budget at TBM9.

7.4 The table below shows a summary of the Variations to budget and their sources of funding. Further details can be found in Appendix 7. The cost of any new borrowing will be reflected in the 2026/27 revenue forecast as appropriate. The overall cost of additional borrowing for General Fund scheme variations (including the cost of short term borrowing for the Housing joint venture) is estimated to be £0.189m in 2026/27. This is likely to offset against reductions in borrowing costs

Service Area	£'000	Project	Narrative	Funding source
City Infrastructure	43	Controlled Parking Schemes	Variation to budget of less than £0.100m	Additional borrowing
Environment and Culture	131	Various schemes	See Appendix 7	Additional borrowing
Homes & Investment	19	Warm Safe Homes	Variation to budget of less than £0.100m	Additional borrowing
Housing Revenue Account	237	Feasibility & Design - Housing Investment	Increase in budget required to reflect the feasibility costs of new supply schemes.	Additional borrowing
Housing Revenue Account	137	Hereford Court	Increase in budget required to reflect the actual spend incurred to date.	Additional borrowing
Housing Revenue Account	216	Various schemes	See Appendix 7 (HRA – Housing Regeneration)	Additional borrowing
Housing Revenue Account	25	Various schemes	See Appendix 7 (HRA – Homes & Investment)	Additional borrowing
Place	193	Black Rock Enabling Works	Overspend relates to additional costs associated with project final account.	Additional borrowing
Place	1,547	Contribution to Housing JV	Equity loan to Housing JV. Change to cash-flow and loan repayment time scales. Loans to the JV will be repaid once the build programme is finished and the accommodation is sold. This is therefore short-term borrowing.	Additional borrowing
2,548 Total additional borrowing				
Adult Social Care	109	Various schemes	See Appendix 7	Budget reallocation
City Infrastructure	(221)	Integrated Transport Schemes (LTP)	Project managers being moved around various projects.	Budget reallocation
City Infrastructure	(119)	Traffic Signal Obsolescence Grant	Some budget was used to fund other eligible projects.	Budget reallocation
City Infrastructure	340	Bridge Strengthening and Assessment	Overspend in respect of Dukes Mound arches work being redrawn.	Budget reallocation
City Infrastructure	37	Various schemes	See Appendix 7	Budget reallocation

Digital Innovation	(421)	Customer Digital	Budget amendment to reflect use of Modernisations funds.	Budget reallocation
Education and Learning	(15)	High Needs Provision Capital	Variation to budget of less than £0.100m	Budget reallocation
Environment and Culture	(35)	Various schemes	See Appendix 7	Budget reallocation
Family Help and Protection	64	Residential Project Ireland Lodge	Variation to budget of less than £0.100m	Budget reallocation
Finance and Property	(163)	Solar Panels Corporate Buildings	Some installations originally planned for install in 2024/25 were omitted from the original contract due to planning issues.	Budget reallocation
Finance and Property	2	Various schemes	See Appendix 7	Budget reallocation
Homes & Investment	(80)	Disabled Facilities Grant	Variation to budget of less than £0.100m	Budget reallocation
Place	7	Black Rock Enabling Works	Overspend relates to additional costs associated with project final account.	Budget reallocation
Place	133	Various schemes	See Appendix 7	Budget reallocation
(362) Total budget reallocation				
City Infrastructure	674	A259 Kings Road Arches	Will be in receipt of non-Local Transport Plan (LTP) related funding.	Third Party Funds
City Infrastructure	250	A270 Wild Park Rainscape	Final grant claim processed late in the year (after TBM9).	Third Party Funds
City Infrastructure	14	Brighton Bikeshare Replacement Programme	Variation to budget of less than £0.100m	Third Party Funds
Environment and Culture	354	Playground Refurbishment programme 2021-2025	More S106 receipts identified to support Playground Refurbishment Programme	Third Party Funds
Place	227	Madeira Terraces Regeneration - Project Support	Additional grant funding utilised	Third Party Funds
1,519 Total third party funds				
Finance and Property	380	Commercial Property Portfolio Repairs	Forward funded costs in relation to dilapidations on the capital portfolio.	Timing of funds
380 Total timing of funds				
Digital Innovation	42	Laptop Refresh 2023-25	Variation to budget of less than £0.100m	Use of receipts or reserves
Environment and Culture	53	King Alfred Main Pool Reinforcement	Variation to budget of less than £0.100m	Use of receipts or reserves
Finance and Property	33	Dome Planned Maintenance PMB	Variation to budget of less than £0.100m	Use of receipts or reserves
Housing People Services	399	LDV On-Going Costs - Community Homes (B&HSCH)	Overspend is due to additional work in 25/26.	Use of receipts or reserves
Housing Revenue Account	477	Minor Capital Works	Exceeded its budget primarily due to gaps within the planned works programmes.	Use of receipts or reserves
Housing Revenue Account	355	Condensation & Damp Works	Spend reflects increased demand and the need to undertake more extensive remedial works.	Use of receipts or reserves
Housing Revenue Account	348	Gutter Clearance	More properties completed this financial year than originally planned, ahead of schedule.	Use of receipts or reserves
Housing Revenue Account	255	Disrepair Capital Works	Spend reflects an increased number of cases completed this financial year.	Use of receipts or reserves
Housing Revenue Account	247	Water Tanks	Spend exceeded the budget for 2025/26, coinciding with a period of accelerated water compliance activity.	Use of receipts or reserves
Housing Revenue Account	236	Roofing	Unplanned additional roof replacement carried out.	Use of receipts or reserves
Housing Revenue Account	212	Kitchens	Higher than budgeted spend, primarily reflects a decision to reallocate the cost of associated electrical upgrades to the Kitchens capital budget.	Use of receipts or reserves
Housing Revenue Account	108	Bathrooms	Spend reflects an increase in ad hoc referrals arising from Responsive Repairs and Empty Homes.	Use of receipts or reserves
Housing Revenue Account	89	Various schemes	See Appendix 7	Use of receipts or reserves
2,854 Total receipts or reserves				

- 7.5 The cost of any new borrowing will be reflected in the 2026/27 revenue forecast as appropriate. The overall cost of additional borrowing for General Fund scheme variations (including the cost of short term borrowing for the Housing joint venture) is estimated to be £0.189m in 2026/27. This is likely to offset against reductions in borrowing costs in 2026/27 associated with schemes reprofiled or slipped.

8 Implications for the Medium-Term Financial Strategy (MTFS)

- 8.1 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to full Council.
- 8.2 Section 3.3 outlines that significant one-off resources have been used to address the TBM outturn position in 2025/26, resulting in a structural overspend in demand led services and non-delivered savings which will carry risk into 2026/27 and future years. The extent of these risks for 2026/27 will be reviewed and reported as part of 2026/27 TBM Month 2 (reported to Cabinet in July 2026) and reviewed to ascertain their impact on future years of the MTFS.
- 8.3 Details of Capital Receipts and Collection Fund performance are also given below due to their potential impact on future resources.

Capital Receipts Performance

- 8.4 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Innovations fund, Asset Management Fund and the Information, Technology and Digital Investment Fund. There are a number of residential and commercial properties identified for disposal as reported within the Residential Property Strategy report and Commercial Investment Property Strategy report to committee in December 2023 as well as the disposals approved by Cabinet on 27 June 2024, 24 April 2025 and 16 October 2025.
- 8.5 The total general fund capital receipts and appropriations in 2025/26 was £13.522m from 16 disposals which included properties at Freshfield Industrial Estate, Patcham Court Farm Grand Parade Mews, New Dorset St, East Brighton Park, Oxford St, Stanmer village and Pickers Hill.
- 8.6 The forecast for the 'right to buy sales' in 2025/26 was £12.000m. This step increase in sales compared to previous years is because the discount provided for Right to Buy (RTB) reduced in November 2024 and there was an increased level of applications leading up to that deadline. Receipts from RTB sales are expected to reduce significantly in future years. The net retained receipt is used to fund investment in the HRA capital programme, specifically the new supply of affordable housing. As at the end of March, 72 homes were sold for a total receipt of £12.225m.

Collection Fund Performance

- 8.7 The Collection Fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council,

Sussex Police & Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.

- 8.8 The Collection Fund for council tax closed with an overall deficit position of £2.439m. The main drivers for this deficit are losses in collection of £1.852m, lower than anticipated properties £0.950m, increased council tax reduction (CTR) claimant numbers £0.482m, increased Severely Mentally Impaired (SMI) exemption cost £0.313m, increased single person discount £0.238m and other exemptions and discounts £0.422m. This has been partially offset by increased second home premium £0.981m, reduced student exemptions £0.706m and brought forward surplus £0.131m. The council's share of the deficit is £2.062m and represents an increased deficit of £0.991m from the position previously reported mainly related to losses in collection and this will be incorporated into the surplus / deficit position for the 2027/28 budget.
- 8.9 The Collection Fund for business rates closed with an overall deficit position of £5.089m (£1.910m brought forward and £3.179m in-year). The cost of successful appeals was the main reason for the brought forward deficit. The in-year £3.179m deficit is largely driven by increased appeals costs of £8.673m. There was also increased empty property relief £1.314m, retail, hospitality and retail relief £1.197m, higher than forecast collection losses £1.221m and other reliefs £0.390m. This has been partially offset by growth in the gross liability £7.493 (2025/26 £3.985m and previous years £3.509m) and reduced Small Business Rates Relief award £2.123m. The council's share of the deficit position is £2.494m. This represents an increased deficit of £1.797m from the position previously reported mainly due to increased cost of appeals and this will be incorporated into the surplus / deficit position for the 2027/28 budget.

Reserves, Budget Transfers and Commitments

- 8.10 The creation or re-designation of reserves, the approval of budget transfers (virements) of over £1 million, and agreement to new financial commitments of corporate financial significance require Cabinet approval in accordance with the council's Financial Regulations and Standard Financial Procedures. Cabinet is asked to approve the creation of a £3.9m risk reserve to mitigate impact from the increased focus on aged debt being undertaken in 2026/27..
- 8.11 The council's reserves and provisions have been assessed as part of the annual closure of accounts process and a schedule of the reserves is shown at Appendix 9. This reflects the position after the release of a further £0.564 of reserves to support the 2025/26 in year position and these are detailed in the table below.

Reserve	Amount Released £'000
IT Investment Reserve	329
Unrequired Working Balance	120
Travelers Site Capital Reserve	79
IT Helpdesk Reserve	33
Other residual balances	3
Total	564

8.12 The working balance was drawn down in 2022/23 by £3.376m to fund the general fund revenue overspend, and a strategy is in place to replenish over a 3 year period to 2026/27. The recommendations within this report will bring the working balance to £7.740m as at 31 March 2026. Part of the EFS request agreed by MHCLG was to improve the general fund position in recognition of the fact that it remains too low.

9 Treasury Management End of Year Review 2025/26

9.1 The 2025/26 Treasury Management Strategy, including the Annual Investment Strategy, was approved by full Council on 27 February 2025.

9.2 The CIPFA Treasury Management Code requires the performance of the treasury management activity against the strategy and key prudential and treasury indicators to be reported at least twice a year, to be presented to Cabinet as part of the TBM process.

9.3 The treasury management activity for 2025/26 is provided in Appendix 10. The main points are:

- Investment balances have continued to remain low as the council maintains a strategy to maximise internal reserves and balances to temporarily finance the borrowing need in the capital programme.
- The highest risk indicator on investments during the period was 0.003% which is well below the maximum benchmark of 0.050%.
- The return on investments has exceeded the benchmark rates for the period.
- The council entered into six tranches of new HRA PWLB borrowing totalling £135m throughout 2025/26 to fund the HRA capital financing requirement in response to maturing debt and reducing cash balances.
- The two borrowing limits approved by full Council have not been exceeded.
- The Annual Investment Strategy parameters have been met throughout the 6-month period.

10 Analysis and consideration of alternative options

10.1 The provisional outturn position on council-controlled general fund budgets is a break-even position. This is an improvement of £4.861m compared with the projected position at Month 9 and is the same as the position assumed in the budget setting process.

10.2 The working balance will be increased by £4.160m in 2026/27 through the use of Exceptional Financial Support (EFS).

11 Community engagement and consultation

- 11.1 No specific consultation has been undertaken in relation to this report.

12 Financial implications

- 12.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Corporate Leadership Team and members and the management and treatment of strategic financial risks is considered by the Audit, Standards & General Purposes Committee.

Finance Officer consulted: Jeff Coates Date: 23/06/2026

13 Legal implications

- 13.1 Decisions taken in relation to the budget must enable the council to meet its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax-payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

- 13.2 The Treasury Management actions reported in the review document at Appendix 10 are carried out in accordance with the powers conferred by Part 1 of the Local Government Act 2003, which permit local authorities to invest for the purposes of the prudent management of their financial affairs. Regard must be had to statutory guidance in the form of the Prudential Code for Capital Finance in Local Authorities issued by the Chartered Institute of Public Finance and Accountancy. The Council's approach is considered to be consistent with that Code and the requirements of the Act.

Lawyer consulted: Victoria Simpson Date: 17/06/2026

14 Equalities implications

- 14.1 There are no direct equalities implications arising from this report.

15 Sustainability implications

- 15.1 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet Corporate Plan and Medium-Term Financial Strategy priorities. The achievement of a break-even position or better is therefore important in the context of ensuring that there are no adverse impacts on future financial years from performance in 2025/26, although, as discussed in the report above, although the closing position is break even, not all mitigations were able to come from the services and the council is carrying structural overspends into 2026/27 which have an impact on ongoing sustainability.

16 Health and Wellbeing Implications:

- 16.1 The council's budget includes many statutory and preventative services aimed at supporting vulnerable children and adults. The budget prioritises

support to these core and critical services including management of any emerging in-year pressures to minimise impacts on statutory provision.

17 Conclusion and comments of the Chief Finance Officer (Section 151 Officer)

- 17.1 The council has achieved a break-even position in spite of exceptional pressures in the cost, demand and complexity of provision within demand led budgets. These pressures have also had a significant impact on the delivery of savings programmes. Whilst the position has improved since TBM Month 9 by £4.861m, much of the improvement was a result of the application of one-off resources, resulting in a considerable underlying overspend which will impact on 2026/27.
- 17.2 The council's ongoing financial sustainability remains a critical concern. The council has requested Exceptional Financial Support from the government in 2026/27 and has used some of this to create contingency in the revenue budget and increase the council's General Fund working balance and general risk reserve, but this increase is still less than the underlying overspend that is being carried forward, meaning that additional savings and ways to offset the funding shortfall will need to be found..

Supporting Documentation

Appendices

1. Financial Dashboard Summary
2. Revenue Budget Movement Since Month 9
3. Revenue Budget Performance RAG Rating
4. Revenue Budget Performance
5. Carry Forward Requests
6. Summary of 2025/26 Savings Progress
7. Capital Programme Performance
8. New Capital Schemes
9. Schedule of Reserves
10. Treasury Management End of Year Review

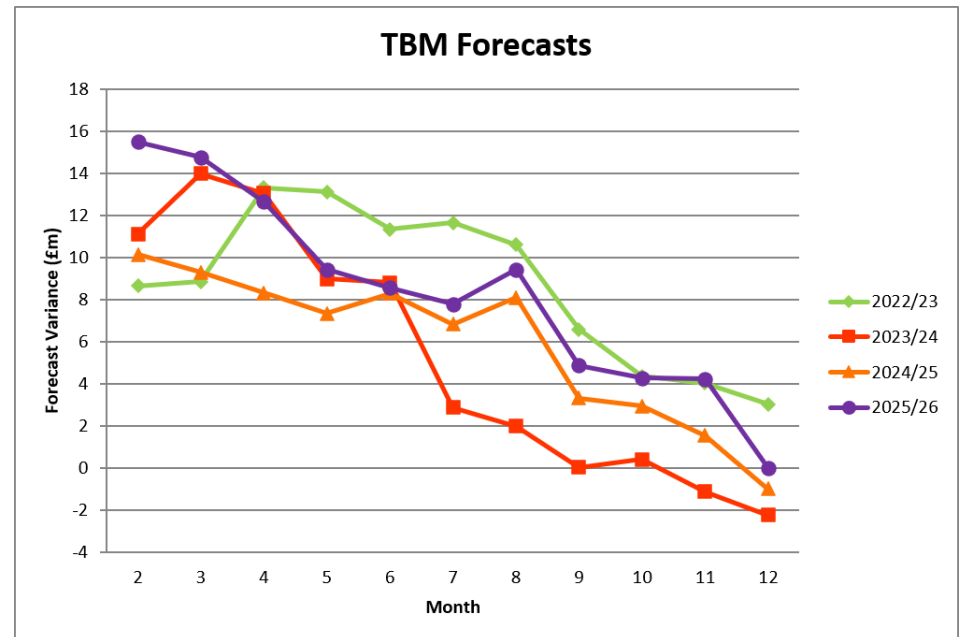


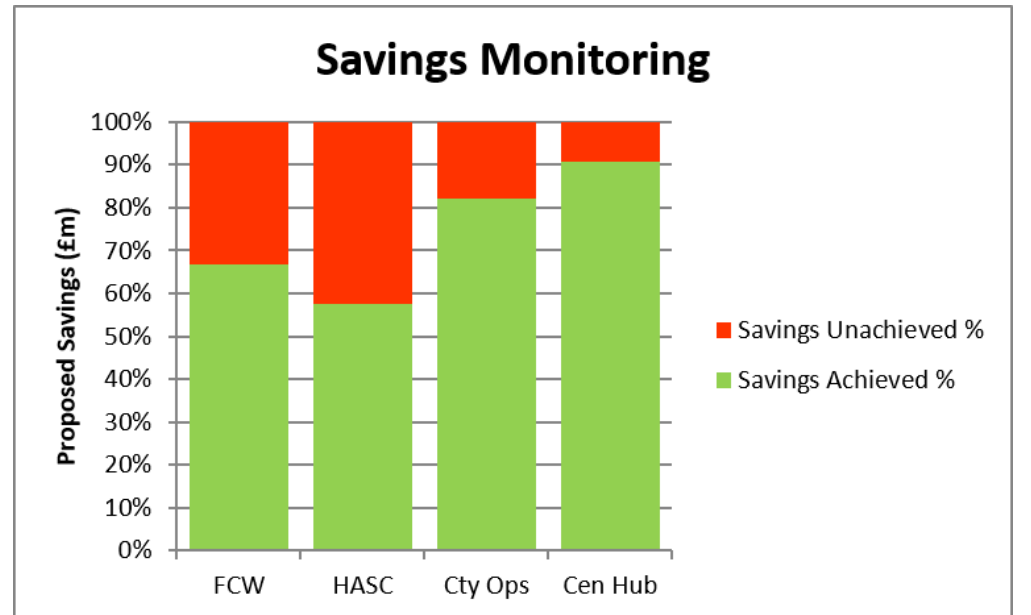
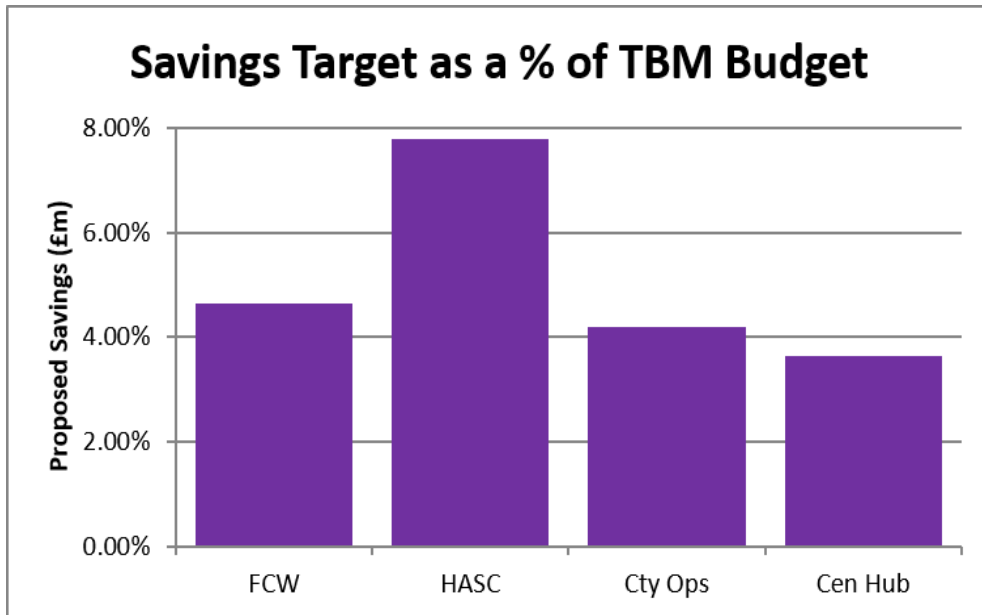
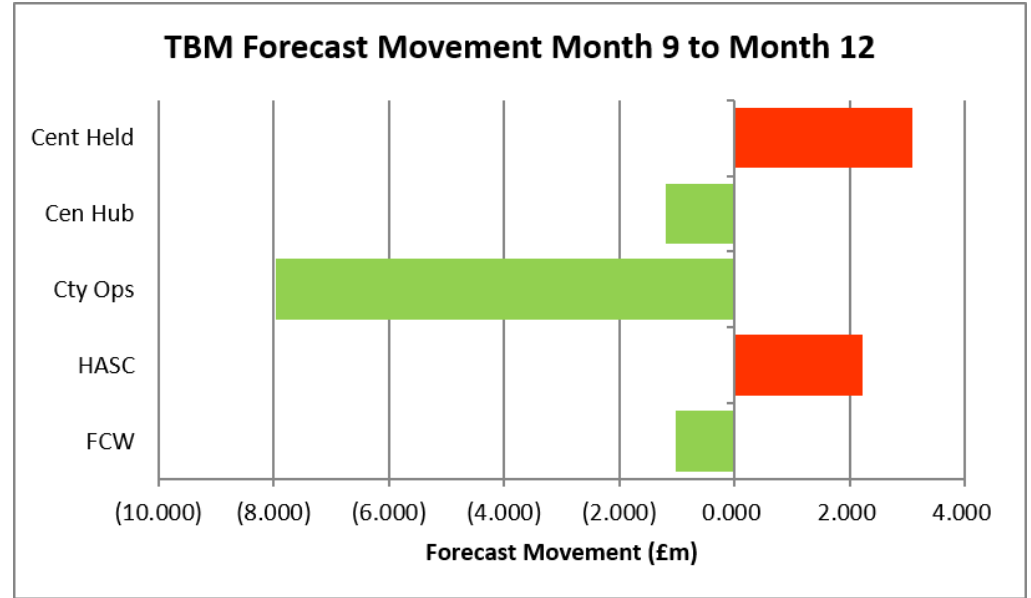
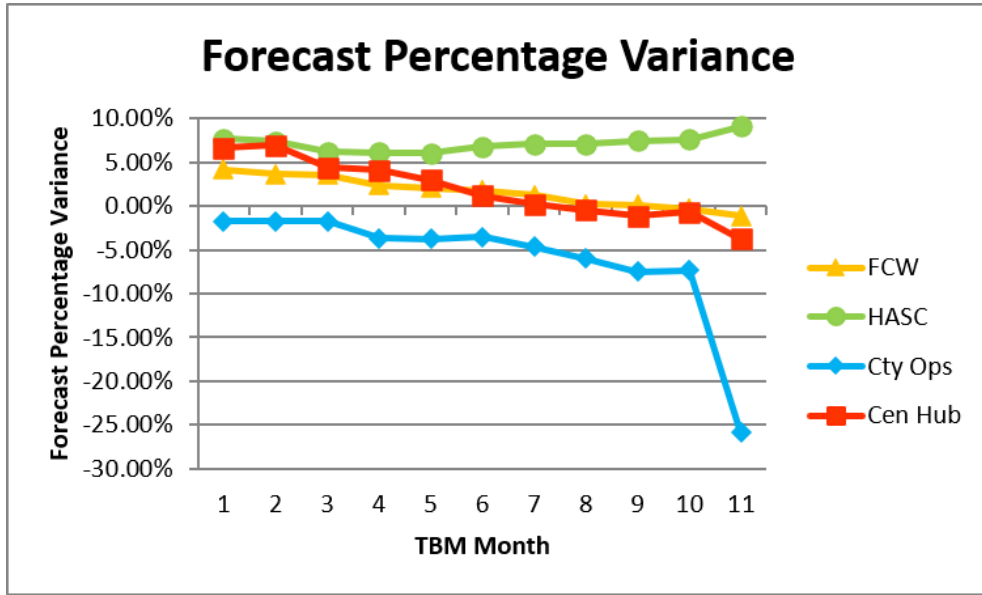
Red = overspent.
 Green = Underspent.
 Size of bubble indicates scale of under or overspend.
 If a directorate is not shown then a break even position is forecast.

53

Direction of Travel				
Directorate/Fund	Provisional Variance Month 12	Provisional Variance Month 12	Change From Month 9	RAG Rating Month 12
	£'000	%		
General Fund Services:				
Families, Children & Wellbeing	(845)	-1.1%	↑	Green
Homes & Adult Social Care	10,810	9.1%	↓	Red
City Operations	(11,005)	-25.9%	↑	Green
Central Hub	(1,337)	-3.8%	↑	Green
Centrally-held Budgets	2,377	15.7%	↓	Red
Total General Fund	0	0.0%	↑	Green
Dedicated Schools Grant (DSG)	1,762	259.1%	↑	Red
Housing Revenue Account	378	0.0%	↑	Red

↑ = Improving position, ↓ = Worsening position





Appendix 2 – Revenue Budget Movement Since Month 9

Service	Forecast Variance Month 9 £'000	Provisional Variance Month 12 £'000	Movement £'000	Explanation of Main Movements
Commissioning & Communities	(158)	(290)	(132)	Improvement in Home to school transport forecast due to reduced pupil numbers requiring transport and savings relating to the contract with ESCC for The Keep
Education & Learning	(199)	(1,107)	(908)	PFI costs lower than anticipated and late use of S106 funding
Family Help & Protection	536	552	16	Minor movements.
Public Health	0	0	0	
Total Families, Children & Wellbeing	179	(845)	(1,024)	
Adult Social Care	3,472	6,427	2,955	Increased spend against the home care contract that was not identified until year-end and additional bad debt provision contribution required above expected level.
Integrated Commissioning	242	(528)	(770)	The BHCC Better care fund risk share was above forecast and one-off allocations of grant funding
Housing People Services	4,944	4,928	(16)	Improvement due to additional grant funding received.
Homes & Investment	(10)	(17)	(7)	Underspend due to efficiencies in the service.
Further Financial Recovery Measures	(55)	0	55	Saving unachieved due to high demand in service.
Total Homes & Adult Social Care	8,593	10,810	2,217	
City Infrastructure	(2,608)	(7,943)	(5,335)	Overstated forecast for Streetlighting inspections in year, use of Local Transport Revenue grant to eligible spends and surpluses reported on Local Flood Risk management. NEED TO ADD SOMETHING ABOUT BAD DEBT PROVISION ADJUSTMENT OF 4.425M
Culture & Environment	(444)	(1,590)	(1,146)	Improvements in incomes within Bereavement and Sports & Leisure. Continued reduction in expenditure due to ongoing spending and vacancy controls. Review of the tree maintenance & Management spend in addition to one off funding being received from UKSPF, one-off use of Strategic CIL on eligible spend areas and other in year grants which had not been previously factored into forecasts.

Appendix 2 – Revenue Budget Movement Since Month 9

Service	Forecast Variance Month 9 £'000	Provisional Variance Month 12 £'000	Movement £'000	Explanation of Main Movements
Environmental Services	367	(640)	(1,007)	Improvement in purchases as an impact of tightened spend controls including reductions in use of contract hire vehicles as well as improvements in fuel and maintenance. A further £0.150m improvement from the value of stock of parts available at year end for 2026/27 and onwards. Revised forecasts reflecting expenditure related to Food Waste Collection Project.
Place	439	223	(216)	Increased planning income in addition to impact of tightened spend controls and revised estimates for planning appeal. Offset by less than forecast capitalisation of costs and fees to major capital projects.
Digital Innovation	(790)	(1,055)	(265)	Outturn lower than anticipated because of the continued spend controls, capitalisation of transformation costs and vacancy controls.
Total City Operations	(3,036)	(11,005)	(7,969)	
Cabinet Office	(488)	(465)	23	A review of carry-forward balances, along with other minor forecast adjustments.
Corporate Leadership Office	149	120	(29)	Planned training activity not taking place.
Finance & Property	1,064	1,151	87	Combination of factors: an unexpected rise in insurance premiums of £0.080m; lower-than-anticipated income and higher service charges within Property Services of £0.490m; and an underspend of £0.144m relating to software contract costs recovered in WRBS that were previously reported at Month 9 but which have not been realised in 2025/26. These budget pressures were partly offset by improvements in other services within the directorate and by the capitalisation of transformation costs.
Governance & Law	(455)	(506)	(51)	Increased capitalisation of transformation costs, alongside small improvements across the wider directorate.
People & Innovation	(492)	(1,613)	(1,121)	Increased capitalisation of transformation costs.

Appendix 2 – Revenue Budget Movement Since Month 9

Service	Forecast Variance Month 9 £'000	Provisional Variance Month 12 £'000	Movement £'000	Explanation of Main Movements
Contribution to Orbis	68	(24)	(92)	The movement reflects better-than-anticipated performance within the partnership.
Total Central Hub	(154)	(1,337)	(1,183)	
Bulk Insurance Premia	195	213	18	Increased insurance settlement costs.
Capital Financing Costs	(3,733)	(3,977)	(244)	Decision to delay new General Fund borrowing in the final quarter due to a volatile interest rate environment resulted in a favourable movement of £0.150m, alongside net investment returns being higher than forecast.
Levies & Precepts	0	0	0	
Unallocated Contingency & Risk Provisions	(1,747)	(1,773)	(26)	Release of remaining unrequired contingency.
Unringfenced Grants	(496)	10	506	Assumed Business Rates Retention levy surplus £0.496m not received.
Housing Benefit Subsidy	5,640	5,070	(570)	A reduction of £0.635m in the estimated subsidy loss for 2024/25 following conclusion of the audit for that year and a reduction of £0.117m in the additional estimated subsidy loss for 2025/26. Offset by a worsening of £0.182m on the net recovery of overpayments and other minor variances.
Other Corporate Items	(580)	2,834	3,414	Increased capitalisation of transformation costs of £0.320m and £0.561m releasing unrequired working balance and other earmarked reserves. Costs of £0.216m to fund corporate bad debt provision and £0.165m to fund Restructure & Redundancy reserve. NEED TO ADD SOMETHING ABOUT RISK RESERVE CONTRIBUTION OF £3.917M
Total Centrally-held Budgets	(721)	2,337	3,098	
Total General Fund	4,861	0	(4,861)	

Appendix 3 – Revenue Budget RAG Ratings

RAG Rating Key:	RAG for Service Areas	RAG for Directorates ⁽¹⁾	RAG for General Fund
Red	Forecast overspend of 5% or more or £0.100m whichever is lower	Forecast overspend of 5% or more or £0.250m whichever is lower	Forecast overspend of 0.5% or more or £1.000m whichever is lower
Amber	Forecast overspend of less than 5% of budget or £0.100m, whichever is lower.	Forecast overspend of less than 5% of budget or £0.250m, whichever is lower.	Forecast overspend of less than 0.5% of budget or £1.000m, whichever is lower.
Green	Breakeven or forecast underspend	Breakeven or forecast underspend	Breakeven or forecast underspend

Service	TBM Budget Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %	RAG Rating Month 12
Commissioning & Communities	17,181	(290)	-1.7%	Green
Education & Learning	4,141	(1,107)	-26.7%	Green
Family Help & Protection	52,919	552	1.0%	Red
Public Health	468	0	0.0%	Green
Total Families, Children & Wellbeing	74,709	(845)	-1.1%	Green
Adult Social Care	106,086	6,427	6.1%	Red
Commissioning & Partnerships	5,580	(528)	-9.5%	Green
Housing People Services	8,226	4,928	59.9%	Red
Homes & Investment	(1,086)	(17)	-1.6%	Green
Total Homes & Adult Social Care	118,806	10,810	9.1%	Red
City Infrastructure	(6,398)	(7,943)	-124.1%	Green
Culture & Environment	8,926	(1,590)	-17.8%	Green
Environmental Services	27,791	(640)	-2.3%	Green
Place	2,575	223	8.7%	Red
Digital Innovation	9,664	(1,055)	-10.9%	Green
Total City Operations	42,558	(11,005)	-25.9%	Green
Cabinet Office	1,611	(465)	-28.9%	Green
Corporate Leadership Office	967	120	12.4%	Red
Finance & Property	7,453	1,151	15.4%	Red
Governance & Law	5,468	(506)	-9.3%	Green
People & Innovation	17,017	(1,613)	-9.5%	Green
Contribution to Orbis	2,924	(24)	-0.8%	Green
Directorate wide	0	0	0.0%	Green
Total Central Hub	35,440	(1,337)	-3.8%	Green
Sub Total	271,513	(2,377)	-0.9%	
Bulk Insurance Premia	4,348	213	4.9%	Red
Capital Financing Costs	7,548	(3,977)	-52.7%	Green
Levies & Precepts	249	0	0.0%	Green
Unallocated Contingency & Risk Provisions	1,773	(1,773)	-100.0%	Green
Unringfenced Grants	(28,375)	10	0.0%	Amber
Housing Benefit Subsidy	699	5,070	725.3%	Red
Other Corporate Items	(1,378)	2,834	205.7%	Red
Total Centrally-held Budgets	(15,136)	2,377	15.7%	Red
Total General Fund	256,377	0	0.0%	Green

Appendix 3 – Revenue Budget RAG Ratings

Service	TBM Budget Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %	RAG Rating Month 12
Repairs & Maintenance	21,394	(1,235)	-5.8%	Green
Tenancy Services	16,241	(512)	-3.2%	Green
Housing Management & Support	6,912	(70)	-1.0%	Green
Housing Investment & Asset Management	3,462	2,540	73.4%	Red
Housing Strategy & Supply	1,878	(327)	-17.4%	Green
Council-owned Temporary Accommodation	1,072	693	64.6%	Red
Rent & Service Charges	(76,980)	(317)	-0.4%	Green
Capital Financing Costs	9,337	(464)	-5.0%	Green
Direct Revenue Funding	16,684	70	0.4%	Amber
Total Housing Revenue Account	0	378	0.0%	Red

Individual Schools Budget (ISB)	153,748	0	0.0%	Green
Early Years Block (inc delegated to Schools)	40,580	(1,045)	-2.6%	Green
High Needs Block (exc delegated to Schools)	34,356	2,131	6.2%	Red
Exceptions and Growth Fund	3,663	(4)	-0.1%	Green
Grant Income	(233,027)	680	0.3%	Red
Total Dedicated Schools Grant (DSG)	(680)	1,762	259.1%	Red

(1) In the above tables the Dedicated Schools Grant and Housing Revenue Account are treated as Directorates for the purposes of RAG rating.

Families, Children & Wellbeing (FCW)

Revenue Budget Summary

Forecast Variance Month 9 £'000	Service	TBM Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %	2025/26 Savings Proposed £'000	2025/26 Savings Achieved £'000	2025/26 Savings Unachieved £'000
(158)	Commissioning & Communities	17,181	16,891	(290)	-1.7%	783	751	32
(199)	Education & Learning	4,141	3,034	(1,107)	-26.7%	112	111	1
536	Family Help & Protection	52,919	53,471	552	1.0%	1,563	447	1,116
0	Public Health	468	468	0	0.0%	1,002	1,002	0
179	Total Families, Children & Wellbeing	74,709	73,864	(845)	-1.1%	3,460	2,311	1,149

Explanation of Key Variances (Note: FTE/WTE = Full/Whole Time Equivalent)

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Commissioning & Communities		
131	Home to School Transport	The final outturn for Home to School Transport was a overspend of £0.143m. There were several factors contributing to the overspend in Home to School Transport. These included increased demand on the service (both at 5-16 ages, and 16 up until 19th birthday), increased numbers of children requiring single occupancy journeys, lack of local SEND school sufficiency, and increased numbers of routes required to accommodate individual post 16 learners' timetables.
32	Libraries	The budget shows a net overspend of £0.032m across all cost centres and is mainly linked to additional staffing costs because of a delay in savings achievement, the regrading of library officers and relief officers from scale 4a to 4b, CCTV costs for Libraries Extra and additional one-off costs following the transfer of customer services desks.
(123)	Community Cohesion	The underspend is due to a one-off Public Health contribution of £0.120m.
(330)	Other	Other variances
Education & Learning		
(540)	Schools PFI	The Schools' PFI (Private Finance Initiative) was set up in 2003 to improve the facilities at four schools within the city - Dorothy Stringer, COMART (now closed), Patcham High and Varndean – using private finance to fund the capital improvements. The scheme runs for 25 years and a Special Purpose Vehicle (a legal entity created to fulfil specific or temporary

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
		objectives) “Brighton & Hove City Schools Ltd” was set up as part of it. This is currently owned by SEMPERIAN. The scheme is funded partly by a DfE grant with schools paying an annual charge back to the council. The reserve that was drawn upon annually ran out in 23/24. The annual charge is updated each March for the RPIX (RPI All Items Excluding Mortgage Interest) for the 12 months to February. Once the 25-year period is complete (March 2028) the contract ends and the assets transferred back to the council. As a result of late information received, anticipated PFI contractor costs were overestimated during the year. This was further compounded by late application of external contributions, resulting in a £540k underspend against budget and a £640k change from TBM 9. Measures have been in put in place to avoid such a scenario in 2026/27.
309	School Closure Site Costs	Site costs of school buildings following school closures
(290)	Council Nurseries and Other Central Early Years Budgets	Underspend in council nurseries due to increased income for free entitlement funding and other underspends linked to central early years budgets
(222)	School Based Counselling	Use of one-off Public Health funding
(364)	Other	Other variances
Family Help & Protection		
1,356	Demand-Led - Children's placements	The overspend is the result of a relatively small number of children with extremely high-cost placements due to their complex needs and requirement for specialised care. In addition, the prevailing market conditions have made the current framework contracts unattractive to providers and have resulted in the necessity to make more placements outside of the framework contract at higher rates. A further compounding factor is the ongoing difficulty in recruiting foster carers. The shortage of foster carers makes it problematic to place children in family settings, whether in-house or with external providers, forcing the need for more expensive care options.
277	Family Support for children with disabilities	The overspend is due to the known weekly costs for the children receiving support to prevent entry to care.
(279)	Preventive (Section 17)	Ongoing scrutiny and control of spending to ensure the most efficient and effective use of the Section 17 budget has resulted in an underspend across all the pods of £0.279m.
(100)	Use of Public health funding	Use of Public Health underspend to fund the CiC mental health contract
(305)	Early help	Use of one-off Transformation and Young Futures grants plus vacant posts being held pending the outcome of the Families First transformation restructure
(143)	Fostering & Adoption	The number of families receiving adoption allowances reduced during the year and particularly in the last month plus there are increasing vacancies across the service.
(254)	Other	Other variances

Appendix 4 – Revenue Budget Performance

Homes & Adult Social Care (HASC)

Revenue Budget Summary

Forecast Variance Month 9 £'000	Service	TBM Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %	2025/26 Savings Proposed £'000	2025/26 Savings Achieved £'000	2025/26 Savings Unachieved £'000
3,472	Adult Social Care	106,086	112,513	6,427	6.1%	6,581	3,865	2,716
242	Commissioning & Partnerships	5,580	5,052	(528)	-9.5%	155	55	100
4,944	Housing People Services	8,226	13,154	4,928	59.9%	2,520	1,402	1,118
(10)	Homes & Investment	(1,086)	(1,103)	(17)	-1.6%	0	0	0
8,648	Total Homes & Adult Social Care	118,806	129,616	10,810	9.1%	9,256	5,322	3,934
(55)	Further Financial Recovery Measures (see below)	-	0	0	-	-	-	-
8,593	Residual Risk After Financial Recovery Measures	118,806	129,616	10,810	9.1%	9,256	5,322	3,934

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
5,329	Physical & Sensory Support	<p>The number of clients for Physical and Sensory Support started the year at 2,072 has increased to 2,184 at outturn. (2,174 Month 11)</p> <p>The average weekly unit cost was budgeted at £230pwk for Under 65s and £154pwk for Over 65s. The outturn position shows an increase to £242pwk & £211pwk respectively. (Month 11 £279pwk & £200pwk)</p> <p>The budgeted unit costs of Substance misuse is £716pwk and the outturn is £325pwk (Month 11 £415 pwk)</p> <p>Overall overspend relates to increase in demand and cost in Direct Payments & Short Term Residential costs for under 65s partly offset by reductions in Supported Living, Long</p>

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
		Term Nursing and Home Care. For over 65s increases in Long Term Nursing and Short Term Residential Care costs are partially offset by a reduction in Long Term Residential care.
(874)	Assessment & SIT	Overall underspend relates to temporary vacancies and increased income related to Financial Assessments.
399	Resource Centres Older People	The overall overspend relates to additional staffing costs above the budgeted establishment
(341)	In House Community Reablement	Overall underspend relates to vacancies and delayed recruitment plus a reduction in premises related spend.
(1,173)	Adult LD Community Care	The number of clients for Adult LD started the year at 1,069 and has increased to 1,205 at outturn. (1,205 Month 11) The average weekly unit cost is budgeted at £603pwk and is currently forecast at £782pwk at outturn (£794pwk at Month 11). Overall underspend relates to reduction in Residential Care and Direct payments.
56	In -House Adults LD Provision	Overall overspend relates to unachieved savings target
(94)	Learning Disabilities Assessment Teams	Overall underspend relates to vacancies being recruited to.
2,698	Community Care - Mental Health, & Memory & Cognition	The number of clients for Mental Health and Memory and Cognition started the year at 882 and has risen to 964 at outturn. (1,007 at Month 11) The average weekly unit cost was budgeted at £267pwk for Mental health increasing to £332wk at outturn (£326 for Month 11) and from £427pwk to £536pwk at outturn (£527pwk for Month 11) for Memory & Cognition. Overall overspend relates to increased costs of Supported Living and Community Support Services in Mental Health Support.
283	Adult Mental Health Staffing	Overall overspend relates to the SPFT staffing recharges above budget.
144	Hostel Accommodation	Overall overspend includes unbudgeted Health and Safety related costs.
Commissioning & Partnerships		
(291)	Commissioning ASC	The underspend at outturn is due to the Better Care Fund risk share and one-off allocations of grant funding

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
(237)	Contracts	Underspent due to a contract ceasing in quarter 4 and internal recharges not taking place as planned
Housing People Services		
6,897	Temporary accommodation (TA)	<p>The Temporary Accommodation (TA) budget overspent by £6.897m.</p> <p>Demand for TA remains high, and the service is actively seeking ways to reduce costs. Recently, 112 SPOT units were renegotiated onto Block Booked contracts at more favourable rates. For 2025/26, there were on average 468 households in nightly SPOT accommodation, with an overspend of £4.545m.</p> <p>The number of Block Booked (BB) accommodation units has increased from the budgeted 303 to 498 per night on average, resulting in an overspend of £1.804m.</p> <p>Private Sector Leased (PSL) accommodation overspent by £0.860m, primarily due to renegotiated leases at higher rates; however, these remain more cost-effective and stable than alternatives such as hotels.</p> <p>Other areas of the service reported underspends totalling £0.313m, mainly from staffing costs due to vacancies and recruitment challenges.</p> <p>Weekly TA reduction meetings continue to deliver positive outcomes, lowering costs, enhancing service delivery, and improving client results. Between 1 April and 31 March 2026, homelessness was prevented for 538 households, generating savings of £1.503m, which is £0.902m above target.</p>
(1,887)	Commissioned Rough Sleeper and Housing related Support Services	Underspend due to additional funding received and efficiencies within the service
49	Homemove	The overspend is due additional cost and loss of income whilst implementing a new system.
(99)	Housing Options	The primary reason for the underspend is staff vacancies in the service.
(31)	Travellers	Underspend due to security cost being less than expected.
Homes & Investment		
(5)	Housing Strategy and Enabling	Underspend is due mainly to lower than budgeted salary costs
(12)	Private Sector Housing	Efficiencies in service

City Operations

Revenue Budget Summary

Forecast Variance Month 9 £'000	Service	TBM Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %	2025/26 Savings Proposed £'000	2025/26 Savings Achieved £'000	2025/26 Savings Unachieved £'000
(2,608)	City Infrastructure	(6,398)	(14,341)	(7,943)	-124.1%	588	410	178
(444)	Culture & Environment	8,926	7,336	(1,590)	-17.8%	388	269	119
367	Environmental Services	27,791	27,151	(640)	-2.3%	303	303	0
439	Place	2,575	2,798	223	8.7%	393	393	0
(790)	Digital Innovation	9,664	8,609	(1,055)	-10.9%	110	88	22
(3,036)	Total City Operations	42,558	31,553	(11,005)	-25.9%	1,782	1,463	319

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
(5,851)	Parking Services	<p>Parking Services outturn is a £0.693 over achievement against its £26.985m net income budget. The services income budget was revised going into 2025/26 after pressure funding and rebalancing of income targets. As a result of this exercise:</p> <ul style="list-style-type: none"> • On-street paid parking under achieved by £0.090m against its income target. • Permit income overachieved by £0.011m against its income target • Suspension income overachieved by £1.085m against its income target • Overall Off-Street Parking is under achieved by £1.07m (11.54%). Within this the Leased Car parks budget is applying a pressure of £0.226m which is being addressed while Barrier carpark income is applying a £0.862m pressure due to underperformance of London Road and Regency Car parks • PCN income, overachieved by £0.046m under the new cash model forecast. This is driven by increased tickets issued in the first month of the year plus a significant collection on old debt but is offset by increased contract costs relating to volume of tickets issued. • There is also a net surplus of £1.816m which is primarily driven through unsupported borrowing and staffing surpluses.

Appendix 4 – Revenue Budget Performance

Key Variances £'000 Service Area		Variance or Financial Recovery Measure Description
		<ul style="list-style-type: none"> • A risk reserve of £0.730m has been included linked to the new PCN cash model bringing the full surplus within parking to the listed £1.426m • NEED TO ADD SOMETHING ABOUT BAD DEBT ADJUSTMENT OF £4.425M
51 (424)	Concessionary Bus Fares Network Management	<p>Pressure because of Blue Badge Pass renewals.</p> <p>Surpluses within Streetlighting of £0.440m, Traffic Management of £0.141m and Real Time Bus information (RTBI) sign maintenance of £0.235m are offsetting a shortfall of £0.358m in Section 278 development assessment income.</p> <p>The primary financial pressure is £0.474m relating to Highway Maintenance. Repair activity ceased in February 2025 to meet prior-year budget controls, resulting in a backlog of safety defects. Additional Local Transport revenue grant funding was applied here which improved the outturn position</p> <p>In addition, Winter Service resulted in a pressure of £0.221m due to an unusually early onset of winter conditions.</p>
(1,361)	Transport Projects and Engineering	Main surplus is in public transport of £0.900m because of BSIP, Bikeshare are reporting a £0.168m pressure against their unsupported borrowing which is offset largely by Coast Protection surplus of £0.212m owing to their capital schemes taking pressure off revenue budgets for this year. Local Flood Risk management also reported surplus of £0.135m due to high vacancies in team halting work from progressing.
(172)	Regulatory Services	Surpluses because of staffing vacancies within current structure. Regulatory services are currently undergoing a restructuring and the forecast will be revised once the restructure is filled.
(186)	Director of City Infrastructure	Reported as part of other lines in year
Culture & Environment		
(258)	Venues and Events	Forecast surplus income to the Brighton Centre £0.374m. Offset by pressures Outdoor Events of £0.124m.
(330)	Seafront Services	Surplus Seafront income, vacancies held and one-off use of Strategic CIL on eligible seafront spend.
584	Museum and Culture	Pressure relating to the NJC arrangements with the Royal Pavilion Museums Trust under a contractual obligation.
194	Bereavement	Income pressure in Bereavement Services mostly related to forecast cremations.
(894)	Sport and Leisure	Underspends from surplus Leisure Management Fee income, switch funding from DRF to borrowing and Golf Course contracts

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
(905)	City Parks	Management of vacancies across the service because of the vacancy controls in place and one-off use of Strategic CIL on eligible spend related to trees.
19	Director Environment and Cult	Minor variances.
Environmental Services		
(1,749)	Environmental Services	£0.371m underspend due to vacancy controls within Collections service and Streets Cleansing following staffing expenditure across Environmental Services reviewed and recoded. £0.272m underspend from controlled expenditure including on bin replacements and litter clearing. £0.306m surpluses in commercial and green waste collections due to increased customers. Applying a further £0.766m of the Food Waste Transitional grant to eligible spend within wider Environmental Services.
1,707	Fleet & Maintenance	Overspend on Refuse/Recycling collection vehicle hire of £0.612m in addition to ongoing maintenance charges of £0.343m and other vehicle costs in keeping an ageing fleet operational. Pressure of £0.312m for ensuring Hollingdean Depot remains operational due to the condition of the site. Capital financing costs for fleet procurement is £0.435m overspent and is caused by vehicle renewals in recent years and the additional costs from the transition to electric vehicles. An action plan has been developed to take longer term actions to address spend in this area and deliver a more resilient service for residents. Staffing expenditure across Environmental Services have also been reviewed and recoded leading to changes in the previously forecast positions.
(615)	Strategy and Service Improvement	Underspends due to held vacancies and spending controls. Further underspends of £0.376m resulting from difficult to fill vacancies in maintaining public conveniences. Staffing expenditure across Environmental Services have also been reviewed and recoded accounting for changes in forecast positions.
17	Director of Environmental Services	Minor Variances.
Place		
135	Director of City Operations	Overspend relating to prior year corporate savings yet to be allocated
3	Director of Place	Minor Variances.
(221)	Development Planning	Underachievement of Building Control income due to uncertainty in the development and finance markets, whilst Planning application income are currently forecast to overachieve budgets. Also, anticipated legal fee and consultants overspends relating to “Business as Usual” activities greater than budget. Biodiversity Net Gain (BNG) grant award offsetting costs as well as further offsets from staffing underspends from held vacancies and other

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
		supplies & services underspends as part of spending controls. These are offset by estimated costs relating to the claim of legal costs regarding a planning appeal.
159	Regeneration	Black Rock borrowing costs offset by rental income from the site.
(173)	Net Zero	Underspends due to vacancies and spending controls.
320	Architecture & Design	Reduced level of Architects' fees, through a reduction in projects during 2025/26.
Digital Innovation		
(1,055)	Digital Innovation	The underspend reflects reduced replacement mobile device spend following the new eligibility process and increased re-use, plus in-year savings on telephony and other contracts (year 1 funded from capital). These are partly offset by inflationary uplifts and changes to licensing models. Salary underspends from vacant posts continue, but vacancies (including 5 in Traded Services) are impacting delivery and the ability to meet existing SLAs.

Central Hub

Revenue Budget Summary

Forecast Variance Month 9 £'000	Service	TBM Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %	2025/26 Savings Proposed £'000	2025/26 Savings Achieved £'000	2025/26 Savings Unachieved £'000
(488)	Cabinet Office	1,611	1,146	(465)	-28.9%	100	100	0
149	Corporate Leadership Office	967	1,087	120	12.4%	0	0	0
1,064	Finance & Property	7,453	8,604	1,151	15.4%	655	610	45
(455)	Governance & Law	5,468	4,962	(506)	-9.3%	132	120	12
(492)	People & Innovation	17,017	15,404	(1,613)	-9.5%	289	225	64
68	Contribution to Orbis	2,924	2,900	(24)	-0.8%	115	115	0
(154)	Total Central Hub	35,440	34,103	(1,337)	-3.8%	1,291	1,170	121

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Cabinet Office		
(208)	Economic Development	Underspends on the Greater Brighton Economic Board (£0.241m) and other minor items, partly offset by staffing-related variances (£0.095m).
(224)	Policy	The underspend mainly relates to staffing savings of £0.102m and reduced subscription costs of £0.106m.
(33)	Tourism and Marketing	Higher-than-anticipated income generated by the service.
Corporate Leadership Office		
120	Leadership Support	Pressures on professional fees, recruitment expenditure, and staffing costs associated with service redesign, including other minor underspends.
Finance & Property		
(743)	Building Surveying	Primarily due to the reprofiling of some works to capital, along with savings in planned maintenance and operational costs (£0.719m). This position is further supported by overachievement in surveyors' income (£0.227m) and other small savings across the service, which are partially offset by budget pressures relating to landlord charges of £0.244m.

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
(43)	Education Property Management	The underspend reflects small savings and increased income across the service.
1,681	Estates Management	This position is primarily driven by lost rental income resulting from the decanting of New England House (£1.403m), together with void-related costs including National Non-Domestic Rates (NNDR) and fire safety waking watch arrangements. These pressures are partially offset by redistributed Local Enterprise Partnership (LEP) funding of £1.190m. Further pressures include £0.199m within the agricultural estate and £0.094m of income pressure at Bartholomew House, where rental income has not yet met targets. This is despite the successful leasing of the 3rd and 4th floors, which has helped reduce operating costs as these are now borne by tenants. The commercial portfolio is reporting a £0.088m pressure due to voids and rent-free periods for new tenants, while Phoenix House is showing a £0.202m pressure, also driven by voids and rent-free period.
(400)	Financial services	This position reflects a combination of planned staffing savings of £0.025m, receipt of the Redmond Review audit grant (£0.098m), and the flexible use of capital receipts, which enabled the capitalisation of staffing costs relating to transformation activity (£0.135m). In addition, there was a one-off income benefit of £0.167m arising from the settlement of the truck cartel class action as well as income from other bodies £0.083m. These favourable movements were partially offset by overspends on consultancy and professional fees of £0.108m.
(26)	Procurement	The service is reporting a £0.026m underspend resulting from savings in purchase of computer hardware.
671	Welfare Revs and Busi Support	The Welfare Revenues and Business Support (WRBS) Service is reporting an outturn overspend of £0.671m. This position is driven by a combination of pressures, including the re-procurement of the HR system iTrent, incorporating an additional data analytics module and increased software costs (£0.358m). The service is also reporting staffing-related pressures totalling £0.916m, comprising £0.341m of agency spend to support Council Tax, Housing Benefit, and the clearing of scanning and indexing backlogs, alongside a £0.168m overspend on postage. Further pressures include a £0.059m reduction in income from schools and an underachievement in court cost recovery of £0.125m. These pressures have been partially offset by £0.286m of non-government income and the alternative use of other income streams, including releasing of £0.126m of fairness funding, reducing the overall net overspend position
11	Insurance Administration	Undertaking of the Insurance Fund review, which the council is required to undertaken biannually to ensure liability and risks are adequately understood.
Governance & Law		

Appendix 4 – Revenue Budget Performance

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
(59)	Democratic Services	A range of small savings across the service.
(184)	Legal services	A combination of income generation, staffing savings, the capitalisation of some transformation costs through the flexible use of capital receipts, and other smaller savings across the service
(8)	Elections	The service is reporting a £0.008m underspend, reflecting small in-year savings across the service.
(214)	Registrations Services	The service is reporting a £0.214m underspend, driven by income overachievement (£0.096m) and staffing savings (£0.118m).
(49)	Local Land Charges	The underspend is mainly due to the delayed transfer of functions to HM Land Registry (HMLR).
59	Mortuary Services	This pressure is primarily driven by staffing regularisation costs, professional fees, and some smaller overspends across the service.
(51)	Coroner Services	This underspend is primarily due to the renegotiation of shared service cost apportionment with West Sussex County Council (WSSCC) in Brighton & Hove City Council's favour, along with lower-than-expected recharges resulting from vacancies held within the shared service.
People & Innovation		
(335)	Facilities & Building Services	This position reflects a range of mitigation measures within the service, primarily driven by staffing cost savings from holding vacancies as part of service redesign (£0.283m), income generation from the corporate refuse collection and recycling contract (£0.123m), an underspend on the corporate premises concierge service (£0.068m), and other smaller savings across the service. These savings are partially offset by increased utility costs, resulting in an overspend of £0.210m, alongside other minor pressures within facilities and building services.
(2)	Strategic Comms and Engagement	This small underspend reflects the impact of the capitalising transformation costs linked to the council's transformation programme (£0.054m), partially offsetting budget pressures within the service.
(473)	HR and Advisory	This position reflects a combination of factors, including the capitalisation of transformation costs linked to the council's transformation programme (£0.290m), staffing cost savings of £0.076m, recruitment income of £0.093m, and other small savings across the service.
(221)	Learning and Org Development	This underspend is largely due to the capitalisation of transformation costs linked to the council's transformation programme (£0.111m), alongside underspends in Equality, Diversity and Inclusion initiatives (£0.072m) and other savings across the service.

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
(582)	Innovation	Innovation Service is reporting a £0.582m underspend, largely because of the capitalisation of transformation costs linked to the council's transformation programme of £0.440m. The underspend is further supported by vacancy savings and the pausing of all non-statutory improvement work, contributing an additional £0.142m.
Contribution to Orbis		
(24)	Contribution to Orbis	The position reflects better-than-anticipated performance across services within the partnership.

Centrally-held Budgets

Revenue Budget Summary

Forecast Variance Month 9 £'000	Service	TBM Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
195	Bulk Insurance Premia	4,348	4,561	213	4.9%
(3,733)	Capital Financing Costs	7,548	3,571	(3,977)	-52.7%
0	Levies & Precepts	249	249	0	0.0%
(1,747)	Unallocated Contingency & Risk Provisions	1,773	0	(1,773)	-100.0%
(496)	Unringfenced Grants	(28,375)	(28,365)	10	0.0%
5,640	Housing Benefit Subsidy	699	5,769	5,070	725.3%
(580)	Other Corporate Items	(1,378)	1,456	2,834	205.7%
(721)	Total Centrally-held Budgets	(15,136)	(12,759)	(2,377)	15.7%

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Bulk Insurance Premia		
213	Bulk Insurance Premia	Settlement of insurance claims
Capital Financing Costs		
(3,977)	Financing Costs	Previous year outturn and subsequent review of the capital programme have resulted in slippage and reprofile of the capital programme has reduced the in-year borrowing need resulting in an underspend in the current financial year. In addition, the council continues to maximise its internal reserves to meet its capital financing requirement, which, while limiting investment returns, will delay the need to externally borrow during a time of elevated borrowing rates and reduce in year borrowing costs.
Unallocated Contingency & Risk Provisions		
(1,747)	Risk Provision	Release of centrally held risk provision to support in year position.
(26)	Contingency	Release of unallocated contingency budget.

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
Unringfenced Grants		
10	S31 Business Rates Retention (BRR) compensation grants	Due to timing differences between the business rates collection fund and the general fund there is a variance of £0.010m for a shortfall in S31 BRR compensation grants.
Housing Benefit Subsidy		
5,070	Housing Benefit Subsidy	There was an initial pressure of £0.914m on Housing Benefit Subsidy most of which related to a pressure of £1.081m on a certain benefit type for vulnerable tenants in supported accommodation which is only subsidised at 60%. An audit in 2025/26 identified procedures had overlooked a key criterion in determining vulnerability in supported accommodation claims. This is partly due to the migration from legacy benefits to Universal Credit, with the distinction around employment vulnerability less clear. Up until this point, all these claims, whether or not they were eligible for Limited Capability for Work had been receiving 60% subsidy. However, if a claimant was not in receipt of the Limited Capability for Work component of Universal Credit, the claims should have received 0% subsidy, meaning the council has to bear the full cost of the Housing Benefit paid to the tenant over the Rent Officer Decision. This issue has resulted in additional pressures of £1.645m in respect of 2024/25 and £2.328m in 2025/26, both of which will need to be recognised in 2025/26. A recovery plan is in place to minimise the ongoing housing benefit subsidy losses.
Other Corporate Items		
803	2025/26 Pay Award	Additional cost of 2025/26 pay award above amount provided for in budget.
(297)	Corporate Pension Costs	An underspend of £0.177m on the unfunded pension costs budget. Of this, £0.085m relates to an overpayment in respect of 2024/25 and £0.092m is an in-year underspend. Over achievement of £0.118m on National Insurance savings on AVC scheme.
974	Functional Alignment	At this stage £0.974m of the 2024/25 functional alignment saving is forecast to be at risk.
95	Other VFM Savings	Unachieved balance of savings from previous years.
71	Public Health contribution to General Fund services	Achievement of these savings is now reflected in FCW forecasts.
(1,673)	Review of Reserves	Release of unrequired reserves and provisions of £1.109m identified in the December budget report plus release of other reserves: ICT reserves of £0.362m, unallocated sums held in working Balance of £0.120m, Travellers site capital reserve of £0.079m and other minor items of £0.003m.
(1,125)	Repayment of Working Balance	Delayed repayment of working balance due in 2025/26
3,917	General Risk Reserve	NEED TO ADD SOMETHING ABOUT £3.917M RISK RESERVE CREATION
(320)	Innovation Funding	Application of Innovation Funding at a corporate level.

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
216	Corporate Bad Debt Provision	Increased contribution to the corporate bad debt provision.
165	Restructure & Redundancy Reserve	Revenue funding of Restructure & Redundancy Reserve.
8	Other items.	Minor variances

Appendix 4 – Revenue Budget Performance

Housing Revenue Account (HRA)

Revenue Budget Summary

Forecast Variance Month 9 £'000	Service	TBM Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %	2025/26 Savings Proposed £'000	2025/26 Savings Achieved £'000	2025/26 Savings Unachieved £'000
(449)	Repairs & Maintenance	21,394	20,159	(1,235)	-5.8%	(1,555)	(1,509)	46
(228)	Tenancy Services	16,241	15,729	(512)	-3.2%	(170)	(170)	0
10	Housing Management & Support	6,912	6,842	(70)	-1.0%	0	0	0
2,074	Housing Investment & Asset Management	3,462	6,002	2,540	73.4%	(184)	(184)	0
(156)	Housing Strategy & Supply	1,878	1,551	(327)	-17.4%	(145)	(145)	0
273	Council-owned Temporary Accommodation	1,072	1,765	693	64.6%	0	0	0
(442)	Rent & Service Charges	(76,980)	(77,297)	(317)	-0.4%	(164)	(164)	0
1,081	Service Area Total	(26,021)	(25,249)	772	3.0%	(2,218)	(2,172)	46
(0)	Capital Financing Costs	9,337	8,873	(464)	-5.0%	0	0	0
(235)	Direct Revenue Funding	16,684	16,754	70	0.4%	(250)	(250)	0
846	Total Housing Revenue Account	0	378	378	0.0%	(2,468)	(2,422)	46

Explanation of Key Variances

Key Variances £'000	Subjective Area	Variance Description
Repairs & Maintenance		
(2,117)	Employees	Increased capitalisation of salary costs, largely in respect of the Electrical Installation Condition Report (EICR) programme and review of staff time spent on capital projects. The underspend equates to approximately 20% of the net salary budget.
1,216	Premises	Good progress continued to be made in clearing the backlog, but the service has seen an increase in the volume of works being undertaken each month, largely from new regulations around condensation and damp.

Appendix 4 – Revenue Budget Performance

Key Variances £'000	Subjective Area	Variance Description
1,671	Supplies and Services	The service continued to experience significant costs arising from disrepair claims during the year.
(2,005)	Contribution from earmarked reserves	There was an allocation from earmarked reserves of £1m for disrepair claims as set aside in the 2025/26 budget and £1.005m to was allocated from the repairs backlog reserve to cover the latest estimated costs.
Tenancy Services		
112	Employees	There was a net overspend against the staffing budget.
(333)	Premises	There was an underspend of approximately £0.495m against utility costs, offset by a net overspend against other premises costs across the service.
(308)	Supplies & Services	There was a one-off reduction in the planned contribution to the General Needs rent bad debt provision, following confirmation that the Leasehold bad debt provision is no longer required and was transferred in-year.
17	Third Party Payments	Minor net variance.
Housing Management & Support		
(132)	Employees	There was a net underspend forecast against staffing costs, mainly because of revised costs compared to budget setting assumptions.
(37)	Premises	Minor net variance.
99	Supplies & Services	There was an overspend against professional fees.
Housing Investment & Asset Management		
(278)	Employees	There was an underspend against the salaries budget, mainly relating to number of vacancies across the year.
638	Premises	There was an overspend against Compliance servicing and maintenance budgets.
2,816	Supplies & Services	Enhanced building safety measures for a few of our blocks, with significant costs arising from a 24-hour security service to help manage items being taken into the building and to support with floor walks and maintaining clear egress and exits to the building.
(636)	Income	Increased income from leasehold service charges, compared to budget assumptions.
Housing Strategy & Supply		
(388)	Employees	Increased capitalisation of salaries, compared to budget assumptions
61	Supplies and Services	Minor net variance.
Council-owned Temporary Accommodation		
74	Employees	Minor net variance.

Appendix 4 – Revenue Budget Performance

Key Variances	Subjective Area	Variance Description
729	Premises	Council-owned Temporary Accommodation can by its nature be volatile. There was a significant overspend in respect of empty properties and repairs costs, reflecting additional costs in respect of void costs for Large Panel Systems (LPS) units.
(110)	Supplies and Services	There was an underspend against the Transfer Incentive Scheme budget
Rent & Service Charges		
(317)	Rents & Service Charges	The income budget was approximately £77m for the financial year and there was a minor over-achievement of £0.310m (equating to 0.4%).
Capital Financing Costs		
(464)	Capital Financing costs	There was an underspend against financing costs, based off capital spend and timing of when borrowing was undertaken.
Direct Revenue Funding		
70	Depreciation	Minor net variance.

Dedicated Schools Grant (DSG)

Revenue Budget Summary

Forecast Variance Month 9 £'000	Service	TBM Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Individual Schools Budget (ISB)	153,748	153,748	0	0.0%
(710)	Early Years Block (excluding delegated to Schools) <i>(This includes Private Voluntary & Independent (PVI) Early Years 3 & 4 year old funding for the free entitlement to early years education)</i>	40,580	39,535	(1,045)	-2.6%
2,366	High Needs Block (excluding delegated to Schools)	34,356	36,487	2,131	6.2%
52	Exceptions and Central Services	3,663	3,659	(4)	-0.1%
680	Grant Income	(233,027)	(232,347)	680	0.3%
2,388	Total Dedicated Schools Grant (DSG)	(680)	1,082	1,762	259.1%

Explanation of Key Variances

Key Variances £'000	Service Area	Variance Description
Early Years Block (including delegated to Schools)		
(176)	Central Early Years Block	Central Early Years Block funding not committed
(254)	Early Years Additional Support Funding	Over provision of budget for Additional Support Funding for Under 2s
(615)	Early Years Free Entitlement	Underspends following spring term early years census
High Needs Block (excluding delegated to Schools)		
806	Post-16 High Needs	There has been a significant increase in the number and cost of high needs learners accessing FE colleges and specialist post-19 provision in the last year and there has also been a movement of high needs learners moving into the city with responsibility for education falling to Brighton and Hove.
680	High needs pupils in other LA schools	There is an overspend in the budget relating to high needs pupils being educated in schools in other LAs. This is partly due to the lack of specialist provision within the city and has also been impacted by the closure of Homewood College, which has meant specialist

Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance Description
		Social Emotional Mental Health placements are now being made in schools/academies in other LAs.
908	Independent non maintained school agency placements	The Independent non-maintained school agency placements budget continues to be under pressure due to increasing demand, higher unit costs and a lack of suitable local provision. This budget also funds provision for education other than in schools and there has been a significant increase in demand in this area
90	Brighton and Hove Special School Placements	Current placements in the city's special schools in excess of commissioned numbers.
(192)	Inclusion Support Services	Expected underspend due to funding contribution to Early Years team from Early Years Block
(161)	Other	Other variances
Exceptions and Growth Fund		
(4)	Other	Minor variances
Grant Income		
680	DSG Grant	2024/25 central DSG overspend held in unusable reserve

Appendix 5 – Year-end Carry Forward Requests

Directorate	Unit	Details	Proposed Carry Forward Amount £'000
Non-Grant Funded Areas			
FCW	Commissioning & Communities	BHCC host the Brighton & Hove Safeguarding Children Partnership (BHSCP) budget. The local authority, NHS Sussex and Sussex Police provide the majority of the budget funding. The budget pays for the business support team functions, training, independent scrutiny costs and independent practice review work. The Lead partners agreed a supplemental MOU (in addition to the BHSCP's published arrangements) which enable a budget carry forward per annum. Carry forward is recommended as it consists of pooled funds from partners.	130
FCW	Family Help & Protection	The BHCC Transforming Care Autism and Learning Disabilities Keyworker Team are funded by the ICB as part of the NHS long-term plan to reduce unnecessary Tier 4 hospital admissions within this demographic. The carry forward, of NHS ICB funding, has been agreed by the NHS and these funds have been earmarked to support early intervention in social care for this demographic to promote positive engagement with the community and reduce the risk of declining mental health and unnecessary pressure and strains within family units. Carry forward is recommended as it consists of funds contributed by the NHS who have agreed its use in 2026/27.	217
HASC	Commissioning and Partnerships	The Brighton and Hove Safeguarding Adults Board (BHSAB) budget has continued to be funded via multi agency contributions from the three statutory partners; BHCC, Sussex Police & Brighton & Hove ICB. Carry forward is required to meet ongoing commitments and in accordance with the partnership. Carry forward is recommended as it consists of pooled funds from partners.	167
Central Hub	Finance & Property	Fairness Fund: A proportion of the unused fairness fund will be required as the result of ongoing cost of living pressures for vulnerable residents which is unlikely to reduce due to the Iran war and the impact on fuel, utilities prices and wider inflation.	115
Central Hub	Cabinet Office	Greater Brighton Economic Board (GBEB) funds are made up of funding contributions from the constituent Board members, i.e. the 7 local authorities, and the business partners (the FE & HE education providers, NHS Sussex ICB and the South Downs National Park Authority). The pooled contributions, (which are held on behalf of GBEB by BHCC) represent funds that support the GBEB work-plan and budget for 2026/27 as approved by the Board on the 25 March 2026. This carry forward request is to ensure that this pooled funding is safeguarded, as	157

Appendix 5 – Year-end Carry Forward Requests

Directorate	Unit	Details	Proposed Carry Forward Amount £'000
		it will be used to deliver the work programme in 2026/27. Carry forward is recommended as it consists of pooled funds from partners.	
Total Non Grant Funded areas			786
Grant Funded Areas			
FCW	Education & Learning	ICB Mental Health Transformation Funding. The underspend of the NHS grant funding is primarily due to difficulties in recruitment arising from the vacancy freeze. At present, only two Emotional Mental Health Practitioners (EMHPs) within the service are fully qualified to provide the mandatory regular supervision required by EMHPs. To relieve this pressure, a business plan has been developed to utilise the underspend to fund the training of an additional supervisor. The underspend will also be used to address higher-than-budgeted national pay awards and to ensure that salary increments for existing staff are fully and appropriately costed. In addition, family support hours will be increased, and existing mentoring commissions will be maintained. Although the NHS has confirmed that the grant funding will continue, funding for EMHP training costs will not be extended. As a result, should the need arise, the underspend will be allocated to cover the costs associated with trainee EMHPs. Carry forward is recommended as this grant funding is ringfenced exclusively for Mental Health Support Teams and is received directly from the NHS. The NHS has also confirmed that this funding can be carried forward into future financial years.	503
FCW	Family Help & Protection	Young Futures Grant. As per the conditions in the Grant Determination document for the £0.100m funding allocated for Stage 1, any unused funding can roll over to support Stage 2 implementation costs with DCMS approval. Carry forward is recommended as the DCMS have approved BHCC's Implementation Plan which contained the £0.025m underspend assigned to Workforce Development.	25
FCW	Family Help & Protection	Family Hub Transformation funding. As outlined in the grant conditions, local authorities are expected to spend each year's allocation within the financial year it is received. Carry forward of this grant is recommended as the DfE have agreed that as BHCC have provided a clear rationale and confirmed the activity remains in scope and deliverable, we may continue with the planned activity into next year. This plan consists of additional building and refurbishment work at the Hollingdean Family Hub and installation of air conditioning units at the Tarner Family hub.	22

Appendix 5 – Year-end Carry Forward Requests

Directorate	Unit	Details	Proposed Carry Forward Amount £'000
FCW	Public Health	<p>The current underspend in 2025/26 is largely attributable to in-year savings from staff turnover, vacancies, and the restructuring of the Public Health team, alongside efforts to support the councils in year spending controls. The full-year savings will be realised in 2026/27 and has been re-allocated as permanent funding to other council services.</p> <p>The Public Health team currently retain 2% (£0.440m) as reserves, for contingency and emergencies and to mitigate risk of overspend which is included in final underspend figure, this falls short with DHSC recommendation at approximately 5% of the grant value.</p> <p>For 2026/27, £0.200m has been allocated to other areas of the council reducing pressure on the General Fund and £0.200m within Public Health services, both will support Mental Health, supporting suicide prevention, and sexual health priorities.</p> <p>The remaining 2% will be held as reserves, as outlined above.</p>	991
City Ops	City Infrastructure	Balance of 2025/26 Consolidated Active Travel Fund allocation of £0.228m. Under the terms of the grant this balance must be spent by 30 September 2026 and therefore carry forward is recommended in order to provide funding certainty and enable planning work to commence in order to deliver the capital works.	87
Central Hub	Cabinet Office	Coast to Capital Growth Hub - Department for Business & Trade (DBT) grant received from WSCC (the accountable body). Carry forward of the funds received from WSCC is recommended to support delivery of DBT funded activity in 2026/27, where programme commitments and spend profiles extended beyond the financial year and expenditure could not be fully incurred within 2025/26.	69
Central Hub	Finance and Property	SGN Warmth for Wellbeing Grant - the SGN grant to supplement Crisis & Resilience Fund (CRF) monies. This will help support residents facing hardship in relation to their utilities, such as direct financial support, energy advice and efficiency, and other support. Carry Forward is recommended as CRF monies are limited so this will enable the council to help more residents.	126
Central Hub	People & Innovation	DfE Step Up to Social Work funding - funding received from DfE for Cohort 9 of "Step Up" programme. This funding is for Step Up PGDip qualifying programme fees through the university of Sussex; partnership includes BHCC (lead partner), ESCC and University of Sussex. The carry forward is recommended to ensure the council is not in breach of DfE grant agreement and unable to fund completion of programme for 15 Step Up trainees.	42

Appendix 5 – Year-end Carry Forward Requests

Directorate	Unit	Details	Proposed Carry Forward Amount £'000
Central Hub	People & Innovation	Assessed and Supported Year in Employment (ASYE) programmes in Children's and Adults Social Work services and Daily Placement Fee from the Department for Health and Social Care - funding received from Skills for Care to support Assessed & Supported Year in Employment for newly qualified social workers (NQSW) in Children's and Adult's services. ASYE runs September to August. Daily Placement fee funding from the DHSC paid via the universities of Brighton and Sussex for supporting students on placement. Carry forward is recommended to ensure the council is able to fund Professional Education Consultant (PEC) posts coordinating placements and the ASYE programme. Not doing so could result in Newly Qualified Social Workers (NQSW's) failing to complete and unable to be confirmed in post and students being unable to complete placements and therefore unable to qualify as Social Workers.	76
Central Hub	People & Innovation	This is DfE grant funding towards Apprenticeships in Children's Services. This can be used for funding PEC posts within Children's services for next financial year. Carry forward is recommended to ensure the council is able to fund Professional Education Consultant (PEC) posts coordinating placements and the Apprenticeship programme. Not doing so could result in NQSW's failing to complete and unable to be confirmed in post and students being unable to complete placements and therefore unable to qualify as Social Workers.	17
Total Grant Funded Areas			1,958
Total Carry Forward Requests			2,744

Savings Monitoring 2025/26

Directorate	2025/26 Savings Proposed £'000	Savings Achieved £'000	Savings Unachieved £'000	Savings At Risk As a % Of Net Budget £'000
Families, Children & Wellbeing	3,460	2,311	1,149	1.5%
Homes & Adult Social Care	9,256	5,322	3,934	3.3%
City Operations	1,782	1,463	319	0.8%
Central Hub	1,291	1,170	121	0.3%
Total Directorate Savings	15,789	10,266	5,523	2.1%

Explanation and Mitigation of Unachieved Savings

Directorate £'000	Savings Unachieved	Explanation and Mitigation Strategy
Families, Children & Wellbeing	1,149	The unachieved savings predominantly related to placements for children in care (£1.116m). This is the result of a relatively small number of children with extremely high cost placements due to their complex needs and requirement for specialised care. In addition, the prevailing market conditions have made the current framework contracts unattractive to providers and have resulted in the necessity to make more placements outside of the framework contract at higher rates. A further compounding factor is the ongoing difficulty in recruiting foster carers. The shortage of foster carers makes it problematic to place children in family settings, whether in-house or with external providers, forcing the need for more expensive care options.
Homes & Adult Social Care	3,934	The total unachieved savings for Adult Social Care are £2.816m. This is primarily due to negotiations with large care providers who have asked for a review using the agreed CareCubed tool, as well as in-year delays for service redesign programmes however, it is anticipated that the full-year effect savings will still be realised in 2026/27. For Housing, unachieved savings total £1.118m. This position reflects the limited availability of affordable properties and a trend of landlords exiting the market. There remain ongoing risks associated with managing out-of-area placements, supporting resident relocations, addressing low vacancy rates and ensuring landlord compliance.
City Operations	319	Most of the savings unachieved for City Operations primarily relate to income opportunities within Parking Services and City Parks and service redesigns across other service areas. The savings linked to income generation are dependent on the economy and as such will remain a risk for the foreseeable.
Central Hub	121	The savings unachieved for Central Hub primarily relates to VisitBrighton (£0.100m). Reduced promotion of B&H resulted in fewer conferences and reduced incomes for VisitBrighton, hotels and venues which offset the savings. The other elements relate to coroner and registration services where BHCC has submitted proposal to West Sussex County Council to reduce its recharge for the services as well as Estates Management for Slipper Baths as a result of the time delay and costs in disposal of the property
Total General Fund	5,523	

Appendix 7 – Capital Programme Performance

The Capital programme spans more than one financial year and therefore monitoring is different to that of the revenue budget. Changes to the programme are assessed using the categories:

- i) **Variance:** indicates whether a project or scheme has broken-even, underspent or overspent. If the project is completed, any underspend or overspend will be an outturn variance. Generally, only explanations of significant forecast variances of £0.100m or greater are given.
- ii) **Budget Variations:** Changes to the project budget within year, requiring members' approval, and do not change future year projections. Budget variations can occur for a number of reasons; the capital grant or external income may in year, or the forecast of the budget could change requiring an increase in budget for additional funding received to cover additional costs.
- iii) **Slippage:** This indicates whether or not a scheme or project is on schedule. Slippage of expenditure from one year into another will generally indicate overall delays to a project although some projects can 'catch up' at a later date. IT is common to have some slippage due to a wide variety of factors affecting capital projects, however substantial amounts of slippage across a number of projects could result in the council losing capital resources (e.g. capital grants) or being unable to manage the cashflow or timing impact of later payments or related borrowing. Wherever possible, the council aims to keep slippage below 5% of the total capital programme.
- iv) **Reprofiling:** Moving a project or scheme budget from one year into another resulting from changes or delays to implementation timetables due to unforeseeable reasons outside the council's direct control. Reprofiling requests are reviewed to ensure there is no impact on the council's capital resources before they are recommended to Cabinet.
- v) **IFRS changes:** Accounting adjustments, which are only applied at year-end and are necessary for the council to comply with International Financial Reporting Standards (IFRS) for the Statement of Accounts. This concerns the determination of items of expenditure as either capital or revenue expenditure. Only items meeting the IFRS definition of capital expenditure can be capitalised; expenditure not meeting this definition must be charged to the revenue account.

Families, Children & Wellbeing – Capital Budget Summary

Forecast Variance Month 9 £'000	Unit	Reported at Other					
		Reported Budget Month 9 £'000	Committees/ IFRS Changes £'000	Schemes £'000	Variations, New Slippages & Reprofiles £'000	Reported Budget Month 12 £'000	Provisional Outturn £'000
0	Family Help and Protection	517	0	0	64	581	581
0	Education and Learning	21,152	109	0	(13,900)	7,361	7,361
(42)	Schools	186	0	0	(103)	83	83
0	Commissioning and Communities	140	0	0	(140)	0	0
(42)	Total Families, Children & Wellbeing	21,995	109	0	(14,079)	8,025	8,025

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	Amount £'000	Project	Description
Family Help and Protection			
Variation	64	Residential Project Ireland Lodge	Variation to budget of less than £0.100m
Education and Learning			
IFRS Changes	109	Devolved Capital Adjustments	See first page of this appendix for a general explanation of IFRS changes.
Reprofile	(6,087)	High Needs Provision Capital	This budget covers several on going projects within the Education capital programme which was underspent for 25/26. Budget is to be reprofiled into future years pending confirmation of detailed scope to be received from the schools and Education service.
Reprofile	(5,519)	New Pupil Places (Basic Need)	Budget is to be reprofiled into future years pending confirmation of detailed scope to be received from the schools and Education service.
Reprofile	(1,587)	Education Capital Maintenance 2025/26	Some Education Capital maintenance projects span the 12-month financial year in which they are approved by the committee. Others extend over two

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
			to three years due to the complexity and nature of the work. To ensure their completion, the remaining work requires a reprofiling of funds into 2026-27.
Reprofile	(387)	Education Capital Maintenance 2024/25	Some Education Capital maintenance projects span the 12-month financial year in which they are approved by the committee. Others extend over two to three years due to the complexity and nature of the work. To ensure their completion, the remaining work requires a reprofiling of funds into 2026-27.
Reprofile	(150)	Devolved Formula Capital 2025/26	Delay due to waiting for schools to reclaim funds for works done.
Reprofile	(155)	Various schemes	Reprofiles of budget less than £0.100m: (£0.052m) Devolved Formula Capital - previous years (£0.047m) Education Capital Maintenance - previous years (£0.046m) Childcare Expansion Capital Grant (£0.010m) Universal Free School Meals
Variation	(15)	High Needs Provision Capital	Variation to budget of less than £0.100m
Schools			
Reprofile	(103)	Cardinal Newman 4G Pitch & Changing Rooms	Reprofile of budget required to cover the retention payment which has been delayed.
Commissioning and Communities			
Reprofile	(125)	East Sussex Credit Union Loan	The legal due diligence and paperwork to support the variation has taken longer than anticipated and therefore this will be incurred in 2026/27.
Reprofile	(15)	Libraries Self-Service Renewal	Reprofile of budget less than £0.100m

Homes & Adult Social Care (excluding Housing Revenue Account) – Capital Budget Summary

Forecast Variance Month 9 £'000	Unit	Reported at Other			Variations, Slippages, & Budget Reported		Provisional Outturn £'000
		Reported Budget Month 9 £'000	Committees/ IFRS Changes £'000	New Schemes £'000	Reprofiles £'000	Month 12 £'000	
0	Adult Social Care	6,630	0	0	(45)	6,585	6,585
0	Homes & Investment	2,898	0	0	(988)	1,910	1,910
0	Housing People Services	1,002	0	0	(95)	907	907
0	Total Homes & Adult Social Care	10,529	0	0	(1,128)	9,402	9,402

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	Amount £'000	Project	Description
Adult Social Care			
Reprofile	(164)	New Steine Mews – Health and Safety Works	Reprofile of budget to next year due to additional work and complexity discovered at project outset when works began.
Reprofile	10	Various schemes	Reprofile of budget less than £0.100m: (£0.018m) Telecare (Better Care Fund/DFG) £0.028m Knoll House Building Works
Variation	109	Various schemes	Variations to budget of less than £0.100m: (£0.008m) Relocation of Independence at Home Service £0.081m Adaptations to Homes of Disabled People (Better Care

Appendix 7 – Capital Programme Performance

			Fund/DFG) £0.036m Knoll House Building Works
Homes and Investment			
Slippage	(816)	Disabled Facilities Grants (Better Care Fund)	The delay in works was primarily due to resourcing issues and prolonged recruitment processes. These vacancies have now been filled and the works are back on track, with the project progressing in line with the revised schedule.
Reprofile	(111)	Housing Needs IT System	Budget reprofiled for the implementation phase of the project, to complete in April 2027.
Variation	(61)	Various schemes	Variations to budget of less than £0.100m: (£0.080m) Disabled Facilities Grants £0.019m Warm Safe Homes Grant
Housing People Services			
Reprofile	(494)	Travellers Site Fund	Delay to project due to architect and design process taking longer than expected. Work is due to start in June 2026, therefore budget reprofiled to 2026/27 for refurbishment works to the site.
Variation	399	LDV On-Going Costs - Community Homes (B&HSCH)	Repairs team is catching up on the backlog, overspend is due to additional work being done in 2025/26

City Operations – Capital Budget Summary

Forecast Variance Month 9 £'000	Unit	Reported Budget Month 9 £'000	Reported at Other Committees/ IFRS Changes £'000	New Schemes £'000	Variations, Slippages & Rerefiles £'000	Reported Budget Month 12 £'000	Provisional Outturn £'000
0	City Infrastructure	43,905	0	0	(16,540)	27,365	27,365
0	Digital Innovation	5,595	0	0	(1,239)	4,356	4,356
0	Environment and Culture	13,909	0	0	(8,075)	5,834	5,834
0	Environmental Services	10,152	0	0	(6,560)	3,592	3,592
0	Place	10,540	0	0	2,102	12,642	12,642
0	Total City Operations	84,101	0	0	(30,312)	53,789	53,789

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Rerefiles are given below:

Detail Type	Amount £'000	Project	Description
City Infrastructure			
Rerefile	(9,446)	Brighton Marina to River Adur Works	Main works only started in January this year because of delays in planning and signing contract.
Rerefile	(1,837)	Valley Gardens Phase 3 (LTP)	Phase 3 remains on track for completion in summer 2026 and total spend across the project lifetime is forecast to be in line with the budget. However, more of the costs will be incurred in 26/27 than previously anticipated.

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Reprofile	(893)	Real Time Bus Information	Payments withheld following disputes with operator which have recently been resolved. Remaining spend will be released when equipment testing is passed. Project is running 2 years behind schedule.
Reprofile	(801)	Street Lighting Maintenance (LTP)	Project manager had changed which led to delays with planned works.
Reprofile	(404)	Hove Station Footbridge	Budget was used to cover emergency maintenance works in year, but there is uncertainty about the next steps for this project.
Reprofile	(398)	Elm Grove/Queens Park Road	Works continuing into next year, have been delays in starting this work but these have now been resolved and a new timetable drawn up.
Reprofile	(330)	Seafront Heritage Lighting Renewal Programme	Scope of work is still being reviewed but project is now underway.
Reprofile	(230)	Church Street ATF 5	Works began in February, so reprofile of remaining budget.
Reprofile	(176)	Active Emergency Travel Fund - Tranche 2	Scope of work is still being reviewed but project is now underway
Reprofile	(159)	School Streets	Scope of work is still being reviewed but project is now underway
Reprofile	(103)	Citywide Strategic Transport Model	Reprofile of budget required based on consultancy work which hasn't been completed yet.
Reprofile	300	Bridge Strengthening and Assessment	Overspend in respect of Dukes Mound arches work being redrawn, which was addressed by sourcing budget from other underspending projects within City Infrastructure and next years LTP allocation.
Reprofile	(791)	Various schemes	Reprofiles of budget less than £0.100m: (£0.091m) Intelligent Transport Systems Phase 2 (£0.087m) Covered Cycle Racks (£0.087m) Valley Gardens Phase 1&2 (LTP) (£0.085m) Street Lighting

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
			(£0.076m) Middle Street SuDs Primary School (£0.071m) Ultra Low Emissions Taxi Infrastructure Scheme (£0.051m) Structural Maintenance of Carriageways (£0.051m) Integrated Transport Schemes (LTP) (£0.042m) Major Projects (LTP) (£0.041m) Determining Emission Category Citywide Vehicle Fleet (£0.039m) On Street Residential Chargepoint Scheme (£0.022m) DfT Challenge Fund - Western Road (£0.017m) Air Quality Monitoring & Public Engagement (£0.012m) Safer Routes to Schools (£0.006m) Safer Streets Fund Streetlighting (£0.005m) A270 Wild Park Rainscape (£0.005m) Madeira Drive Active Travel Fund 5 (£0.003m) Coldean Primary SuDs in Schools
Slippage	(1,009)	Bus Service Improvement Scheme	Not all project items have been approved to commence, therefore has been reprofiled accordingly.
Slippage	(332)	Active Travel A259	Works continuing into next year
Slippage	(290)	CCTV Expansion & Upgrade	Works continuing into next year
Slippage	(278)	Safer Road Fund Round 3 - A2010 Brighton	Works continuing into next year
Slippage	(130)	Zebra 2 - Zero Emissions Buses	Project is on target, however, the budget profile had not initially been set in line with expected expenditure.
Slippage	(126)	Local Safety Schemes (LTP)	Budget profile had not been set correctly in line with expected expenditure.
Slippage	(125)	Brighton Surface Water Management Assets	Works continuing into next year
Variation	(221)	Integrated Transport Schemes (LTP)	A variation to the budget due to a combination of Project managers being moved around various projects and Section106 monies being applied.

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Variation	(119)	Traffic Signal Obsolescence Grant	Some budget was used to fund other eligible projects.
Variation	674	A259 Kings Road Arches	This project is going to be in receipt of non Local Transport Plan (LTP) related funding and as such has been sectioned out onto its own code to assist monitoring separately.
Variation	340	Bridge Strengthening and Assessment	Overspend in respect of Dukes Mound arches work being redrawn, which was addressed by sourcing budget from other underspending projects within City Infrastructure and next year's LTP allocation.
Variation	250	A270 Wild Park Rainscape	The final grant claim wasn't processed till late in the year (after TBM9), and so there is a timing difference to reflect.
Variation	94	Various schemes	Variations to budget of less than £0.100m: (£0.039m) Active Emergency Travel Fund - Tranche 2 (£0.006m) Structural Maintenance of Carriageways £0.001m Carbon Neutral Fund - small variations across various projects £0.006m National Highways A27 Diversion Improvement £0.014m Brighton Bikeshare Replacement Programme £0.036m Brighton Dome Redevelopment £0.039m Active Emergency Travel Fund - Tranche 3 £0.043m Controlled Parking Schemes
Digital Innovation			
Reprofile	(440)	Local Area Network Refresh	Budget was allocated late in the year, however, further work needs to be undertaken before the project can start, plus Orbis disaggregation has impacted the project.
Reprofile	(168)	Various schemes	Reprofiles of budget less than £0.100m: (£0.088m) Wide Area Network The Link (£0.080m) IT Equipment for Members

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Slippage	(172)	IT&D Projects (Ddat Contingency) - ICT fund	A contingency fund which is used to help support IT&D projects. The funding for this was used to help offset spend on the Turbocharging project until other sources of funding was found for that project.
Slippage	(136)	Customer Digital	The Customer Digital programme underspent this year due to some vacancies and focus on the Turbocharging Digital Innovation initiative. The programme is continuing and the funds carried forward will support the project in 2026/27.
Slippage	172	Digital Innovation (Turbocharging)	Funding was temporarily from existing Digital Innovation budgets for 2025/26 until further funding was found for the Turbocharging project. This is monitored as a separate project to other IT schemes to assist the service with planning their main capital programme, therefore the slippage represents the other funding that is still to be found.
Slippage	(116)	Various schemes	Slippage of budget less than £0.100m: (£0.080m) IT&D FIT Programme (£0.037m) Customer Digital Programme - Comms website (£0.002m) IT&D Data Program £0.003m Laptop Refresh 2023-25
Variation	(421)	Customer Digital	Budget amendment to reflect use of Modernisations funds used for revenue costs associated with the project.
Variation	42	Laptop Refresh 2023-25	Variation to budget of less than £0.100m
Environment and Culture			
Reprofile	(6,429)	Withdean Sports Complex Swimming Pool	Delays in procurement due to tenders received coming in over budget, partially linked to global economic situation.
Reprofile	(648)	Moulseccomb Community Leisure Centre 3G Pitch	Delays linked to external partners as awaiting discharge of pre planning conditions.
Reprofile	(133)	Various schemes	Reprofile of budget less than £0.100m: (£0.066m) Withdean Sports-Soft play Development (£0.049m) Withdean Sports Complex - 3G Development

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
			(£0.020m) Hove Park 3G Pitch replacement (£0.019m) Prince Regent Capital Works (£0.009m) Downland Initiative Programme (£0.009m) Withdean Sports Complex MUGA (£0.001m) Hove Promenade Beach Huts £0.001m Waterhall Sports Ground Pavilion £0.006m Victoria Rec Pavilion £0.033m Parks and Open Spaces Investment
Slippage	(454)	Royal Pavilion Estate (Phase 1)	Complexities of directly managing contractors and lack of information when preparing to carry out work (due to main contractor insolvency in 2023).
Slippage	(229)	Brighton Centre Essential Maintenance	A reprofile of £0.400m was actioned earlier in the year to progress with the VIP hospitality at the Brighton Centre. However, due to Brighton Centre events diary being full, VIP Hospitality was unable to be completed in year and so project will continue into 26/27.
Slippage	(162)	Bear Road Messroom	Project delayed in year due to capacity to deliver project within 25/26. Project will continue into 26/27.
Slippage	(116)	Floral Clock	Project delayed in year due to capacity to deliver project within 25/26. Project will continue into 26/27.
Slippage	(407)	Various schemes	Reprofiles of budget less than £0.100m: (£0.079m) Portslade Sports Centre Gym Extension (£0.073m) Wish Pavilion (£0.057m) Lower Roedale Valley Allotments Trackway Restoration (£0.051m) Stanmer Pavilion (£0.049m) Royal Pavilion Estate Development (Phase 2 Gardens) (£0.033m) Moulsecoomb Allotments Trackway Restoration (£0.033m) The Level - Velo Cafe Building (£0.032m) Stanley Deason Leisure Centre – All Weather Pitch

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Variation	354	Playground Refurbishment programme 2021-2025	Use of other Parks Capital Budgets and identified S106 receipts to support Playground Refurbishment Programme.
Variation	149	Various schemes	Variations to budget of less than £0.100m: (£0.027m) Royal Pavilion Estate (Phase 1) (£0.021m) Parks and Open Spaces Investment (£0.016m) Woodland Creation Scheme (£0.001m) Bear Road Messroom £0.001m Pavilion and Mess Room Refurbishment Programme £0.002m Tennis Courts Upgrade Programme £0.007m Sports Facilities LED Lighting Scheme £0.010m Withdean Sports Complex Swimming Pool £0.012m Royal Pavilion Estate Development (Phase 2 Gardens) £0.031m Brighton Museum & Art Gallery Works £0.053m King Alfred Main Pool Reinforcement £0.098m Levelling Up Fund - Kingsway to the Sea
Environmental Services			
Reprofile	(2,625)	Procurement of Vehicles	Review of vehicle approach to waste collection and implementation of food waste project in year delayed the procurement of new vehicles. Large vehicle orders were made in the year, though have yet to be delivered. A consolidated vehicle replacement programme to bring the age of fleet back on track was agreed at May 2025 Cabinet.
Reprofile	(1,808)	Hollingdean Depot - EV charging installation	A requirement to reapply for the grant and an ongoing review of the project and how it is delivered has caused delays to the project.
Reprofile	(1,631)	Hollingdean Depot Office Accommodation	An ongoing review of the project and how it is delivered has caused delays.
Reprofile	(174)	Weekly Food Waste Collections Capital Grant	Some elements of the introduction to food waste collections relating to containers and associated with vehicle modification has caused delay.

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Reprofile	137	Public Conveniences	Planned action to delay Phase 3 spend until 2026/27 and reprofile budget into future years was achieved, however, remaining built up retention payments for Phase 2 required payment.
Reprofile	(39)	Various schemes	Reprofiles of budget less than £0.100m: (£0.033m) City Clean Modernisation Scheme (£0.017m) Improving WEEE recycling £0.011m On-Street and Communal Bin Infrastructure
Slippage	(420)	Hove HWRS Fire Suppression System	Internal approval delays and legal review took longer than anticipated. This has now progressed and spend is still due in 2026/27.
Place			
Reprofile	(868)	King Alfred Leisure Centre Regeneration Project	Reprofile of budget due to projected cashflow differing from the initial projection including projections from our partner (Alliance).
Reprofile	(49)	King Alfred Swimming Pool Redevelopment	Reprofile of budget less than £0.100m
Reprofile	598	New England House	Costs brought forward due to requirement to empty building for Health and Safety reasons and compensation to tenants.
Reprofile	775	Madeira Terraces Regeneration - Project Support	Reprofiling of budget from future years due to complexities involved with project delivery including significant prolongation related to issues regarding the testing of the cast iron structure.
Slippage	(460)	Madeira Terraces Crowd Funding Contribution	Slippage of budget to next year as this funding will now be used at a different point in the project programme.
Variation	1,547	Contribution to Housing JV	Change to project cash-flow and loan repayment time-scales, where loans will be repaid during 2026/27
Variation	227	Madeira Terraces Regeneration - Project Support	Additional grant funding utilised to help offset some of the additional expenditure incurred in 2025/26 and reduce the amount of budget needed to be reprofiled back from 2026/27 to cover it.

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Variation	200	Black Rock Enabling Works	Overspend relates to additional costs associated with project final account.
Variation	132	Various schemes	Variations to budget of less than £0.100m: £0.055m King Alfred Leisure Centre Regeneration Project £0.049m New England House £0.028m Elder Place Corridor

102

Central Hub – Capital Budget Summary

Forecast Variance Month 9 £'000	Unit	Reported at Other			Variations, Slippages, Reported & Budget		Provisional Outturn £'000
		Reported Budget Month 9 £'000	Committees/ IFRS Changes £'000	New Schemes £'000	Reprofiles £'000	Month 12 £'000	
0	Finance and Property	20,013	0	0	(15,036)	4,977	4,977
0	People and Innovation	123	0	0	(27)	96	96
0	Welfare Revs & Business Supp	1,345	0	0	(1,050)	295	295
0	Total Central Hub	21,481	0	0	(16,113)	5,368	5,368

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Finance and Property			
Reprofile	(10,687)	Moulsecoomb Hub and Housing – Workstyles 4	Delays to the project due to some elements that required redesign post-tender principle due to the brief of delivery partners changing. The main issue was the discovery of a WW2 air raid shelter which needed to be documented and assessed by the County Archaeologist. This effectively delayed work on the northern part of the site where the Hub is going and prevented drainage runs through from the north of the site which have therefore shifted to the south (where three residential blocks are cited), and works will begin on retaining structures, cut and fill, and piling for the first residential blocks.
Reprofile	(779)	Workstyles Phase 4	New insights emerged after the programme started which resulted in reprioritisation of milestones focusing first on activities linked to savings delivery.
Reprofile	(595)	Carbon Reduction Measures to Operational Buildings	Tender exercise currently underway for LED lighting retrofit project across civic and social care sites.
Reprofile	(195)	Wild Park Café PMB	The project is still ongoing. An unexpected delay with information from the Structural Engineer impacted on works programme. Works are planned to take place this year 2026/27 subject to other relevant approvals.
Reprofile	(195)	2025/26 Asbestos Programme	An unexpected delay of resourcing recruitment and procuring accredited contractors has impacted delivery speed of the project.
Reprofile	(158)	Hollingdean Depot Health & Safety	An unexpected delay of resourcing recruitment and procuring accredited contractors has impacted delivery speed of the project.
Reprofile	(125)	26 King Street	Terms still not yet agreed with the current tenant for the surrender of the lease on the property
Reprofile	(116)	Imperial Arcade/Arcade Buildings Works	Reprofile due to delays caused by transition of commercial managing agent and restrictions of when scaffolding could be put up.
Reprofile	(147)	Various schemes	Reprofiles of budget less than £0.100m: (£0.098m) Hove Town Hall G101 Redesign (£0.033m) Statutory DDA Access Works Fund (£0.030m) Energy Certificates Corporate Buildings (£0.024m) Asbestos Surveys (£0.009m) Water Efficiency Fund

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
			£0.001m Hollingdean Lane Phase 1 Repair Wall £0.003m Marine Drive Pavement PMB £0.004m Withdean SC Mechanical work -PMB £0.039m Misc Internal Refurbishments
Slippage	(391)	Workspace Innovation	Works still ongoing on a phased approach to avoid significant disturbances to teams. Budget to be reprofiled in future financial years.
Slippage	(272)	Commercial Asset Investment Fund	Slippage caused by a lack of proactive identification of projects for investment.
Slippage	(238)	Hove Town Hall PMB	There are ongoing maintenance works planned at Hove Town Hall in 2026/27 to enhance the building to accommodate the increased use, as the building has become the main corporate operational building following the relocation of services from Bartholomew House.
Slippage	(220)	BTH - PMB contribution to refurbishment	There are ongoing maintenance works at Brighton Town Hall. Further planned works were paused till outcome of recently conducted condition survey with planned preventative maintenance (PPM) recommendations. PPM recommendations have been received hence further works will continue this year 2026/27 subject to other relevant approvals.
Slippage	(144)	Corporate Fire Risk Assessments	Fire Risk Assessments (FRA) and FRA-related works are continuous across various buildings within the Council portfolio to maintain statutory compliance. Some FRA compartmentation works will be carried out in 2026/27 following assessment carried out last year and new assessments due this year.
Slippage	(125)	Access Improvements to Corporate Buildings	Access Improvement works are continuous across various buildings within the Council portfolio to maintain statutory compliance. Some works will be carried out in 2026/27 following assessment carried out last year and new assessments due this year.
Slippage	(104)	Moulsecomb Community Leisure Centre PMB	Project paused due to resource capacity. Works are planned to take place this year 2026/27 subject to other relevant approvals.

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Slippage	(100)	Solar Panels Corporate Buildings	Slippage to fund release of retention monies due at end of defects period for tranche of Solar PV commissioned in 2024/25, and pending maintenance of Solar PV arrays installed in 2020/21. Quotation to be sought in 2026/27.
Slippage	(697)	Various schemes	<p>Slippage of budget less than £0.100m:</p> <ul style="list-style-type: none"> (£0.085m) Historic Madeira Lift PMB (£0.062m) Madeira Terrace Structural Repairs (£0.057m) Hove Library Phased Repairs (£0.055m) St Lukes Swimming Pool PMB (£0.054m) Easthill Park House PMB (£0.045m) King Alfred Leisure Centre PMB (£0.042m) HOP50+ (Cafe) PMB (£0.032m) 3/7 Preston Circus (£0.027m) Prince Regent Sports Complex PMB (£0.027m) 3rd & 4th Floor Barts House (£0.021m) Lower Prom. Kerb replacement PMB (£0.021m) Stanley Deason LC AHU Sports Hall PMB (£0.018m) External Improvement Works (£0.018m) Whitehawk Hub & Library ASHP PMB (£0.018m) Woodvale Crematorium - Boiler Replacement PMB (£0.017m) Park residential property repairs (£0.017m) Dovecote PMB (£0.012m) Fire Safety Improvements (£0.012m) Stanley Deason LC Roof Repair PMB (£0.011m) Building Security (£0.008m) Passenger Lift H&S Works (£0.007m) Imperial Arcade PMB (£0.006m) Patcham Tower Clock PMB (£0.006m) Withdean SC Squash Court - PMB (£0.004m) Barts House Mechanical Ventilation (£0.003m) Cemeteries Structural Works (£0.003m) Legionella Works (£0.003m) Brighton Centre Lift Refurbishment

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
			(£0.002m) Crowhurst Road PMB (£0.001m) Barts House - Cladding & Window Replacement (£0.001m) Preston Park Rotunda PMB (£0.001m) Corporate Landlord Essential works (£0.001m) Volk's Railway - Various Sites PMB
Variation	380	Commercial Property Portfolio Repairs	This is used to forward fund costs in relation to dilapidations on the capital portfolio. Those costs relate to both professional fees and repairs. The costs incurred are included in dilapidation claims against the outgoing tenant and will be repaid. There is a time delay in incurring costs and receiving settlements and it is rare that a settlement is received in the same year that the costs are incurred. This tends to happen every financial year.
Variation	(163)	Solar Panels Corporate Buildings	Variation to budget as some installations originally planned for install in 2024/25 were omitted from the original contract due to planning issues.
Variation	35	Various schemes	Variations to budget of less than £0.100m: (£0.016m) Hove Town Hall PMB (£0.007m) Commercial Portfolio Energy audits & improvements £0.025m Moulsecoomb Hub and Housing – Workstyles 4 £0.033m Dome Planned Maintenance PMB
People and Innovation			
Reprofile	(27)	Replacement Learning Management System	Reprofile of budget less than £0.100m
Welfare Revs & Business Support			
Slippage	(1,050)	Corporate Systems Improvement	Works are still ongoing on a phased approach. However, budget needs to be profiled across future years to reflect expected expenditure.

Homes & Adult Social Care (Housing Revenue Account HRA) – Capital Budget Summary

Forecast Variance Month 9 £'000	Unit	Reported at Reported Budget Month 9 £'000	Other Committees/ IFRS Changes £'000	New Schemes £'000	Variations, Slippages & Reprofiles £'000	Reported Budget Month 12 £'000	Provisional Outturn £'000	Provisional Variance £'000	Provisional Variance %
(35)	Housing Regeneration	51,484	(1,177)	0	(1,657)	48,650	48,591	(59)	-0.1%
(7,637)	Homes & Investment	52,113	0	0	(3,117)	48,996	44,052	(4,944)	-10.1%
(7,672)	Total Homes & Adult Social Care - HRA	103,597	(1,177)	0	(4,774)	97,646	92,643	(5,003)	-5.1%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	Amount £'000	Project	Description
Housing Regeneration			
IFRS Changes	(800)	Home Purchase Scheme	See first page of this appendix for a general explanation of IFRS changes. In this case the adjustment is in relation to the appropriation of two properties from the General Fund to the HRA .
IFRS Changes	(377)	Portslade Village Centre	See first page of this appendix for a general explanation of IFRS changes. In this case the adjustment is in relation to the appropriation of two properties from the General Fund to the HRA .
Reprofile	(1,564)	LPS Project	The approved budget needs to be reprofiled to match the actual spend.
Reprofile	(1,507)	Moulsecoomb Hub - Housing	The approved budget needs to be reprofiled to match the actual spend.
Reprofile	(959)	Small Sites Delivery (Converting Spaces in Existing Buildings)	The approved budget needs to be reprofiled to match the actual spend.
Reprofile	(380)	Hollingbury Library	The approved budget needs to be reprofiled to match the actual spend.
Reprofile	(213)	Housing Joint Venture Purchase	The approved budget needs to be reprofiled to match the actual spend.

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Reprofile	(143)	Palace Place Redevelopment	The approved budget needs to be reprofiled to match the actual spend.
Reprofile	2,655	House Purchase Scheme	Budget to be reprofiled from 2026/27 to reflect updated spend profile.
Reprofile	(136)	Various schemes	Reprofiles of budget less than £0.100m: (£0.098m) Windlesham Close (£0.093m) Rotherfield Crescent (£0.017m) Eastergate Road £0.072m Portslade Village Centre
Variation	237	Feasibility & Design - Housing Investment	Increase in budget required to reflect the feasibility costs of new supply schemes.
Variation	137	Hereford Court	Increase in budget required to reflect the actual spend incurred to date.
Variation	216	Various schemes	Variations to budget of less than £0.100m: £0.054m Oakley House £0.045m LPS Project - Whitehawk £0.040m LPS Project - St James House £0.039m LPS Project - Nettleton and Dudeney £0.033m Swanborough Drive £0.005m Frederick Street
Variance	(59)	Various schemes	Variances of less than £0.100m: (£0.036m) Victoria Road (£0.023m) Kubic Apartments
Homes & Investment			
Reprofile	(2,202)	Structural Repairs	The major capital works projects are subject to review and authorisation of the Building Safety Regulations (BSR). The Building Safety Act requirements continued to impact on delivery timescales to projects as consideration needs to be given to other works, wider than just the capital works, and this has impacted getting on-site.

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Reprofile	(1,348)	EICR Compliance Programme	The underspend is mainly due to delays in mobilising specialist contractors to deliver rising and lateral mains replacement works in the high rise blocks, resulting in planned expenditure being deferred. In addition, electrical costs associated with the kitchen replacement programme have been transferred to the Kitchens budget, which has also contributed to the underspend.
Reprofile	(994)	Fire Safety	Reprofile of budget required to fund anticipated replacement of fire doors and completion of passive fire works, which were not part of the original 2026/27 budget.
Reprofile	(500)	Doors	Budget required for replacement of doors at senior housing schemes, including the installation of assisted door openers.
Reprofile	(245)	Citywide Loft Conversions & Extensions Projects	Revised timelines for 2 projects meaning that works were not started and completion will now be in 2026/27.
Reprofile	(180)	Windows	Budget required to undertake timber window replacement in 2026/27.
Variation	477	Minor Capital Works	The Minor Capital Works team has exceeded its budget primarily due to gaps within the planned works programmes. A few scheduled projects have been delayed, resulting in the Repairs service taking on a higher volume of work than originally forecast. In addition, a number of ad hoc referrals that should ordinarily be absorbed by the planned works programmes could not be accommodated causing further increasing pressure on the Minor Capital Works budget.
Variation	355	Condensation & Damp Works	Spend reflects increased demand and the need to undertake more extensive remedial works to meet the requirements of Awaab's Law. Additional investment has been required to resolve identified damp and mould hazards within statutory timescales to ensure legal compliance and protect resident health. Forecasting spend has been challenging, as investment is driven by responsive tenant reports and emerging issues rather than a planned improvement programme.
Variation	348	Gutter Clearance	The profiling of works completed against this cyclical programme has resulted in more properties being completed this financial year, than originally planned, this means that the programme is ahead of schedule going into 2026/27.

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Variation	255	Disrepair Capital Works	Spend reflects an increased number of cases completed this financial year, including a higher proportion of complex and high cost works. Following approval of a contractor waiver, expenditure has been accelerated to reduce legal costs and health and safety risk. Forecasting expenditure remains challenging, as the timing, scale and scope of works are largely dictated by external legal action rather than planned investment.
Variation	247	Cold Water Tanks	Spend exceeded the budget for 2025/26, coinciding with a period of accelerated water compliance activity following the appointment of a Consultant Water Safety Manager. The consultant was given a broad remit to progress remedial actions at pace and as a result the programme delivered significant compliance improvements and risk reduction which involved a level of investment greater than originally anticipated.
Variation	236	Roofing	Additional roof replacement carried out, compared to original planned programme.
Variation	212	Kitchens	Higher than budgeted spend, primarily reflects a decision to reallocate the cost of associated electrical upgrades to the Kitchens capital budget, which was originally profiled within the Electrical Testing and Rewire programme. In addition, there has been an increase in ad hoc referrals arising from Responsive Repairs and Empty Homes. A higher number of kitchens have been identified as being beyond economical repair or not meeting required standards during day to day repairs and void works, necessitating full replacement rather than planned renewal. This has resulted in additional unplanned expenditure being incurred within the current financial year. Spend was necessary to ensure properties are maintained to a safe and lettable standard and to minimise repeat repairs.
Variation	108	Bathrooms	Spend reflects an increase in ad hoc referrals arising from Responsive Repairs and Empty Homes. A higher number of bathrooms have been identified as being beyond economical repair or not meeting required standards during day to day repairs and void works, necessitating full replacement rather than planned renewal. This has resulted in additional unplanned expenditure being incurred within the current financial year. Spend was necessary to ensure properties are maintained to a safe and lettable standard and to minimise repeat repairs.

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Variation	114	Various schemes	Variations to budget of less than £0.100m: £0.043m Door Entry Systems & CCTV £0.034m Fencing £0.011m Home Energy Efficiency & Renewables £0.011m Domestic Boiler and System installation £0.008m Ventilation £0.003m Main Entrance Doors £0.003m BHCC Projects £0.001m Service Risers
Variance	(1,149)	External Decorations & Repairs	There was a reduced spend against this programme this financial year owing to the contractor going into administration and the timescales for all new projects impacting on delivery.
Variance	(1,055)	Doors	This programme was impacted by timescales in the assessment of building safety regulator applications and a detailed review of the priority of works to blocks as part of the wider fire safety programmes across the housing stock.
Variance	(891)	Windows	Revised programme of works this financial year largely as a result of procurement timelines for the delivery of timber windows and also in relation to where works were expected to be jointly undertaken with External Decorations programme.
Variance	(686)	Lifts Refurbishment	There were difficulties with the contractor resulting in revised timescales in agreeing capital works for lift replacements. All sites continued to offer a reliable service and appropriate repairs carried out where needed.
Variance	(334)	Asbestos Removal Programme	There was an underspend this financial year. Work is underway to develop a programme for future years.
Variance	(216)	Solar PV City Wide	The install plan for 2025/26 was ambitious and a significant number of installs have been completed, however installs were less than the intended levels due to a number of factors including; access and resident engagement and diversion of resources to remove and re-install historic systems to enable roof repairs and replacements. Overall the programme

Appendix 7 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
			is on track to deliver the high level target of 1,000 installs overall by the end of the contract in August 2026.
Variance	(179)	Sheltered Schemes Equipment	A revised timeline in delivery of works to facilitate the switch-over from analogue to digital resulted in an underspend compared to budget assumptions.
Variance	(434)	Various schemes	<p>Variances less than £0.100m:</p> <ul style="list-style-type: none"> (£0.099m) HRA Disabled Adaptations (£0.074m) Domestic Rewire (£0.068m) Cavity Wall Insulation (£0.060m) Communal Fire Alarms (Fire Systems) (£0.040m) Car Parks & Garages (£0.029m) Communal Boilers (£0.021m) New Housing Works Management System (£0.018m) Empty Properties (£0.010m) Citywide Loft Conversions & Extensions Projects (£0.007m) Environmental Improvements (EDB) (£0.004m) Upgrading Residential CCTV Systems (£0.004m) Feasibility & Design

New schemes added to the Capital Programme after TBM9 for 2025/26 to be approved

There were no new schemes added after TBM9 to be approved.

New schemes to be added to the Capital Programme for 2026/27 to be approved

New Capital Project Approval Request	
Directorate:	CITY OPERATIONS – ENVIROMENT & CULTURE
Unit:	PROJECTS TEAM – CITY PARKS
Project Title:	THE LEVEL PLAY AREA REFURBISHMENT
Total Project Cost (All Years) £:	£300,000

Purpose, Benefits & Risks:
<p>Purpose: The existing play facility at the Level which was installed in 2012 has now reached end of life and the site is in its final year of safe operational use. Officers have completed public consultation and this information has been used in a procurement exercise for a new play facility with a budget of £0.300m funded by Section 106 (S106).</p> <p>Work is due to start in autumn 2026</p> <p>Benefits: The Level will benefit from amazing new play facilities for all ages and abilities and increasing upon the existing award-winning accessible playground features and providing a brand new and refreshed site for future generations to enjoy.</p> <p>Risks: The dilapidated existing site will need to be closed at the end of the summer due to its condition, if the project does not proceed, the ward and the city will be without a much loved and used play provision used by tens of thousands of local residents and visitors to the city. The project is in line with the council's commitment towards improving play facilities across the city as part of a wider refurbishment programme and ensuring that all sites are accessible and enjoyable places to play and have fun, for all ages and abilities.</p>

Capital Expenditure Profile (£'000):						
Funding Source (see guidance below)	2026/27	2027/28	2028/29	2029/30	2030/31	Total All Years
Section 106	300	0	0	0	0	300
Total Estimated Costs & Fees	300	0	0	0	0	300

Financial Implications:
Funding has been identified from S106 allocations for the local vicinity.

Appendix 9 – Schedule of Reserves

	Opening Balance as at 1st April 2025 £'000	Movement in Year £'000	Closing Balance as at 31st March 2026 £'000
General Fund Reserves			
General Fund Working Balance - General Reserves	7,840	-100	7,740
General Fund Working Balance - held for specific future commitments	411	-236	175
General Risk Reserve	0	3,917	3,917
Capital Reserves (GF)	691	167	858
Library PFI Reserve	659	-128	531
Waste PFI Project Reserve	9,012	-1,541	7,472
Section 106 Receipts (Revenue)	492	31	523
Section 106 Interest	6	-6	0
ICT Investment Reserve	472	-472	0
Environmental Enforcement Reserve	1	0	1
IT Helpdesk Reserve	33	-33	0
Winter Maintenance	540	-540	0
Dome Planned Maintenance	195	-26	169
Hove Park 3G Pitch Renewal	46	15	61
Surface Water Management Reserve	382	-21	361
Sports Facilities Reserve	453	-249	205
Licensing - other reserve	26	-26	0
Taxi Licensing	82	37	119
Stanmer Park Parking Surplus	0	123	123
East Brighton Parking Surplus	70	-70	0
Preston Park Parking Surplus	360	-275	85
Overdown Rise Footpath Maintenance	20	0	20
Departmental Carry Forward	1,709	-836	873
HMO Licensing Fees Reserve	659	12	671
Damage Deposit Guarantee Scheme	94	0	94
RP&M Trust Sinking Fund	201	-63	137
HMO Additional Licensing Fees (4)	826	-114	712
Selective Licensing Fees	1,546	231	1,778
Cemeteries Maintenance Reserve	65	-65	0
Travellers Site Capital Reserve	79	-79	0
Revenue Grants Reserve	2,574	-703	1,871
Collection Fund S31 adjustment reserve	991	-991	0
Schools LMS Balances	-2,623	342	-2,281
Restructure Redundancy Reserve	126	-126	0
Total General Fund Reserves	28,036	-1,823	26,213

Appendix 9 – Schedule of Reserves

	Opening Balance as at 1st April 2025 £'000	Movement in Year £'000	Closing Balance as at 31st March 2026 £'000
Capital Receipts & Unapplied Contributions			
Capital Receipts Reserve	12,295	2,870	15,165
CIL - Neighbourhood reserve	384	96	480
CIL - Strategic reserve	1,217	135	1,351
Government Grants Unapplied	91	0	91
Other External Contributions Unapplied	745	-732	13
Developer Contributions Unapplied (S106 Capital)	489	265	754
Total Capital Receipts & Unapplied Contributions	15,220	2,634	17,854
Total General Fund including Capital Receipts & Contributions	43,256	811	44,067

HRA Reserves			
HRA Working Balance	11,657	-1,441	10,216
EDB Reserves	182	-133	49
Responsive Repairs Catch Up Works	1,005	-1,005	0
Total HRA Reserves	12,844	-2,579	10,265
Total Reserves	56,100	-1,768	54,332

Treasury Management – 2025/26 End of Year review

Introduction & Background

This appendix provides a review of treasury management activity for the 2025/26 financial year as required by the Treasury Management Code. It reports the performance against the Treasury Management Strategy and key Prudential and Treasury Indicators for the year.

The 2025/26 Treasury Management Strategy Statement (TMSS), which includes the Annual Investment Strategy (AIS), was approved by Cabinet on 13 February 2025 and full Council on 27 February 2025 as part of the Budget Report. The Treasury Management Strategy sets out the role of Treasury Management, the strategy for Treasury Management activity in 2024/25, and the key parameters and indicators for investing council cash balances and undertaking borrowing for the year.

CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.”

The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Effective cash flow planning enables surplus monies to be invested in counterparties (financial institutions) or financial instruments commensurate with the council’s risk appetite, providing adequate cash availability (liquidity) is maintained.

The second main function of the treasury management service is the funding of the council’s capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer-term cash flow planning, to ensure that the council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn on may be restructured to meet the council’s risk or cost objectives.

Economic Background

The expectation for interest rates when the 2025/26 Treasury Management Strategy was set, based on external advice, was that Base Rate had peaked, and a number of rate reductions were forecast during the year. However, concerns of elevated inflation and wider economic uncertainty meant that cuts were not as fast and deep as previously forecast. The expectation is that the Bank of England Base Rate will be held throughout 2026/27 before reducing steadily thereafter to 3.25%.

A full summary of the economic background for 2025/26 has been provided by the council’s treasury management advisors, MUFG Corporate Markets, at Annex 2.

Treasury Management Activity

Treasury management activity during 2025/26 has focused on keeping any surplus cash liquid, as opposed to investing into longer term, higher yielding deals, to ensure cash is available when required as reserve levels reduce and to avoid the need for long-term borrowing whilst rates remain elevated. Some short to medium term borrowing has been undertaken to meet liquidity requirements and reduce the HRA capital financing position when there have been favourable movements in borrowing rates. The key activities undertaken in the year include:

Appendix 10 – Treasury Management – End of Year Review

- Investment balances have continued to remain reduced as the council maintains a strategy to maximise internal reserves and balances to temporarily finance the borrowing need in the capital programme.
- The highest risk indicator on investments during the period was 0.003% which is below the maximum benchmark of 0.050%.
- The return on investments has exceeded the benchmark rates for the period.
- The council entered into six tranches of new HRA PWLB borrowing totalling £135m throughout 2025/26 to fund the HRA capital financing requirement in response to maturing debt and reducing cash balances.
- The two borrowing limits approved by full Council have not been exceeded.
- The Annual Investment Strategy parameters have been met throughout the 6-month period.

Within the year to date, the council has complied with its legislative and regulatory requirements with regards to treasury management.

The following table summarises the treasury activity and day-to-day cash flows during 2025/26.

Treasury Activity	Borrowing	Investments
Opening Balance 1 April 2025	£420.5m	(£31.7m)
Long-term borrowing raised (General Fund)	£0.0m	-
Long-term borrowing raised (HRA)	£135.0m	-
Long-term borrowing repaid (General Fund)	(£0.5m)	-
Long-term borrowing repaid (HRA)	(£29.5m)	-
Short-term borrowing raised	£42.0m	-
Short-term borrowing repaid	(£47.0m)	-
Investments made	-	(£0.2m)
Investments maturing	-	(£0.0m)
Net Money Market Transactions	-	(£14.7m)
Net movement in balances	£100.0m	(£14.9m)
Closing Balance 31 March 2026	£520.3m	(£46.6m)

The Financing Costs budget variance in 2025/26 was a £3.977m underspend. This is primarily due to slippage and reprofile of the capital programme resulting in a reduced in-year borrowing requirement. Whilst delays to the in-year borrowing requirement has contributed to this underspend, this will defer the cost of borrowing to future years when the borrowing will now be required. In addition, the council continues to maximise its internal reserves to meet its capital financing requirement as far as possible, which while limiting investment returns, will delay the need to externally borrow during a time of elevated borrowing rates and reduce in year borrowing costs.

Investment Strategy

All parameters in the Annual Investment Strategy have been complied with in full.

No new counterparties have been added to the approved counterparty list during the year.

A summary of investments made by the in-house team and outstanding as at 31 March 2026 is set out in the table below and shows that investments continue to be held in good quality, short-term instruments in line with the approved strategy.

Appendix 10 – Treasury Management – End of Year Review

Summary of Investments as at 31 March 2026		
'AAA' rated money market funds	£35.8m	57%
'AA' rated institutions*	£0.0m	0%
'A' rated institutions	£10.9m	23%
'BBB' rated institutions	£0.0m	0%
Unrated Funds**	£9.3m	20%
Total	£46.6m	100%
Period – less than one week	£35.8m	77%
Period – between one week and one month	£5.8m	12%
Period – between one month and three months	£0.0m	0%
Period – between three months and 1 year	£0.0m	0%
Period – more than 1 year**	£5.0m	11%
Total	£46.6m	100%

* For the purposes of this analysis, other Local Authorities are assumed to have the same credit rating as the UK government (AA).

** Unrated Funds relates to short, dated funds that does not maintain an agency rating.

*** All investments that are over one year either have a legal offset against debt with the same counterparty.

Risk

As part of the investment strategy for 2025/26 the council agreed a maximum risk benchmark of 0.05% i.e. there is a 99.95% probability that the council will get its investments back. The benchmark is a simple target that measures risk based on the financial standing of counterparties and length of each investment based on historic default rates. The actual risk indicator has varied between 0.001% and 0.003% between April 2025 and March 2026, reflecting the high proportion of investments held in high security and/or very liquid investments. It should be remembered however that the benchmark is an 'average risk of default' measure and does not constitute an expectation of loss for any particular investment.

Investment Risk benchmark	0.050%
Maximum investment risk experienced	0.003%

The treasury management service is subject to a detailed audit on a regular basis. This includes the testing of the control environment and the management of risk. A 'substantial' level of assurance was provided during the most recent audit in January 2025, meaning that controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Investment Performance

The council's investment portfolio (adjusted for pooled funds) achieved an average rate of 4.34% over the last twelve months against a benchmark rate of 4.04% for the same period. The investments performance has therefore outperformed the SONIA benchmark rate by 0.30%, as investment balances have been largely maintained in liquid MMFs where there is usually a time lag between the Base Rate reducing and this being reflected in yields.

The following table summarises the performance achieved on investments compared to the approved benchmark for the whole year.

Appendix 10 – Treasury Management – End of Year Review

Investment Performance	Apr - Sept 2025/26	Oct - Mar 2025/26	Full Year 2025/26
Average Investment Rate	4.48%	4.15%	4.34%
SONIA Benchmark Rate	4.19%	3.83%	4.01%
Performance Against Benchmark Rate	+0.29%	+0.32%	+0.33%

Since Base Rates peaked at 5.25%, there have been several Base Rate reductions, with the latest being a reduction to 3.75% in December 2025. The transition to a falling rate environment, combined with significantly reduced liquid balances has prompted the decision not to place any long-term investments during the period. The current priority for officers is to maintain sufficient liquidity to allow the council to limit external borrowing whilst rates continue to fall.

The Royal London (RLAM) short dated funds total return (capital and revenue combined) was 5.48% for the year to March 2026. The value of the investment as at 31 March 2026 was £9.304m, which presents a reduction of capital value compared to an initial investment of £10.000m. This reduction of capital value is not a reduction in the worth of the individual assets in the fund but reflects a “marked to market” valuation of the funds at the end of each month, declining due to the steep rise in interest rates from December 2021. Capital valuations have improved by 0.21% since 31 March 2025; a trend that is expected to continue now that the Base Rate has peaked and continues to fall.

Borrowing

The council operates separate debt portfolios for the General Fund and the HRA following the introduction of the HRA Self-Financing regime in 2012. The table below shows the Council’s total external borrowing and average rates as at 31 March 2026, split between the General Fund and the HRA. There was no short-term borrowing at this date.

	General Fund Borrowing	HRA Borrowing £m	Total Borrowing	Average Rate
PWLB	£143.3m	£342.0m	£485.3m	3.19%
Market Loans	£16.3m	£18.7m	£35.0m	4.33%
Long-term borrowing	£159.6m	£360.7m	£520.3m	3.27%
Average rate	3.00%	3.39%	3.27%	

MUFG had been forecasting that interest rates had peaked and would continue to fall during 2025/26, however, long-term borrowing rates remained elevated during the financial year due to concerns of raised inflation and wider economic uncertainty. Therefore, new borrowing during the year was limited in its maturity profile and the council continued to utilise existing cash balances and short-term borrowing from other local authorities as much as possible.

In response to reducing cash balances, maturing debt and in support of the capital financing requirement, the council undertook new long-term PWLB borrowing of £135m during 2025/26 towards the HRA capital financing requirement. This borrowing was undertaken in six tranches to mature between 2026/27 and 2028/29, to enable refinancing when borrowing rates are expected to reduce. HRA borrowing from the PWLB benefits from attracting a specific concession rate which is lower than the cost of General Fund borrowing.

The General Fund capital outturn includes projects funded by borrowing of £30.6m compared to an original estimate of £66.0m and the HRA Capital Outturn includes projects funded by borrowing of £51.3m compared to an original estimate of £64.0m.

Appendix 10 – Treasury Management – End of Year Review

The council's cumulative need to borrow to support its capital programme is known as its Capital Financing Requirement (CFR). This increases each year by capital expenditure where existing funding streams (such as reserves, capital receipts, grants or revenue contributions) have not been applied (which is also known as funding through borrowing).

The council can undertake borrowing from external sources to fund its CFR position or make use of "internal borrowing", i.e. utilising the council's existing reserves and cash flows. This is in line with the approved strategy that seeks to limit external borrowing during period of unfavourable interest rates.

The CFR for both the General Fund and HRA are shown in the table below.

General Fund Capital Financing Requirement (CFR) – Underlying Borrowing requirement	Original Estimate 2025/26	Actual Outturn 2025/26
Opening General Fund CFR	£261.0m	£241.8m
In year borrowing requirement	£66.0m	£30.6m
Minimum Revenue Provision	(£12.0m)	(£11.5m)
Closing General Fund CFR	£315.0m	£260.9m
GF External Long-term Borrowing as at 31 March 2026		£159.6m
GF Internal Borrowing as at 31 March 2026		£101.3m
HRA Capital Financing Requirement (CFR) - Underlying Borrowing requirement	Original Estimate 2025/26	Actual Outturn 2025/26
Opening HRA CFR	£292.0m	£301.3m
In year borrowing requirement	£64.0m	£51.3m
Minimum Revenue Provision	-	-
Closing HRA CFR	£356.0m	£352.6m
HRA External Long-term Borrowing as at 31 March 2026		£360.7m
HRA Internal Borrowing as at 31 March 2026		(£8.1m)

The net borrowing position of the council at 31 March 2026 is £93.2m below its CFR, which means that the council has met an element of its borrowing requirement internally, i.e. utilising the council's existing reserves and cash flows. This is in line with the approved strategy that seeks to limit external borrowing during period of unfavourable interest rates. Officers continually review the level of internal borrowing in the context of prevailing and forecast interest rates, economic outlook and the expected movement in reserves. Internal borrowing has the benefit of mitigating the increase borrowing costs and reduces counterparty risk within the council's investment portfolio by reducing the portfolio size. The table below highlights a decrease of internal borrowing of £34.4m compared to the previous financial year, due to an increase in the external borrowing position to fund the HRA capital financing requirement during the year.

Internal Borrowing as at 31 March	2024/25	2025/26
Total CFR	£543.1m	£613.5m
Less: External long-term borrowing	(£415.5m)	(£520.3m)
Total Internal Borrowing	£127.6m	£93.2m

The table below shows that the Council has complied with the Operational Boundary and Authorised Borrowing Limits set within the Treasury Management strategy.

Appendix 10 – Treasury Management – End of Year Review

Borrowing Limits	Operational Boundary	Authorised Borrowing Limit
Limit set for 2025/26	£745.0m	£795.0m
Less: PFI & Leases	(£65.0m)	(£65.0m)
Limit for Underlying Borrowing	£680.0m	£730.0m
Actual External Borrowing at 31 March 2026	£520.3m	£520.3m
Headroom*	£159.7m	£209.7m

**Authorised Borrowing headroom cannot be less than zero*

The maturity profile of the Authority's borrowing has complied with the limits set within the strategy. There has been an increase in the borrowing with maturity between 12 months to 2 years relating to the new borrowing undertaken in year to enable refinancing when borrowing rates are expected to reduce further.

Maturity Structure of borrowing	Lower Limit set	Upper Limit set	Actual as at 31 March 2026
Under 12 Months	0%	40%	16%
12 months to 2 years	0%	40%	12%
2 years to 5 years	0%	50%	9%
5 years to 10 years	0%	75%	6%
Over 10 years	40%	100%	57%

Treasury Advisors

Officers recognise that responsibility for decisions remains with the organisation at all times and ensure that undue reliance is not placed upon external service providers and advisers. However, it is recognised that there is value in employing external providers of treasury management services in order to access specialist skills and resources.

Member Training

It is a requirement of CIPFA's Treasury Management code to ensure that the members responsible for decision making and scrutiny of the authority's TMSS are adequately trained to undertake their roles in this area.

Treasury Management training was last provided in January 2024. This was offered to all members and is currently available on the Members section of the Learning Zone.

Annex 1 – Glossary of Terms

Authorised Borrowing Limit: The limit for which the council's external borrowing cannot breach. This limit is set by Council as part of the budget each year. This needs to be approved by Council to amend in the year if required.

Capital Financing Requirement (CFR): The council's cumulative need to borrow to support its capital programme. This increases each year by capital expenditure where existing funding streams (such as reserves, capital receipts, grants or revenue contributions) have not been applied (which is also known as funding through borrowing). The Council must make an annual minimum revenue provision (MRP) which reduces the CFR.

Credit Ratings: The council uses the credit ratings for counterparties provided by the three main credit ratings agencies (Moody's, Fitch and Standard & Poor) to determine how much and for how long the council can lend to them. The highest credit rating as described in the strategy is AAA, and the lowest credit rating that the council is willing to lend to is BBB.

Debt Maturity Profile: The timeline over which the council has to repay its debt. A smooth profile is preferable, as small, regular repayments reduce the risk of having to replace a lot of debt at a time when it may not be the optimum market conditions.

Lender Option Borrower Option (LOBO) Loans: Loans held with market lenders (such as banks), where lenders hold the right to increase the interest rate on the loans at set intervals during the loan. The council has the right to repay the loans without penalty if the lender chooses to increase the interest rate.

Marked to Market: An accounting method of measuring the fair value of investments at a point in time by valuing the investment under prevailing market conditions.

Minimum Revenue Provision (MRP): A statutory provision that the council sets aside from revenue to reduce its CFR. This has the impact of setting aside the cash to repay any debt incurred as a result of funding the capital programme by borrowing.

Operational Boundary: A limit set by Council as part of the budget each year. Whilst the Authorised Limit cannot be breached, the operational boundary is the expected level at which external debt will reach, taking into account current levels of debt, maturing debt that may need replacing and capital plans for the forthcoming year.

PWLB Loans: Loans held with the Public Works Loans Board. This is the primary lender for Local Authorities, and the PWLB forms part of the Debt Management Office (DMO) within the HM Treasury department of Central Government.

Risk Benchmark: An indicator used to monitor the perceived level of risk within the council's investment portfolio.

Under-borrowing: (also known as internal borrowing) The difference between the council's CFR and actual level of debt, where the actual debt is lower than the CFR. This

Appendix 10 – Treasury Management – End of Year Review

occurs when council uses cash from its own reserves to temporarily fund capital expenditure.

SONIA: Sterling Over Night Index Average – A benchmark rate calculated and administrated by the Bank of England. This rate effective replaces LIBOR from 1 January 2022 as the key benchmark rate in the UK. The calculation of SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and institutional investors.

Annex 2 – Economic Overview

Provided by Link Asset Services – April 2026

As with 2024/25, UK inflation has proved somewhat stubborn throughout 2025/26. Having started the financial year at 3.5% y/y (April), the CPI measure of inflation peaked at 3.8% from July to September, before dipping to 3% in January and February. Core inflation picked up to 3.2% in February, from 3.1%, and the recent upward pressure on energy costs could see CPI inflation breach 4.5% later this year.

Against this backdrop, the continued lack of progress in ending the Russian invasion of Ukraine, and the potentially negative implications for global growth as a consequence of the implementation of US tariff policies, Bank Rate reductions look limited for the remainder of 2026 (as they do in the euro-zone). Bank Rate currently stands at 3.75%.

Moreover, borrowing has becoming more expensive in 2025/26. Gilt yields have risen materially in March 2026, more than reversing the falls earlier in the financial year. Additionally, the public finances have remained under pressure. The higher-than-expected public net sector borrowing of £14.3bn in February was £2.2bn above last February’s outturn. But that borrowing overshoot was mainly due to timing effects relating to the £13.0bn government debt interest payment. That came in as the highest payment since June 2025, causing a 12.3% y/y jump in spending. On the flip side, sitting at £8.1bn, tax revenues were also higher than last February, largely on the back of solid growth in self-employment incomes in 2024/25, boosting self-assessment income tax receipts and stronger capital gains tax receipts.

However, the combination of some energy price support and pressures from higher inflation amid the ongoing energy price shock, higher interest rates and a weaker economy will ultimately put borrowing on an upward trend. With the rise in energy prices possibly pushing the Retail Prices Index inflation up to a peak of 5.7%, debt interest repayments will increase by about £10bn. A weaker growth profile, higher inflation, higher interest rates and gilt yields could erode about £11bn of the Chancellor’s £23.6bn headroom.

The loosening in the labour market continues to bear down on wage growth. The 3myy growth rate of average earnings including bonuses slowed from 4.2% in December to 3.9% in January. Meanwhile, excluding bonuses, private earnings growth continued to fall from 3.4% to 3.3%.

The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies driven largely by the US administration.

	UK	Eurozone	US
Bank Rate	3.75%	2.0%	3.5%-3.75%
GDP	0.1%q/q Q4 (1.0%/y/y)	+0.2%q/q Q4 (1.2%/y/y)	0.7% Q4 Annualised
Inflation	3.0%/y/y (Feb)	1.9%/y/y (Feb)	2.4%/y/y (Feb)
Unemployment Rate	5.2% (Jan)	6.2% (Jan)	4.4% (Feb)

Appendix 10 – Treasury Management – End of Year Review

The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 3.75% by a vote of 9-0, but suggesting rates may need to rise if inflation picks up markedly. The vote could best be described as moderately hawkish. The MPC stated it “stands ready to act as necessary” and “is alert to the increased risk of domestic inflationary pressures through second-round effects in wage and price-setting”. Even so, we suspect the committee is likely to put equal weight on higher inflation and weaker growth, particularly the poor macroeconomic backdrop prior to the energy shock, keeping interest rates at 3.75% this year.

10-year Gilt yields have been exceptionally volatile in the final weeks of 2025/26, troughing at around 4.23% in late February before shooting up to 5.00% (and well through that on an intraday basis). That spike was driven by the outbreak of war in the Middle East, which prompted a dramatic reassessment of investors’ Bank of England policy rate expectations. Having been pricing in rate cuts in late-February, as many as four rate hikes were discounted by late-March. The 10-year yield ended the quarter at 4.92% with around 65bp of rate hikes priced in over the coming year. In addition to more hawkish monetary policy expectations, part of this increase in yields probably reflected an increase in term premia amid concerns that the government may react by loosening the fiscal purse strings.

As for equity markets, the FTSE 100 experienced another volatile quarter, surging to an all-time high of around 10,900 in late February, leaving it up 10% from the start of 2026, before giving back most of those gains in March after the outbreak of the Middle East conflict. That pullback leaves the index at around 10,176 at the end of the quarter. For context it was at 8,582 at the start of April. The £ has stayed relatively resilient also at \$1.33, strengthening from \$1.29 back in April.