

Brighton & Hove City Council

Cabinet

Agenda Item 58

Subject: Targeted Budget Management (TBM) 2026/27 Month 4 (July)

Date of meeting: Thursday, 17 September 2026

Report of: Cabinet Member for Finance & City Regeneration

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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).

For general release

1 Purpose of the report and policy context

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out an indication of forecast risks as at Month 4 on the council's revenue budget for the financial year 2026/27. Effective financial management is a core component of providing a well-run council, a key priority within the Council Plan that demonstrates that the council manages within its finite resources and optimises the use of those resources.

2 Recommendations

- 2.1 Cabinet notes the forecast risk position for the General Fund, which indicates a potential forecast overspend risk of £20.852m
- 2.2 Cabinet notes the additional risks of £16.949m included in the table at Appendix 2 which are not included in the forecast figure above.
- 2.3 Cabinet notes the forecast overspend risk for the separate Housing Revenue Account (HRA), which is an overspend of £0.991m.
- 2.4 Cabinet notes the forecast overspend risk for the ring-fenced Dedicated Schools Grant, which is an overspend of £8.925m in year.
- 2.5 Cabinet notes the current RAG rating of the transformation workstreams at Appendix 3.
- 2.6 Cabinet approves the addition of new projects to the capital programme totalling £0.671m as set out in the Part 2 report.

3 Overview

- 3.1 The forecast outturn position at month 4 for the current financial year 2026/27 is an overspend of £20.852m with an additional table of risks totalling £16.949m

Directorate	TBM Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Forecast Variance Month 3 £'000	Movement Month 3 to Month 4 £'000
Families, Children & Wellbeing	92,535	96,134	3,599	3.9%	3,668	(69)
Homes & Adult Social Care	160,867	172,867	12,000	7.5%	11,847	153
City Operations	47,415	49,554	2,139	4.5%	1,343	796
Central Hub	31,737	32,299	562	1.8%	793	(231)
Sub Total	332,554	350,854	18,300	5.5%	17,651	649
Centrally-held Budgets	16,807	19,359	2,552	15.2%	2,552	0
Total General Fund	349,361	370,213	20,852	6.0%	20,203	649

- 3.2 Month 3 monitoring was undertaken as part of the monitoring cycle and used by directorates and corporate leadership, but not reported publicly, therefore the comparison in the movement of the variances reported above relate to month 3. For reference, the position at month 3 is shown below:

Directorate	TBM Budget Month 3 £'000	Forecast Outturn Month 3 £'000	Forecast Variance Month 3 £'000	Forecast Variance Month 3 %	Forecast Variance Month 2 £'000	Movement Month 2 to Month 3 £'000
Families, Children & Wellbeing	92,870	96,538	3,668	3.9%	3,679	(11)
Homes & Adult Social Care	160,867	172,714	11,847	7.4%	12,883	(1,036)
City Operations	47,406	48,749	1,343	2.8%	(242)	1,585
Central Hub	31,912	32,705	793	2.5%	1,010	(217)
Sub Total	333,055	350,706	17,651	5.3%	17,330	321
Centrally-held Budgets	16,807	19,359	2,552	15.2%	2,552	0
Total General Fund	349,862	370,065	20,203	5.8%	19,882	321

- 3.3 The forecast has deteriorated slightly but remains relatively stable. The key movement is that some of the risks previously reported in City Ops have crystallised and become part of the forecast meaning that the projected overspend has increased and the risks reported on the risk table have reduced.
- 3.4 Forecast income in City Ops is higher than in 2026/27 but lower than the budgeted expectation. With the summer season bringing a significant increase in parking income, if the projection has not improved in the next few weeks, it may not recover before year end.
- 3.5 In FCW, overspends have been mitigated by a significantly improved position in the schools PFI contract. This had been anticipated to be a continuing pressure but has stabilised and continues to level off, which bodes well for the remainder of the contract term through 2027/28.
- 3.6 There is a concern however that in previous years, the number of residential placements reaches a notable peak over the summer months. This combined with the potential for a large increase in the cost of home to school transport when schools return in September means that there is anticipated risk in the forecast that cannot be quantified but, if realised, the financial implications will

be felt in the coming quarter. There are currently some residential placements that cost around £20k per week which means that a very small change in numbers either way can change the overall forecast significantly.

- 3.7 In HASC, additional rough sleepers grant in year will help support some areas of high financial pressure while providing broader and more wholistic solutions for mental health, drug and alcohol related issues.
- 3.8 The overspend on the HRA is improving. There was a recognition that when using properties for temporary accommodation, readying the property takes longer. While tenants moving into properties requiring minor repairs or decoration can be given an allowance to carry out the works, for TA use, the works are done ahead of the move. This leads to longer void periods and reduced rental income. The service has invested in new framework contractors and additional staff to turn the properties around faster. This means that people can be housed sooner and we avoid long periods with no rental income.
- 3.9 All services continue to report good progress on their transformation programmes which are having a positive effect on their position but are currently unable to keep pace with the rise in numbers and costs. The transformation programmes are overseen by the Innovation and Savings Delivery Board which reports into CLT. An update on the current position of the projects is shown at Appendix 3. Workstreams have two RAG ratings. One for project delivery and one for savings delivery. This is because it is entirely possible to have a well managed project which is delivering according to plan (and therefore RAG'd green) but because demand or other factors are overtaking the outcomes, the anticipated savings are not being realised. It should be noted that even when the anticipated savings are reduced, a successful project provides significant cost mitigation against a position which would have been worse.

Directorate	● £'000	● £'000	● £'000	● £'000	● £'000	Total £'000
Families, Children & Wellbeing	0	204	239	155	423	1,021
Homes & Adult Social Care	0	829	5,664	8,442	300	15,235
City Operations	220	433	453	2,792	60	3,958
Central Hub	300	0	535	200	10	1,045
Centrally-held Budgets	1,125	0	0	0	0	1,125
Total General Fund	1,645	1,466	6,891	11,589	793	22,384
DSG	0	0	0	0	0	0
HRA	0	0	0	0	0	0
Total Council	1,645	1,466	6,891	11,589	793	22,384

3.10 Savings in service budgets, not linked to transformation projects are also delivering well with 67% either already delivered or strongly expected to be.

Directorate	● £'000	● £'000	● £'000	● £'000	● £'000	Total £'000
Families, Children & Wellbeing	0	400	0	968	248	1,616
Homes & Adult Social Care	0	0	0	23	0	23
City Operations	375	0	265	356	268	1,264
Central Hub	0	0	614	798	213	1,625
Centrally-held Budgets	0	0	450	1,550	0	2,000
Total General Fund	375	400	1,329	3,695	729	6,528
DSG	0	0	0	0	0	0
HRA	0	0	0	0	0	0
Total Council	375	400	1,329	3,695	729	6,528

3.11 Savings are RAG'd as follows:

- Grey – the actions required have not yet been planned.
- Red – the actions are understood but unlikely to happen or have an effect.
- Amber – the actions are underway but the outcome is still uncertain.
- Green – there is a strong expectation of a successful outcome.
- Blue – the saving has already been delivered.

3.12 Detailed reports on all areas are included in Appendix 1 which shows forecasts, explanations for notable variances, current and planned mitigations, savings delivery and supporting data for each service area.

3.13 Appendix 1 also shows the expected variances on the Housing Revenue Account (HRA) and the Dedicated Schools Grant (DSG) which, while outside the reported revenue position of the Council are still the responsibility of the Council to manage. These are showing overspends of £0.991m and £8.925m respectively with the large overspend in the DSG being driven by increased demand in the High Needs Block. The Department for Education continues to scrutinise closely the past expenditure on the DSG, as it is doing with all Councils currently in preparation for the partial write off of overspends. This is seen as a low risk as previous BHCC expenditure has been compliant and the overspends relatively low compared to other councils, but since the overall value of DSG expenditure is so high, this is acknowledged as a potential threat.

CIPFA review / Financial controls

3.14 BHCC has undergone a review by CIPFA on behalf of MHCLG which scrutinised our financial resilience and our organisational response to the budgetary pressures that we're facing.

3.15 A list of recommendations was received which are either in the course of being implemented or have already been implemented. These will be updated to CIPFA when they return at the end of September for a follow up visit. All of the areas highlighted were areas that the organisation was already aware of and had started to address. One of the points raised was the volume of the financial reports which they felt could have been more focused to highlight the key concerns to users. This has been addressed in the new format with information being updated in a timely manner, on a more

frequent basis, and the key concerns being summarised succinctly for the user.

- 3.16 In response to the forecast overspend, Directorates have been keeping strong oversight of recruitment with all vacancies being approved at DLT level by directors / corporate directors. CLT ultimately oversees all expenditure and savings and receives monthly reports from Finance in conjunction with the Innovation and Savings Delivery board on the forecast, the performance against savings and the delivery of transformation programme workstreams.

New Capital Expenditure

- 3.17 Additional capital funding is being requested for investment in a new system as detailed in the part two report.
- 3.18 A full update on the capital programme will be included in TBM5.

4 Analysis and consideration of alternative options

- 4.1 The forecast outturn on General Fund budgets is an overspend of £20.852m with additional risks of £16.949m. This exceeds the Council's available reserves and likely ability to mitigate and therefore will require additional EFS.

5 Community engagement and consultation

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

6 Financial implications

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

Finance Officer consulted: Elizabeth Griffiths Date: 31/08/2026

7 Legal implications

- 7.1 Decisions taken in relation to the budget must enable the council to observe 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.
- 7.2 The Council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government and Finance Act 1992 and associated Regulations. The recommendations contained in this report will assist in the discharge of that obligation.

Lawyer consulted: Elizabeth Culbert Date: 09/09/2026

8 Risk implications

- 8.1 The risk in the forecast figures has been outlined in Appendix 2 which contains estimates of further risk from all services that have not yet been included in the forecast figures because of their level of uncertainty.
- 8.2 The larger risk is that if our request for further EFS is not approved, the Council's Chief Financial Officer would be forced to file a S114 report on the grounds that expected expenditure in the current financial year cannot be met by expected income.

9 Equalities implications

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

10 Sustainability implications

- 10.1 An inability to bring the budget back into balance would require the Council to file a S114 report so, in conjunction with EFS, continuing efforts to reduce this overspend must be pursued with the objective of removing our reliance on EFS.

11 Health and Wellbeing Implications:

- 11.1 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.

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

- 12.1 The position at TBM4 is a significant projected overspend driven by underlying pressures in service spending carried forward from 2025/26 and continuing into 2026/27 and additional spend above budget agreed earlier in the year. Savings have been evaluated based on current expectations of delivery which has increased the forecast but will continue to be pressed not only to increase the chances of success but to continuously find alternative savings to mitigate the position.
- 12.2 The forecast position has required the Council to approach MHCLG to request more Exceptional Financial Support for 2026/27, expected to be a sum of up to £30m. It should be noted that this is additional borrowing, not additional funding.

Supporting Documentation

Appendices

- 1. Forecast Dashboards by Service
- 2. Additional risks not included in the forecast
- 3. Update on the progress of Transformation programmes and key risks