

# Cheltenham Borough Council

## Cabinet – 16 September 2025

### Budget Monitoring Report 2025-26 – position at 30 June 2025

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**Accountable member:**

Councillor Peter Jeffries – Cabinet Member for Finance and Assets

**Accountable officer:**

Gemma Bell - Director of Finance, Assets & Climate (Deputy Section 151 Officer)

**Accountable scrutiny committee:**

Budget Scrutiny Working Group

**Ward(s) affected:**

All

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**Key/Significant Decision:**

No

**Executive summary:**

This report provides the monitoring position statement for the financial year 2025/26 against the budget approved by Council on 21 February 2025. The purpose of this report is to notify members of any known significant variations to the budget for 2025/26 and highlight any key issues.

Regular budget monitoring exercises for services are carried out in liaison with Directors and cost centre managers. The budget is also regularly discussed with the Lead Member for Finance and Assets and the Cabinet. One of the key purposes of this exercise is to identify any major variations from the current approved budget that are anticipated to occur in the financial year. Any variations of more than £50,000 to revenue budgets identified at 30 June 2025 are outlined in this report.

The 2025/26 general fund budget forecast that £560,803 would be added to general

balances by the 31 March 2026. This was based on a Section 25 report prepared by the Section 151 Officer which assessed the level of general balances required to support the budget as £1.764m. This monitoring report shows that we are currently reporting estimated overspend in the general fund of £295,000. This means that by 31 March 2026 the forecast general balance would still increase to £1.561m but that the balance would be below the optimum level.

This is due to a number of conditions set within the Section 25 risk assessment coming to fruition. There are three services where volume of activity is impacting the income that they are contributing to the general fund. These are planning, building control and cremation income and the net impact is a pressure of £274,000 against the target budget. The assessment of the balance in the Section 25 report means we have made provision of £200,000 in the 2025/26 budget to allow for this but it does mean the contribution to general balances would need to be reduced to accommodate the fluctuation. It is therefore expected that the 2026/27 budget will need to make provision for another contribution to general balances to offset this.

The position of the Housing Revenue Account (HRA) revenue and capital budgets are currently under review. There are a number of known cost pressures as a result on ongoing resource issues with re-letting of void properties and addressing the high priority areas of the housing improvement plan including addressing actions relating to fire safety. Budget and forecasting activity is ongoing and additional resource is being on boarded within the finance team to support our capacity to support service managers to complete this work.

Underpinning this work is our commitment to close all outstanding fire actions by the end of October and as a result, the budget is subject to a detailed review to ensure resources are available to do this. A detailed report on the forecast position and actions taken to support the priorities of the housing improvement plan will be presented as part of the quarter two budget monitoring. This may include new targets for savings and efficiencies as the detailed costs of required work is understood.

**Recommendation: That Cabinet:**

- **notes the contents of this report, including the key projected variances to the general fund and update on the Housing Revenue Account (“HRA”) 2025/26 revenue and capital budgets approved by Council on 21 February 2025 and the actions to ensure overspends are reduced as far as possible by the end of the financial year.**
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## **1. Implications**

### **1.1 Financial, Property and Asset implications**

As detailed throughout this report.

**Signed off by:** Gemma Bell, [gemma.bell@cheltenham.gov.uk](mailto:gemma.bell@cheltenham.gov.uk), 01242 264124

## 1.2 Legal implications

None arising from the report recommendations

**Signed off by:** One Legal, [legalservices@onelegal.org.uk](mailto:legalservices@onelegal.org.uk), 01684 272012

## 1.3 Environmental and climate change implications

The investment set out in the capital programme and through the countywide Climate Co-ordinator role will help progress countywide carbon reduction initiatives. However, increased revenue investment is needed to maintain progress against the actions set out in the Climate Emergency Action Plan and this will continue to present a challenge for the council's budget without further funding support from central government.

**Signed off by:** Maizy McCann, Climate Change Officer

## 1.4 Corporate Plan Priorities

Taking action to ensure overspends are reduced as far as possible by the end of the financial year will help ensure that the council can continue to deliver its corporate objectives as set out in the 2025-2028 Corporate Plan.

**Signed off by:** Ann Wolstencroft, Head of Performance, Projects and Risk

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## 2. Background

- 2.1. On 21 February 2025, Council approved the general fund revenue budget for 2025/26, including setting the Council Tax. The 2025/26 approved budget identified a savings target of £1.130m.
- 2.2. This report draws together the Council's budget forecast for 2025/26 at 30 June 2025 against the general fund revenue and capital budgets approved on 21 February 2025. It also summarises the status of the Housing Revenue Account (HRA) revenue and capital budgets for the same period.

## 3. General Fund Net Revenue Budget Position

- 3.1. The current net forecasted overspend for 2025/26 is £295k. This is made up of the total budget variances against all the current service expenditure and the forecast position of the savings programme for 2025/26. Service expenditure is forecast to be underspent by £110k and the slippage on the savings programme is currently expected to be £405k. This means the net position on the budget at year end is currently forecast to be a £295k overspend. The table below details the breakdown of the variances against the approved budget with further

explanation provided in Sections 3, 4 and 5.

<b>Significant budget variances</b>	<b>Overspend / (Underspend) £</b>	<b>Para. Ref.</b>
<b>All Directorates</b>		
Staffing Costs	(300,000)	8.1
Planning	110,000	8.2
Bereavement Services	264,000	8.3
Waste and Recycling	(153,000)	8.4
Investment Property Income	70,000	8.5
Building Control	(100,000)	8.6
<b>Base Budget Variances</b>	<b>(110,000)</b>	
<b>At Risk Savings</b>	405,000	9.1 – 9.5
<b>Net projected overspend for the year</b>	<b>295,000</b>	

#### 4. Base Budget Variances

- 4.1. Due to the vacancies being carried across the organisation, staffing budgets are estimated to be £300,000 underspent based on the figures for the first three months of the year. The organisation is working to integrate shared teams across the organisation following the transfer of housing services back into the Council on 1 July 2024. Consequently, a number of vacancies are being held within both the general fund and housing revenue account. The 2025/26 pay award for the NJC has now been agreed and paid. It has come in above the budgeted 2% increase, at 3.2% across all grades. This underspend includes the net impact of covering the additional 1.2%.
- 4.2. The planning budget includes income from both planning applications and pre planning advice. A key element of the Council's medium term financial strategy is around supporting applications for development from across the town in order to generate economic growth in Cheltenham. Income from planning applications is currently forecast to be £70,000 below the budget set in February 2025. This is due to application numbers being lower than expected

when budget numbers were set. There are also a number of major applications awaiting decision on outline applications, however the time taken to process them, including s106 agreements, will defer the reserve matters applications into the next financial year.

Additionally, there is currently no expectation of any pre planning advice this year meaning that £40,000 of income will not be achieved. The planning service received a growth bid of £129,147 for 2025/26 to fund service re-design to meet the Government's National Planning Policy Review requirements and support growth in the town. Some of the additional pressure will be offset by staffing underspend where new posts have not been filled and this is included in 4.1. above. A report on the performance of the planning service against the business case for the additional growth will be prepared for review by the Leadership Team.

- 4.3. Bereavement services are currently forecasting a £264,000 overspend on the base budget. This is mainly attributable to a fall in sales and subsequent pressure on the achievement of the budgeted income targets for 2025/26. After the first quarter of the year, income is £101,000 behind the budgeted target – as a result of cremation numbers being 5.4% down on the same period for the previous year. Assuming that the same trend is experienced for the full year this would equate to a full year variance of £264,000.
- 4.4. Waste and recycling was included as part of a review of environmental services which was undertaken as part of the savings programme in 2024/25. One of the new measures which was introduced as part of the savings plan was charging for the delivery of recycling receptacles. This was further reviewed in December 2024 and charges were subsequently limited to once per order rather than once per receptacle. This has resulted in a forecast spend of £370,000 on receptacles, representing an overspend of £250,000 on the base budget. This is due to the increase in order volumes.

If receptacle purchases are capitalised as part of the approved capital budget for waste and recycling at year end, this will remove the revenue spend altogether. There are further projected underspends against waste and recycling as follows:

- £97,000 forecast underspend on the overall Ubico contract;
- £283,000 underspend on asset charges as vehicle replacement

placed against £347,000 pressure on material sales. With a reduction in kerbside collections, this results in a projected net underspend on waste and recycling of £153,000.

- 4.5. The Council have a diverse portfolio of investment properties which includes

retail, office space and a supermarket. The diversification of the portfolio meant the impact of the pandemic on the returns generated for the general fund were minimal. Ellenborough House is an office space in the town centre which has carried vacant space following changes to working habits which meant tenants reduced the space they had previously been leasing. A new tenant moved into occupation in June 2024 and rental income is now meeting the budgeted levels. However, there is some areas of vacant space for which the Council are currently bearing the cost of the service charge and business rates. These pressures are forecast to create a £70,000 overspend on budgets in 2025/26.

- 4.6. Building control income has exceeded the budgeted target in the first three months of the year by £100,000. This is a result of the service successfully bidding for a number of large contracts for significant new developments in the area and reflects the additional investment made into the team to differentiate themselves in the market. The forecast assumes that activity levels for the remainder of the year will be consistent with 2024/25 and any additional new work will have a positive impact on the current projection.

## 5. Delivery of the 2024/25 Savings Strategy

- 5.1. As part of the 2025/26 approved budget, a four-year savings strategy was approved which was weighted towards delivering £1.130m of base budget savings in 2025/26. This is an incredibly ambitious target, particularly in the current economic environment and the Council cannot afford complacency in the urgency of the delivery. Below is a table categorising the progress to date

Description	Deferred to 2025/26 due to timing £	Additional Savings/Income 2025/26 £	Total Savings 2025/26 £	Expected Delivery 2025/26 £
Sale of the Airport - current cost of debt and debt repayments	200,000		200,000	400,000
Repayment of a debt premium to reduce annual revenue cost	-	25,000	25,000	25,000
Commercial income generation from increased demand on our car parks	-	200,000	200,000	200,000
Income from EV charging points	35,000	25,000	60,000	
Income generated from property portfolio	80,000		80,000	
Disposal of property interests in line with the Council's Asset Management Strategy - cost savings and contribution to property resources	-	50,000	50,000	50,000
Channel shift of services to digital platform	35,000		35,000	
Review and re-alignment of resources for discretionary services	150,000		150,000	
Transition of housing services back in-house	-	200,000	200,000	50,000

Environmental Services Review	130,000	-	130,000	
			-	-
<b>Total</b>	<b>630,000</b>	<b>500,000</b>	<b>1,130,000</b>	<b>725,000</b>

- 5.2. Action has already been taken by officers and Members on the £725,000 of savings forecast as on track in the table above and these will continue to be monitored through the rest of the financial year. The current expectation is that these will be delivered and the budget adjustments made by 31 March 2026.
- 5.3. There is significant work to do on £405k of savings which are forecast as amber and red or, in the case of the environmental services review and EV charging points, where the original plans have changed and no longer generate the savings expected.
- 5.4. Likewise, although significant work has been undertaken on the transition of the housing services back to the Council, some of the financial benefits will not be experienced until 2026/27 and beyond. Some of the at risk £150,000 may be delivered in year through salary underspend and then fully accounted for in 2026/27 although this is very much dependent on the pressures experienced in resourcing as a result of Local Government Reorganisation which both requires resource and has also created a very difficult market in which to recruit to vacancies.
- 5.5. Senior Officers have been working with the Cabinet to review spend across all service areas against the Corporate Plan to determine whether services can be delivered differently and ensure our resources are aligned with key priorities. Proposals and options will continue to be discussed through the year to ensure that any unachieved savings have alternative plans or clear options for delivery in 2026/27.

## 6. The 2025/26 Capital Programme

- 6.1. A monitoring exercise has been carried out to ensure that the capital programme, approved by Council on 21 February 2025, are being delivered as planned within allocated capital budgets, some of which are timetabled to straddle two or more financial years. The approved 2025/26 capital programme totals £41.420m which includes unspent budgets from 2024/25 which were approved to be carried forward as part of the 2024/25 outturn report to Council. See Appendix 2 attached to this report for a breakdown of the individual capital projects.
- 6.2. During the 2025/26 financial year, other projects and schemes may come to light which require investment by the Council. These proposals will be considered by the Cabinet and approval will be requested through the relevant channels in line

with the Council's Budget and Policy Framework Rules.

## **7. Community Infrastructure Levy (CIL) and Section 106 Contributions**

7.1 In December 2023, the Council agreed to pool its strategic CIL monies with its Strategic and Local Plan partners Gloucester and Tewkesbury through the governance of a [Joint Committee](#). The first meeting of the CIL Joint Committee took place on 12<sup>th</sup> November 2024 and agreed the prioritisation methodology for the future allocation of CIL monies. At a meeting on the 4 March 2025, the CIL Joint Committee considered CIL bids for fundings against a combined infrastructure fund of £18,351,039. It was agreed that this would be split as follows:

- 25% future CIL income will be ringfenced for allocation to projects which the districts consider of local strategic significance. At the time of the Joint Committee, this value was £4,587,760
- 75% of the current Infrastructure Fund (£13,763,280) will be allocated to be applied to, and funding agreements entered into with Gloucestershire County Council in respect of:
  - a. M5 Junction 10 Scheme – up to £10,000,000.
  - b. M5 Junction 9 and A46 (Ashchurch) Transport Scheme - £1,000,000.
  - c. Mass Rapid Transport - £1,000,000.
  - d. Cheltenham Spa Railway Enhancements (Honeybourne Line cycle path extension) - £770,424.
  - e. Cheltenham Cycle Spine (Extension to Bishops Cleeve) - £592,856; and
  - f. Gloucester to Haresfield Cycle Spine Design - £400,000.

7.2 At a further meeting on 14 July 2025 the CIL Joint Committee made allocations of CIL funding as follows:-

- £150,000 be allocated to the Combined Waste & Recycling Depot for Tewkesbury and Cheltenham Borough Councils (feasibility) split equally from the local infrastructure fund proportion as follows:
  - a. £75,000 Tewkesbury Borough Council local strategic fund receipts
  - b. £75,000 Cheltenham Borough Council local strategic fund receipts; and
- £120,000 be allocated to the Replacement Legion Footbridge Project (feasibility) funded 100% from Tewkesbury Borough local infrastructure fund receipts.



- 7.3 The parish element of CIL monies is paid directly to the Parish Councils, the neighbourhood element is held by the Council and spent on the community's behalf via the CIL Neighbourhood Panel. The Neighbourhood CIL element committed £128,355 in June 23 and £119,938 in July 2025.
- 7.4 5% of CIL is allocated to the administration of CIL and this contributes to staff costs, purchase and management of software and supporting administrative activities.
- 7.5 Section 106 has over £3.568m carried over from 2024/25. The bulk of this sum is set aside for affordable housing and has to be spent between five and 15 years from when received. In relation to public art contributions, there are a number of commitments, one is against the Honeybourne project with a committed spend of £86,500. The project scope is currently being refined to ensure that the S106 outputs meet existing commitments. The remaining £153,351 has to be spent within ten years from when it was received in November 2023.
- 7.6 See Appendices 3 & 4 for a breakdown of the amounts held in Section 106 and CIL contributions respectively.

## **8. Conclusion**

- 8.1. The current monitoring position of the 2025/26 budget demonstrates that even with the financial planning decisions taken by Officers and Members over recent years, we are still facing volatility in managing the resources available to the Council to deliver services to our residents and communities.
- 8.2. The 2025/26 general fund budget forecast that £560,803 would be added to general balances by the 31 March 2026. This was based on a Section 25 report prepared by the Section 151 Officer which assessed the level of general balances required to support the budget as £1.764m. This monitoring report shows that we are currently reporting estimated overspend in the general fund of £295,000. This means that by 31 March 2026 the forecast general balance would still increase to £1.561m but that the balance would be below the optimum level.

## **9. Consultation**

- 9.1. Appropriate members and officers were consulted in the process of preparing the monitoring position and associated reports and appendices.

## **10. Performance management – monitoring and review**

- 10.1. The budget position will continue to be monitored by the Finance team throughout the year and a revised budget will be presented to the December Cabinet with the 2026/27 draft budget proposal. The Budget Scrutiny Working

Group are also due to meet in the Autumn to discuss the position outlined in this report.

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**Report author:**

Gemma Bell, Director of Finance, Assets and Climate

**Appendices:**

1. Appendix 1 - Risk Assessment
2. Appendix 2 - General Fund Capital Programme Monitor to 30 June 2025
3. Appendix 3 - Section 106 Statement Q1 2025/26
4. Appendix r - CIL Statement Q1 2025/26

**Appendix 1: Risk Assessment**

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
52	If the Council is unable to come up with long term solutions which close the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	5	4	20	Reduce	<ul style="list-style-type: none"> <li>- Commercial strategy &amp; activities</li> <li>- Quarterly budget monitoring</li> <li>- Cabinet engagement - budget proposals</li> <li>- Increased capacity in the finance team</li> <li>- Cabinet Away Day challenge and decisions</li> <li>- Ongoing monitoring of targets for workstreams/services</li> </ul>	Director of Finance & Assets	Ongoing
403	Prioritisation of capital resources – If CBC are unable to prioritise medium term projects and programmes which require significant capital financing, then it will increasingly have to rely of borrowing to fund service	Cabinet	5	4	20	Reduce	<ul style="list-style-type: none"> <li>- Ongoing review and alignment of the capital programme with the Corporate Plan</li> <li>- Quarterly budget monitoring</li> <li>- Cabinet engagement - budget proposals</li> </ul>	Director of Finance & Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	investments increasing the pressure on our revenue budgets to fund repayments.						<ul style="list-style-type: none"> <li>- Gateway reviews of all projects through the Corporate Programme office</li> <li>- Cabinet Away Day challenge and decisions</li> <li>- Business case and approval for all new projects, including allocation of resource and budgets</li> </ul>		
53	If General Balances are not strengthened then insufficient reserves will be available to cover unanticipated spend or deficits resulting in the levels which will consequently fall below the minimum required level as recommended by the Section 151 Officer in the council's Medium Term Financial Strategy	Director of Finance & Assets	5	3	15	Reduce	The MTFs is clear about the need to enhance reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2025/26 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls	Director of Finance & Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
							and potential future under spends with a view to strengthening reserves whenever possible.		
199	If the Government review concludes significant changes to business rate retention, Government grant funding or Council Tax generation for Cheltenham then the MTFS budget gap may increase, requiring greater savings than already planned.	Director of Finance & Assets	5	4	20	Reduce	<p>The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council.</p> <p>The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot.</p> <p>Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.</p>	Director of Finance & Assets	Ongoing