

Cheltenham Borough Council

Cabinet Meeting – 16 December 2025

Budget Monitoring Report 2025/26 – position at 30 November 2025

Accountable member:

Cllr Peter Jeffries – Cabinet Member for Finance and Assets

Accountable officer:

Jon Whitlock – Head of Finance (Deputy Section 151 Officer)

Accountable scrutiny committee:

Budget Scrutiny Working Group

Ward(s) affected:

All

Key/Significant Decision:

No

Executive summary:

This report provides the monitoring position for the 2025/26 financial year against the budget approved by Council on 21 February 2025. Its purpose is to inform Members of any significant variations to the approved budget and highlight key financial issues.

Regular budget monitoring is undertaken in collaboration with Directors and cost centre managers, with updates shared with the Lead Member for Finance and Assets and Cabinet. The primary objective of this process is to identify major variations from the approved budget. Any revenue budget variations exceeding £50,000 as at 30 November 2025 are detailed within this report.

The 2025/26 General Fund budget anticipated a contribution of £560,803 to general balances by 31 March 2026, based on the Section 25 report prepared by the Section 151 Officer, which

assessed the required level of general balances at £1.764m. Current monitoring indicates an estimated overspend of £564,000, reducing the forecast general balance to £1.28m by year-end below the optimum level.

This shortfall reflects several risks identified in the Section 25 assessment materialising. In particular, reduced income from recycling material sales and cremation services has created a combined pressure of £710,000. While the 2025/26 budget included a contingency of £200,000 to mitigate such risks, this will reduce the planned contribution to general balances. Consequently, the 2026/27 budget will need to include provision for an additional contribution to restore reserves to the recommended level.

The Housing Revenue Account (HRA) position has stabilised following the overspend in 2024/25. Known cost pressures remain, driven by resource challenges in re-letting void properties and delivering high-priority actions within the Housing Improvement Plan, including fire safety compliance. Current forecasts indicate that the 2025/26 outturn will be on budget, with a planned contribution of £82,500 to the HRA reserve, increasing the balance to approximately £686,000 by year-end. Additional finance resources are being onboarded to strengthen capacity and support service managers in ongoing budget and forecasting work.

Recommendations: That Cabinet:

- **notes the contents of this report including the key projected variances to the general fund and 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.**
-

1. Implications

1.1 Financial, Property and Asset implications

As detailed throughout this report.

Signed off by: Jon Whitlock, jon.whitlock@cheltenham.gov.uk 01242 264 354

1.1 Legal implications

None arising from the report recommendations

Signed off by: One Legal, legalservices@onelegal.org.uk, 01684 272012

1.2 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

1.3 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, Director of Corporate Services

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 November 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 £564k. 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 overspent by £22k and the slippage on the savings programme is currently expected to be £542k. This means the net position on the budget at year end is currently forecast to be a £564k overspend. The table below details the breakdown of the variances against the approved budget with further explanation provided in Sections 3, 4 and 5.

	Previously reported Q1 position	Position 30 November 2025	
Significant budget variances	Overspend / (Underspend) £	Overspend / (Underspend) £	Para. Ref.
All Directorates			
Staffing Costs	(300,000)	(500,000)	8.1
Planning - Income	110,000	355,000	8.2
Bereavement Services	264,000	340,000	8.3
Waste and Recycling	(153,000)	(62,000)	8.4
Property	70,000	65,000	8.5 – 8.7
Building Control	(100,000)	(195,000)	8.8

Housing Benefits		310,000	8.9
Pest Control		(55,000)	8.10
Car Parking		100,000	8.11
Major Developments – Consultancy		(53,000)	8.12
Bank Charges		50,000	8.13
Housing & Communities		(240,000)	8.14
ERP Grant		(171,000)	8.15
Other variances less than £50k individually		78,000	
Base Budget Variances	(110,000)	22,000	
At Risk Savings	405,000	542,000	9.1 – 9.3
Net projected overspend for the year	295,000	564,000	

4 Base Budget Variances

4.1 Due to the vacancies being carried across the organisation, staffing budgets are estimated to be £500,000 underspent based on the figures for year to end of November. 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 around is 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 £315,000 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. All of the additional pressure will be offset by staffing underspend where new posts have not been filled and this is included in 8.1. 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 £340,000 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. At the end of November, income is £179,000 behind the budgeted target – as a result of cremation numbers being 10% 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 £340,000.

4.4 Waste and recycling was included as part of the review into 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 receptacles. This was reviewed in December 2024 and charges were limited to once per order rather than once per receptacle. This has led to a forecast spend of £245,000 on receptacles, an overspend of £128,000 on the base budget as order volumes have increased with the changes in charging.

If we capitalise these purchases as part of the approved capital budget for waste and recycling at year end this will remove the revenue spend altogether. Together with a £107,000 forecast underspend on the Ubico contract, a £208,000 underspend on asset charges as vehicle replacement is tracking behind the forecast and a £370,000 pressure on material sales with a reduction in kerbside collections this equates to a net underspend on waste and recycling of £62,000.

4.5 The Council's property portfolio continues to experience financial pressures in 2025/26, primarily driven by ongoing vacancies within investment properties. Vacant space at Ellenborough House and Rowanfield Exchange has resulted in a shortfall of £85,000 against budgeted rental income. In addition, business rates payable on these properties amount to £60,000, further impacting the position.

4.6 The Playhouse Theatre grant allocation of £50,000 has been applied as planned, supporting cultural commitments within the borough. On a positive note, there is an underspend of £130,000 on utilities, which has partially offset the above pressures.

4.7 Overall, these movements result in a net overspend of £65,000 on property budgets at Q2. While a new tenant has occupied Ellenborough House since June 2024, reducing some of the vacancy risk, residual vacant space and associated costs remain a challenge. The Council continues to actively market available units and explore opportunities to optimise occupancy and reduce holding costs.

4.8 Building control income has exceeded the budgeted target to end of by £195,000. 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.

- 4.9** The housing benefits budget for rent allowances is currently forecast to be £310,000 overspent. Despite the transition from Housing Benefit to Universal Credit for many recipients, the overall annual Housing Benefit expenditure remains constant. However, the composition of this expenditure has changed, with a significantly higher proportion of claims coming from supported accommodation.

The current Government policy is that supported accommodation managed by an organisation that is not a Registered Provider does not qualify to receive full Housing Benefit Subsidy. This means a greater contribution is required from the Council. Work is ongoing nationally to influence a change in the policy to ensure Councils can continue to support residents in this type of accommodation without creating local financial pressure on other services. The Council are also working with the organisations in the town currently impacted by this policy to support their transition to become Registered Providers. We anticipate this burden on the Council to be removed by the end of the financial year.

- 4.10** Pest Control service has performed strongly, with income 42% higher than the same period last year. This improvement is driven by several factors: an increase in the number of commercial contracts alongside improved pricing, higher seasonal income during the summer months primarily from wasp and rat treatments, and bird-proofing work undertaken for HRA properties. On the expenditure side, budgets remain well managed and on track, supporting the overall positive financial position for the service.

- 4.11** The Car Parking service is currently reporting a total overspend of £100,000. This is primarily due to lower-than-budgeted income from EV charging installations, which are £50,000 below target, and parking permit sales, which are also £50,000 down. In more positive news, additional income has been generated from increased car park usage, and these extra fees have been applied against the savings target.

- 4.12** The Major Development team is reporting an in-year underspend of £53,000. This positive variance has been achieved by effectively utilising internal resources that were already budgeted for, reducing the need for external consultancy and associated costs. This approach has delivered savings while maintaining progress on key development projects.

- 4.13** Banking charges have increased in-year, driven by two key factors: the implementation of a new banking contract and a continued rise in card transaction fees. Card processing costs have been steadily increasing over the past few years, reflecting higher volumes of card payments and industry wide fee adjustments. These pressures are forecast to result in a year-end overspend of approximately £50,000.

- 4.14** Housing & Communities received a homelessness grant of £940k for the 2025/26 financial year, part of the work to meet the conditions of the grant is being covered within existing services and funded by our base budget. This grant funding increased by £329k in 2025/26 (from £611k in 2024/25). However, the funding formula

for Homelessness Prevention Grant funding is changing from 26/27 onwards, and there is an expectation that grant funding for Cheltenham could be reduced, potentially significantly, though the details will not be known until December 2025/Jan 2026. We have therefore taken a prudent approach to investment in prevention services to minimise the risk of services having to be cut in future years. As a result, we estimate that £240k of the 2025/26 this grant will be available to support general balances within the Housing Options Service at year end.

- 4.15** The Council's EPR (Extended Producer Responsibility) grant allocation is forecast to be £171,000 higher than budgeted for the current financial year. This additional funding reflects updated government calculations and adjustments to support local authorities in meeting recycling and waste management obligations under the EPR scheme. The increased grant provides a positive variance against budget and will help offset pressures in other areas of the Environmental Services portfolio.

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	Total Savings 2025/26 £	Position at Q1	Position at End of November
		Expected Delivery 2025/26 £	Expected Delivery 2025/26 £
Sale of the Airport - current cost of debt and debt repayments	200,000	400,000	300,000
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	168,000
Income from EV charging points	60,000		
Income generated from property portfolio	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		
Review and re-alignment of resources for discretionary services	150,000		
Transition of housing services back in-house	200,000	50,000	
Environmental Services Review	130,000		45,000
Total	1,130,000	725,000	588,000

5.2 Action has already been taken by officers and Members on the £588,000 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 the remaining £542k of savings which are forecast as amber and red. A full reset of savings will have to take place due to where the original plans have changed and no longer generate the savings expected.

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.

6.3 CBC's capital programme is significant over the next three years and timing of capital receipts is crucial to the delivery of the programme. A detailed review of all capital financial of the programme is currently under way, a full update will be produced for the budget in February 2026.

7 HRA Revenue update

7.1 Following the 2024/25 outturn, which required a draw on the HRA reserve, the position for 2025/26 is currently forecast to be delivered on budget. A significant amount of work has been undertaken to reorganise and fully understand the current financial position within the HRA, ensuring greater clarity and control going forward.

While there remain some areas of uncertainty, these are being closely monitored, and a further update will be provided in the February Council report.

As at the end of 2024/25, the HRA reserve balance stood at £603,500. The 2025/26 budget includes a planned contribution of £82,500, which would increase the reserve to approximately £686,000 by the end of March 2026, subject to the final outturn position.

8 Community Infrastructure Levy (CIL) and Section 106 Contributions

8.1 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 12th November 2024 and agreed the prioritisation methodology for the future allocation of CIL monies. At a meeting on the 29 September 2025, the CIL Joint Committee considered CIL bids for fundings against a combined infrastructure fund of £19,015,900.66. 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. CBC's share is £3.75m
 - b) M5 Junction 9 and A46 (Ashchurch) Transport Scheme - £1,000,000. CBC's share is £213k
 - c) Mass Rapid Transport - £1,000,000. CBC's share is £213,000
 - d) Cheltenham Spa Railway Enhancements (Honeybourne Line cycle path extension) - £770,424. CBC's share is £164,000
 - e) Cheltenham Cycle Spine (Extension to Bishops Cleeve) - £592,856; CBC's share is £126,000k and
 - f) Gloucester to Haresfield Cycle Spine Design - £400,000. CBC's share is £85,000

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.

8.2 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.

8.3 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.

8.4 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.

8.5 sSee Appendices 3 & 4 for a breakdown of the amounts held in Section 106 and CIL contributions respectively.

9 Conclusion

9.1 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.

9.2 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 £564,000. This means that by 31 March 2026 the forecast general balance would be £1.283m but that the balance would be below the optimum level.

10 Consultation

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

11 Performance management – monitoring and review

11.1 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 December to discuss the position outlined in this report.

Report author:

Jon Whilock, Head of Finance (Deputy S151 Officer)

Appendices:

1. Risk Assessment
2. General Fund Capital Programme Monitor to 30 November 2025
3. Section 106 Statement Q1 2025/26

4. 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"> - Commercial strategy & activities - Quarterly budget monitoring - Cabinet engagement - budget proposals - Increased capacity in the finance team - Cabinet Away Day challenge and decisions - Ongoing monitoring of targets for workstreams/services 	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"> - Ongoing review and alignment of the capital programme with the Corporate Plan - Quarterly budget monitoring - Cabinet engagement - budget proposals 	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"> - Gateway reviews of all projects through the Corporate Programme office - Cabinet Away Day challenge and decisions - Business case and approval for all new projects, including allocation of resource and budgets 		
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