Cheltenham Borough Council

Cabinet - 14 July 2026

General Fund & Housing Revenue Account Outturn Report 2025-26

Accountable member:

Cllr Peter Jeffries, Cabinet Member for Finance and Assets

Accountable officer:

Adele Taylor, Interim Director of Finance and Operations (Section 151 Officer)

Ward(s) affected:

All

Key Decision: No

Executive summary:

This report summarises the Council's financial performance and sets out the General Fund (GF) and Housing Revenue Account (HRA) revenue and capital outturn position for 2025/26. The information contained within this report has been used to prepare the Council's Statement of Accounts for 2025/26.

For the financial year 2025/26 the Council's general fund position is a £16,159 underspend that will be transferred to general balances. The HRA position is a surplus of £141,669 for the year.

This report details variances by service area, with a more detailed explanation for any over or underspends above £50k in the general fund.

Whilst preparing the final year end position, we have reviewed areas where planned underspends of revenue budgets could be allowed, with the agreement of the Section 151 Officer, to meet the needs of approved service delivery. This is often due to the timing of commitments and expenditure needing to be matched. Any other carry forward requests, including budget underspends that have been carried forward in previous financial years are subject to full Council approval at the financial outturn meeting held after the year end.

This report compares our outturn position to the revised budget that was set alongside the budget setting report for 2026/27 approved by full council in February 2026. At that time, it was anticipated that we would need to take £662k from our general fund reserves against an original plan of adding £560k to general fund reserves. With the underspend in-year of £16k, this has reduced this to an overall use of reserves of £646k.

This leaves the General Fund balance at £1.459m with a plan to add just below £316k during 2026/27 to bring these reserves to an optimum level. It should be noted that assumes during 2026/27 delivery of savings totalling £1.054m as well as cover off any emerging financial pressures during the year in full.

In addition to the General Fund reserve balance, we hold a number of earmarked reserves which are held for specific purposes and often recognise that the timing of income and expenditure and future commitments where they are not always aligned. At year end a total of £1.336m has been added to specific earmarked reserves, including £379k of carry forward requests and approvals.

This report also provides information on the Council's capital programme including any budgets required to be slipped into 2026/27 from 2025/26.

For the HRA, the actual Capital expenditure for 2025/26 is a total of £27.874m against a budget of £33.122m. The Capital profile has been revised and any underspends are slipped into future years to recognise when projects are actually being delivered.

As part of the management of our budget within 2026/27 the Capital programme for 2026/27 will be reviewed and any amendments will form part of the first quarter monitoring reports in September 2026.

Finally, the Council's Treasury Management Policy requires the Section 151 Officer to report to members annually, by the 30 September, on the treasury management activities and treasury management indicators for the previous financial year. This report also seeks to meet this requirement.

Recommendations: That Cabinet notes and recommends Council:

1. **to note the General Fund revenue outturn position for 2025/26 after the application of carry forward requests and following the use of earmarked reserves, of an underspend of £16,159 against the 2025/26 revised budget approved by Council on 27 February 2026**

2. **to note the General Fund carry forward requests detailed in Appendix 5.**

3. **to note the reserve movements detailed in Appendix 6.**

4. **to note the Treasury Management Outturn report in Appendix 7.**

5. **to note the capital outturn position and financing arrangement in Appendix 8**

6. **to note the Council Tax and Business Rates collection performance in Appendix 9.**

7. **to note the Housing Revenue Account outturn position in Appendix 10.**

8. **to note the Housing Revenue Account Capital Programme detailed in Appendix 11.**

9. **to note the Section 106 monitoring information in Appendix 12.**

Recommendations: That Cabinet agrees and recommends that Council:

10. **approves the carry forward from 2025/26 into 2026/27 of Capital budgets as detailed in Appendix 8**

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1. Implications

1.1 Financial, Property and Asset implications

The whole of this report is about ensuring that we provide detailed analysis of our revenue and capital income and expenditure for the financial year 2025/26 for both the General Fund and Housing Revenue account. Financial information is as detailed throughout the report.

Signed off by: Adele Taylor, Interim Director of Finance and Operations (Section 151 Officer) adele.taylor@cheltenham.gov.uk

1.2 Legal implications

As detailed in the body of the report, the Council has adopted and complied with the CIPFA Code of Practice for Treasury Management in the Public Services. This provides assurance that investments are, and will continue to be, within its legal powers.

Signed off by: One Legal, legalservices@onelegal.co.uk

1.3 Environmental and climate change implications

Key elements of the budget are aimed at delivering the corporate objectives in the Corporate Plan, including the climate change and net zero carbon priorities. The sustainability of general balances and earmarked reserves is vital to continue to work towards this objective.

Signed off by: Maizy McCann, Climate Officer maizy.mccan@cheltenham.gov.uk

1.4 Corporate Plan Priorities

The actions outlined in this outturn report to support general balances, implement savings and grow commercial income will help ensure that the Council can continue to deliver its corporate objectives as set out in the Corporate Plan 2025 - 2028.

Signed off by: Ann Wolstencroft, Director of Corporate Services ann.wolstencroft@cheltenham.gov.uk

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2 Background

2.1. On 21 February 2025, Council approved the budget for 2025/26, including setting the Council Tax. This was the resources required to deliver the Council's identified objectives in it's Corporate Plan 2025-2028. This covered revenue and capital expenditure for both the General Fund budget and also the Housing Revenue Account (HRA). A revised budget for 2025/26 was then identified and approved at Full Council on 27 February 2026. This report details our performance against that revised budget.

2.2. In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Councils finance and financial performance and this has been complied with throughout the year. This is the outturn report and information contained within has been used to prepare the Council's Statement of Accounts for 2025/26 which are now subject to external audit.

2.3. These are unprecedented times for local government alongside many of our residents and businesses within our town. We are facing rising service delivery costs and the challenge of supporting a growing number of residents affected by the cost-of-living crisis. These pressures come on top of nearly a decade of year-on-year cuts to the Council's government funding.

2.4. After a period of financial instability in 2022/23 and 2023/24, partly due to the continued impact of the global pandemic that started in 2020 which had long-lasting impacts on some of our income and expenditure, we began to see a stabilisation of our financial position. 2024/25 and 2025/26 have seen a need to continue to rely on usage of general fund balances, but for both financial years a small underspend has been reported at year end. This indicates that the general fund is starting to stabilise although there is further work that needs to be done to ensure that future years savings are identified and delivered and ensure that planned contributions are made.

2.5. This report draws together the financial outturn position for 2025/26 for the General Fund against the Revised 205/26 budget. It also summarises the Housing Revenue Account (HRA) revenue and capital budgets, details reserve movements and summarises requests for carry forward of budgets approved by the Section 151 Officer under delegated powers.

2.6. This report also provides explanations for more significant variances and provides an assessment of the potential ongoing impacts into 2026/27 and future financial years.

2.7. Finally, this report also ensures that the requirement of the Council's Treasury Management Policy to report on treasury management activities and treasury management indicators for the previous financial year by 30 September has been complied with.

3 General Fund Outturn 2025/26 (Appendix 2, 3, 4, 5 and 6)

3.1 The outturn position as at 31 March 2026 is an underspend of £16,159 against the revised budget approved in February 2026. A summary of the General Fund outturn position by directorate is contained in Appendix 2 and by service area in Appendix 3. Information is presented in the same format as used in the draft statement of accounts, in accordance with the CIPFA Code of Practice 2025/26.

3.2 It should be noted that this outturn performance forms the basis of our Statement of Accounts, which are currently subject to external audit. If this position changes following that audit, we will ensure that this is reported at the first available opportunity as part of our regular, ongoing financial management reporting to cabinet and full council.

3.3 In Appendix 4, there is a more detailed explanation of any variances over £50k. This includes overspends, underspends and variances on expected income levels. It is important to note, that whilst the £50k threshold has been identified, the percentage variance has also been included to give an indication on the proportionality of the variance when considered against the overall budget for that area. All variances, including those detailed here, will be considered for their ongoing impact into the new financial year and beyond and relevant action taken to either mitigate pressures, or identify areas where reduced expenditure or increased income could continue. This is an important part of our identification of savings for 2026/27 and we will report on this in the first quarterly report at cabinet in September 2026.

3.4 As part of the overall year end position, a total of £379k of carry forward requests have been identified. Appendix 5 provides details for each of these requests. The most significant of these relates to Homelessness services, at £310k, whereby grant funding received in 2025/26 has been ringfenced to contribute to services being re-procured in 2026/27. The other carry forward requests relate to areas where commitments have been made in 2025/26 and either not yet invoiced or have slipped into the new financial years. They also include amounts of grant funding which have been allocated but not yet taken up by their intended beneficiaries.

3.5 These have been reviewed by the Executive Leadership Team and approved by the Section 151 Officer under delegated powers (financial rule B10.1). A transfer has been made to a carry forward reserve in 2025/26 before appropriate transfers are made to the relevant cost centres in 2026/27 for budget managers to have clarity over their total in-year resources.

3.6 The general balance at 31 March 2025 is £1.459m which is just below the optimum level assessed by the Section 151 Officer in the Section 25 report to Council in February 2026 of £1.5m. The medium-term financial strategy approved by Council in February 2026 outlines the strategy for recovering this position. Appendix 6 shows the movement in the reserves for both Earmarked reserves and also the General Fund balance.

3.7 Earmarked Reserves have increased by £2.1m during 2025/26 of which £1.336m relates to adjustments required at year end. This includes the £379k of carry forward requests highlighted in paragraph 3.4.

3.8 During the review of the outturn position two significant additions to the Earmarked reserves were identified, to ensure that resources are available in the correct year. The largest of these relates to £600k added to the Business Rates Equalisation Reserve to recognise the cashflow impact of business rate changes. This recognises that additional revenues received in 2025/26 will need to be paid out in future financial years, and is therefore ensuring that cashflows are properly accounted for. £224k has also been added to the Environmental Services reserve due to a timing difference around when fleet will be required to deliver the service. There are other small movements totalling £133k.

4 Treasury Management Outturn (Appendix 7)

4.1. Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services. This Council has adopted the code and complies with its requirements, one of which is the receipt by Cabinet and Council of an Annual Review Report after the financial year end. The detailed treasury report is attached at Appendix 7.

5 Capital Outturn and Financing (Appendix 8)

5.1. The outturn position in respect of General Fund capital programme is contained in Appendix 8. This provides information for individual schemes and Members are asked to note the outturn position, and where there is slippage Full Council are asked to approve the budgets to be carried forward into 2026/27.

5.2. It should be noted that in the first quarterly budget management report in September 2026 a review of the whole Capital programme will be undertaken as part of the work to consider in-year savings for 2026/27 and future financial years.

6 Collection Fund Performance (Appendix 9)

6.1. The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 9. This shows the position at the end of March 2026. The collection rate for council tax has decreased very slightly from 98.18% in 2024/25 to 98.01% in 2024/25. The cost of living crisis continues to have an impact on households and our team are continuing to work with any customers who are struggling to pay. The collection rate is well above the national average at 95.62% for all Councils.

6.2. The collection rate for business rates collection has also decreased from 97.64% to 97.19% in the same period. This is again well above the national average of 96.77% for all English Councils and this remains an area of challenge given the national economic challenges. In 2026/27 there has been a rest of business rate values by the Valuation Office and significant changes in the rates being applied to local businesses so we expect this to remain an area of significant challenge going forwards.

7 Housing Revenue Account Outturn (Appendix 10 and 11)

7.1 Appendix 10 and 11 provide more detailed information about the ring-fenced Housing Revenue Account (HRA). These provide information on the HRA Operating Account for 2025/26 and also the summary information on the Capital programme.

7.2 The overall surplus for 2025/26 is £141k which is an improvement of £11k on the revised budget that was set in February 2026. This means that the overall HRA reserves now stand at £789k which is an improvement on the year end position from 2025/26 of almost £142k. This aligns with our strategy to build back the HRA reserves.

7.3 In summary we underspent on expenditure by £584k against the revised budget but also received £541k less income against the revised budget. There has been considerable work to identify savings within the HRA, particularly recognising the ability to be more efficient across the General Fund and the HRA now that the operations are delivered in house and reduce duplicated effort. There is a savings target within 2026/27 of £650k and a review of the outturn position will assist with identifying opportunities against this target.

7.4 The Capital programme has also underspent in year, £27.874m against a revised budget of £33.122m although this will be around timing and profile of spend on some of the major scheme delivery. This means that the HRA has benefitted from a reduction in revenue costs associated with borrowing required to fund the overall Capital programme.

7.5 In the budget that was agreed for the HRA in February 2026 for 2026/27 onwards, the focus remains on building back HRA reserves given the need to ensure ongoing investment in our housing stock.

8 Section 106 Monitoring (Appendix 12)

8.1 A position statement in regard to the activity of S106 receipts is contained in Appendix 12. This shows that at the start of the financial year we held £3.533m in S106 of which £1.034m has been applied to schemes throughout the year.

9 Key risks

9.1 The key risks are set out in Appendix 1.

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Appendices:

1. Risk Assessment
2. Summary General Fund Outturn 2025-26
3. Service Level General Fund Outturn 2025-26
4. Significant General Fund Variances 2025-26
5. General Fund Carry Forward Requests 2025-26
6. Reserve Movements 2025-26 & 2026-27
7. Treasury Management Outturn Report 2025-26
8. General Fund Capital Programme Outturn 2025-26 & Revised Programme 2026-27
9. Council Tax and NNDR Collection 2025-26
10. Housing Revenue Account Operating Account 2025-26
11. Housing Revenue Account Capital Programme 2025-26
12. Section 106 Monitoring 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	- Commercial strategy & activities - Quarterly budget management reports - Cabinet engagement - budget proposals - Increased capacity in the finance team -Ongoing monitoring of targets for workstreams/services -Identification of 4 savings pillars that will be monitored and managed during 2026/27	Interim Director of Finance and Operations (S151)	Ongoing
403	Prioritisation of capital resources – If CBC are unable to prioritise medium term projects and programmes which require significant	Cabinet	5	4	20	Reduce	- Ongoing review and alignment of the capital programme with the Corporate Plan	Interim Director of Finance and Operations (S151)	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
	capital financing, then it will increasingly have to rely of borrowing to fund service investments increasing the pressure on our revenue budgets to fund repayments.						- Quarterly budget management reports - Cabinet engagement - budget proposals - Gateway reviews of all projects through the Corporate Programme office 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	Head of Finance (Deputy S151 Officer)	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 2026/27 and in ongoing budget monitoring	Interim Director of Finance and Operations (S151)	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
	Medium Term Financial Strategy						and management,		