



The Budget 2025/2026

Monitoring Report

31 December 2025 – Quarter 3

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Deputy Section 151 Officer

The Budget Monitoring Report 2025/2026: Quarter 3 – 31 December 2025

1. Introduction and Summary

This report provides an assessment of the council's financial performance against its 2025/2026 approved budget, incorporating key financial risks, issues, and opportunities since 1 April 2025 for revenue and capital items. The year-end forecasts take into consideration emerging data from service managers along with actual income and expenditure for the period 1 April 2025 to 31 December 2025.

The key sections of the report are laid out as follows:

- General Fund (Revenue) – Section 2 and Appendix A
- Capital – Section 3 and Appendix B
- Reserves – Section 4

Risks and Key Items

Following Norfolk being accepted onto the Governments Devolution Priority Programme, Council Leaders and Officers from across the Norfolk councils are working together on Local Government Reorganisation proposals. This continues to progress at pace to achieve the requirements and timeframe outlined by MHCLG. Full proposals have been submitted. Final outcomes are expected to be announced in March 2026, meaning there is ongoing uncertainty surrounding the impact this may have on the authority.

As at December 2025, inflation is at 3.5%, a reduction from 3.8% in September 2025. This is still above the 2% target level set by Government. The lasting effect from inflation on individuals and businesses is being monitored in terms of impacts:

- from increasing revenue costs and demand for the Council's services
- risk to recovery of monies collected by the Council
- risk that could delay and/or increase the cost of capital projects
- slow sales from the housing development programme, increases pressure on the Council's cashflows

At the end of Quarter 3, the Bank of England base rate was lowered to 3.75%, from 4.00% in September 2025.

The Council set its original budget for Revenue and Capital at its meeting on 27 February 2025. The following table shows a summary of the forecast revenue position for the year based on information arising from the period 1 April 2025 to 31 December 2025.

Table 1

Revenue	Approved Budget 2025/2026	Forecast Position 2025/2026	Forecast Variance 2025/2026
	£	£	£
Borough Spend	26,128,470	26,054,806	(73,664)
Financing	(26,128,470)	(26,640,470)	(512,000)
Contributions to/(from) General Fund Reserve	0	585,664	585,664

The Council approved a balanced budget for the 2025/2026 financial year. As a result, there was no budget requirement for a contribution to/from the General Fund Reserve for the financial year. However, the current forecast position is estimating a £585,664 transfer to the General Fund Reserve. This is a favourable movement of £585,664 against the original budget which will result in an increased balance in the General Fund Reserve of £10,604,234 at 31 March 2026.

Table 2 below shows a summary of the forecast capital position for the year based on information arising from the period 1 April 2025 to 31 December 2025.

Table 2

Capital	Approved Budget Adjusted for Rephasing 2025/2026	Updated Budget to Q2 Monitoring Report	Forecast Q3 2025/2026	Actual as at 31 December 2025
	£	£	£	£
Tier 1: Major Projects	41,321,250	35,889,970	32,376,940	22,322,436
Tier 2: Operational Schemes	7,077,410	7,132,410	5,853,970	3,061,008
Subtotal	48,398,660	43,022,380	38,230,910	25,383,444
Tier 3: Pipeline Schemes	2,129,030	2,129,030	2,106,980	0
Total Including Exempt	50,527,690	45,151,410	40,337,890	25,383,444

Proposed amendments can be found in Table 4 of this report and in Appendix B.

If further information is required regarding this report, please do not hesitate to contact Carl Holland (Interim Assistant Director – Finance and Deputy S151 Officer).

2. Revenue Budget 2025/2026

The budget for 2025/2026 was presented to Cabinet on 4 February 2025 and approved by Council on 27 February 2025 in accordance with the process for approving the Medium-Term Financial Strategy 2024/2029.

A summary of the revenue budget position as at 31 December 2025 is shown below in Table 3. Further detail of the movements can be seen in Appendix A.

Table 3

Forecast Outturn Position	Approved Budget 2025/2026	Forecast Position 2025/2026	Forecast Variance 2025/2026
Service	£	£	£
Corporate Services	4,334,330	4,473,060	138,730
Chief Executive	55,000	55,000	0
Environment and Planning	2,618,640	2,324,660	(293,980)
Health Wellbeing and Public Protection	489,400	541,500	52,100
Legal, Governance and Licensing	2,286,990	2,418,890	131,900
Leisure and Community Facilities	1,805,420	1,844,520	39,100
Operations and Commercial	454,880	1,073,453	618,573
Programme and Project Delivery	(579,290)	(629,290)	(50,000)
Property and Projects	(1,395,780)	(1,357,580)	38,200
Regeneration Housing & Place	1,560,320	1,550,320	(10,000)
Resources	8,226,140	7,487,853	(738,287)
Financing Adjustment	2,542,640	2,542,640	0
Internal Drainage Boards	3,729,780	3,729,780	0
Borough Spend	26,128,470	26,054,806	(73,664)
Contributions to/(from) General Fund Balance	0	585,664	585,664
Borough Requirement	26,128,470	26,640,470	512,000
Funding			
Revenue Support Grant	(1,052,270)	(1,052,270)	0
New Homes Bonus	(293,360)	(293,360)	0
Other Government Grants	(1,147,680)	(1,496,680)	(349,000)
Business Rates	(14,971,290)	(14,971,290)	0
Council Tax	(8,663,870)	(8,826,870)	(163,000)
Total Funding	(26,128,470)	(26,640,470)	(512,000)
Funding Position	0	0	0

3. Capital Budget 2025/2026

A summary of the position as at 31 December 2025 for the capital programme is shown below in Table 4. A further breakdown of the capital programme is included at Appendix B.

Table 4

Capital	Approved Budget Adjusted for Rephasing 2025/2026	Updated Budget to Q2 Monitoring Report	Forecast Q3 2025/2026	Actual as at 31 December 2025
	£	£	£	£
Tier 1 Major projects				
Enterprise Zone (Property and Projects):	448,460	448,460	116,250	116,246
Major Housing Development (Companies and Housing):	23,983,370	23,983,370	23,971,750	18,817,449
Other Major Projects	16,889,420	11,458,140	8,288,940	3,388,741
Total Tier 1	41,321,250	35,889,970	32,376,940	22,322,436
Tier 2 Operational Schemes				
Corporate	807,940	807,940	947,940	162,417
Health, Wellbeing & Public Protection	2,620,160	2,620,160	2,707,010	1,605,073
Leisure and Community Facilities:	267,480	267,480	280,000	225,175
Operational and Commercial:	3,275,450	3,305,450	1,676,950	992,948
Property and Projects:	89,730	114,730	225,420	75,395
Finance:	16,650	16,650	16,650	0
Total Tier 2	7,077,410	7,132,410	5,853,970	3,061,008
Tier 3 Operational Schemes				
Corporate	300,000	300,000	0	0
Health, Wellbeing & Public Protection	86,850	86,850	0	0
Leisure and Community Facilities:	403,000	403,000	0	0
Operational and Commercial:	494,150	494,150	286,480	0
Property and Projects:	406,970	406,970	280,500	0
Regeneration, Housing & Place:	241,060	241,060	0	0
<i>Subtotal</i>	<i>1,932,030</i>	<i>1,932,030</i>	<i>566,980</i>	<i>0</i>
Tier 3 Exempt Schemes				
Exempt Schemes	197,000	197,000	1,540,000	0
<i>Subtotal</i>	<i>197,000</i>	<i>197,000</i>	<i>1,540,000</i>	<i>0</i>
Total Tier 3	2,129,030	2,129,030	2,106,980	0
Total Capital Programme (Tiers 1, 2, 3)	50,527,690	45,151,410	40,337,890	25,383,444

The procedural framework in the Council's Capital Strategy outlines the three-tier structure of our capital programme, ensuring thorough planning, execution, and monitoring of all capital projects from development through to major project completion.

The finance process involves requesting approval to implement the capital project by completing the Request to Proceed with the Capital Project form and submitting it to Finance where this will then be subject to approval by the Chief Finance Officer under the Scheme of Delegation. This is Cabinet, where it is a key decision or Council if amendments are required to the approved Capital Programme. Once

approved the project will be promoted to Tier 1 or 2 of the Capital Programme depending on whether the project is classed as a major project or not.

4. Reserves

The main reasons the Council holds reserves are to:

- manage known financial risks
- hold funding as one-off contributions to expenditure, allowing ongoing revenue budget reductions
- manage timing difference between the receipt of funding and actual spend
- hold ring-fenced funds such as specific grants

Table 5 below shows the estimated impact to the General Fund Reserve balance based on the current forecast position.

Table 5

Revenue	Approved Budget 2025/2026	Forecast Position 2025/2026	Forecast Variance 2025/2026
	£	£	£
Borough Spend	26,128,470	26,054,806	(73,664)
Financing	(26,128,470)	(26,640,470)	(512,000)
Contributions to/(from) General Fund Reserve	0	585,664	585,664

The General Fund Reserve Balance is used to support the revenue budget as set out in the Medium-Term Financial Strategy. However, the council also holds a number of earmarked reserves which are held for specific purposes. Table 6 shows the budgeted movements to/(from) earmarked reserves and provides notes in respect of any in year movements against these reserves for the period 1 April 2025 to 31 December 2025.

Table 6

Reserves	Opening balance 1 April 2025	Budgeted movement to/(From) Revenue	Transfers	In year movement to/(From) Revenue	Note	Forecast Outturn Balance 31 March 2026
Ring Fenced Reserves						
Amenity Areas	(52,195)	0	0	0		(52,195)
Capital Programme Resources	(825,857)	520	53,598	0		(771,739)
Collection Fund Adjustment Reserve	(4,153,779)	0	0	0		(4,153,779)
Grants Reserves	(1,803,500)	45,010	0	0		(1,758,490)
Holding Accounts	(374,296)	0	300,000	0		(74,296)
Other	(144,025)	(57,240)	0	0		(201,265)
Planning Reserves	(183,972)	(22,390)	37,056	0		(169,306)
Repairs and Renewal Reserves	(662,242)	(50,640)	49,149	0		(663,733)
Ring Fenced Reserves	(7,332,432)	(1,035,720)	1,250,391	304,900	1	(6,812,861)
Educational Skills Attainment	(187,902)	80,000	0	0		(107,902)
Sub Total	(15,720,200)	(1,040,460)	1,690,194	304,900		(14,765,566)
Risk Management						
Capital Programme	(64,413)	0	0	0		(64,413)
Holding Accounts	(30,003)	0	30,003	0		0
Insurance	(204,908)	(79,080)	0	0		(283,988)
Planning Reserves	(22,947)	0	0	0		(22,947)
Ring Fenced Reserves	(45,155)	0	0	0		(45,155)
Sub Total	(367,426)	(79,080)	30,003	0		(416,503)
Service Delivery						
Capital Programme Resources	(3,746,036)	(2,412,380)	(3,777,556)	103,465	2	(9,832,507)
Climate Change Strategy	(679,276)	334,350	0	0		(344,926)
Grants Reserves	(1,779,422)	(100,000)	0	56,184	3	(1,823,238)
Holding Accounts	(2,221,598)	(53,000)	1,047,207	40,080	4	(1,187,311)
Planning Reserves	0	0	0	(526,366)	5	(526,366)
Project Reserves	(4,128,674)	205,000	400,000	339,301	6	(3,184,373)
Repairs and Renewal Reserves	(1,249,601)	7,870	395,842	0		(845,889)
Restructuring Reserve	(120,049)	0	120,049	0		0
Ring Fenced Reserves	(138,674)	21,000	94,261	0		(23,413)
Sub Total	(14,063,330)	(1,997,160)	(1,720,197)	12,664		(17,768,023)
Grand Total	(30,150,956)	(3,116,700)	0	317,564		(32,950,092)

The above table shows movements to the reserves in year.

Budgeted Movements to/from reserves total £3,116,700: Movements to/from reserves which were included within the approved budget.

Transfers total £0: Following a review and challenge of commitments from Earmarked Reserves £3.777m has been identified as non-contractual and un-ringfenced. This amount has therefore been transferred to a “Capital Programme” reserve, to help fund the Capital Programme, and has not yet been allocated.

In year movements to/from revenue total £317,564: This balance accounts for other movements to and from reserves during the year of £843,930, as well as the additional transfer to reserves of (£526,366), following the presentation and approval of the outturn report for 2024/2025 to Cabinet on 24th July 2025.

Notes to Reserves movements

Note 1: Ring fenced Reserves

£297,900 transfer from reserves for CIL project funding

£5,000 transfer from lottery reserve for funding to Hardings Pits

£2,000 transfer from reserves toward cost of RAF Marham Tea Party

£304,900 Total

Note 2: Capital Programme Resources

£8,507 transfer to cover the cost of coastal repair works and floodgates

£32,980 for the provision of CCTV Software licensing upgrade

£16,500 for one-off car park sign repair

£1,850 forecast change to budgeted transfer of sinking fund contributions

£43,628 Promenade repair fund instalment 3 – concept re: Geotechnical

£103,465 Total

Note 3: Grants Reserves

£12,500 transfer to cover the cost of Civica TDE Encryption

£8,495 transfer from reserves to cover the cost of the Collection Fund Suite subscription for 2025/2026

£9,200 to cover Ascendant software renewal for 2025/2026

£1,199 transfer to cover cost of desk divider screens for Revenues team

£20,000 forecast reduction to budgeted transfer to reserves for Neighbourhood planning as only 5 plans expected to come forward this financial year

£1,695 funding for IRRV Forum Service 2026

£1,560 IRRV Transitional Relief Course

£1,535 SSBR & RHL Upskilling Sessions

£56,184 Total

Note 4: Holding Accounts

£5,000 transfer from reserves to fund one off MoonCup project

£31,080 to cover contribution to West Norfolk Property set up costs

£4,000 to cover the cost of sponsorship for the Local Hero Awards

£40,080 Total

Note 5: Planning Reserves

£526,366 transfer to reserves towards the local plan cost following 2024/2025 Outturn report

Note 6: Project Reserves

£339,301 transfer from reserve to fund Leisure swimming pool review

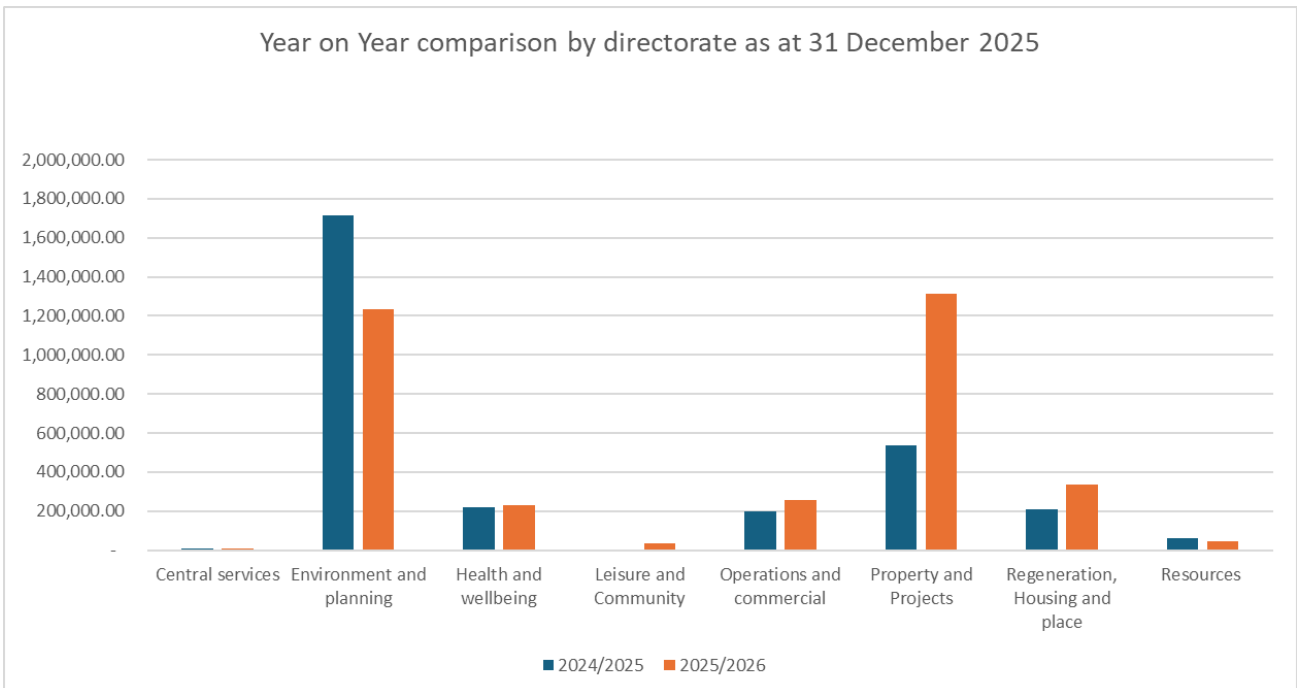
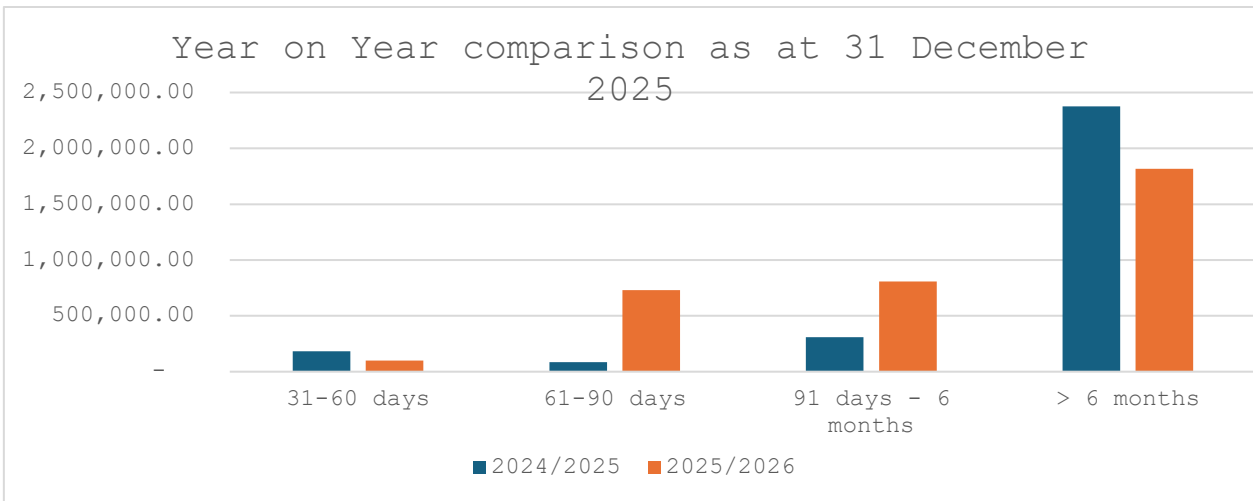
5. Age Debt Analysis

The effective management and collection of debt is an essential contributor to the councils' financial resources. Debt recovery levels can be volatile and at risk especially when there is economic financial instability.

Sundry Debtors Arrears Monitoring

Data for performance reporting continues to be developed in conjunction with a review of the corporate policy on debt recovery.

The first table below shows the comparison of overdue debt between 2024-25 and 2025-26 as at 31 December in each year based on age. The second table shows the comparison at directorate level.

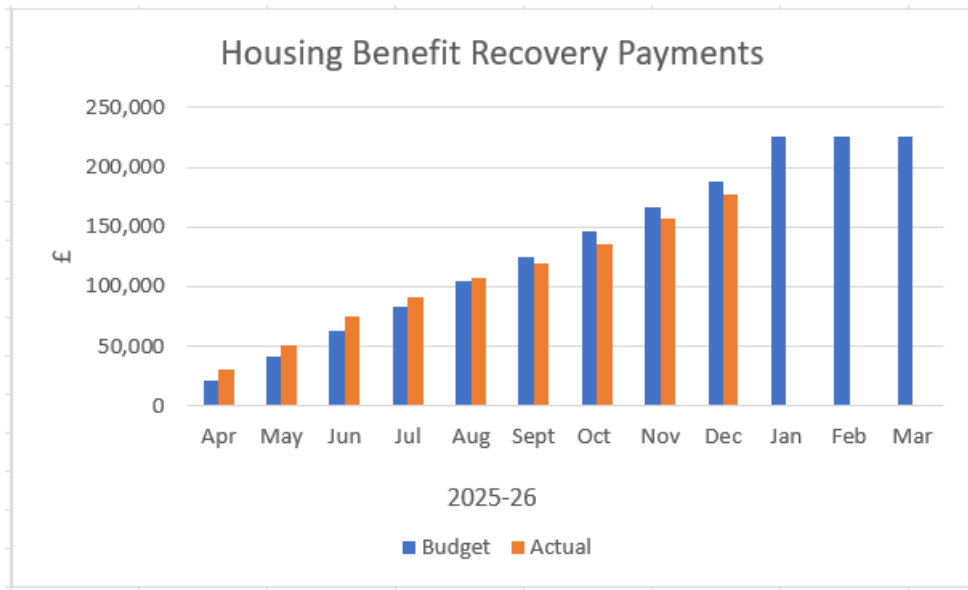


In summary, robust reminder and targeted recovery processes are maintained. Monitoring is not indicating a material concern for debts in arrears.

Housing Benefit Overpayment Recovery Monitoring

In relation to Housing benefits overpayment recovery, the target as of 31 December 2025 is £187,470 and £177,544 has been raised in invoices.

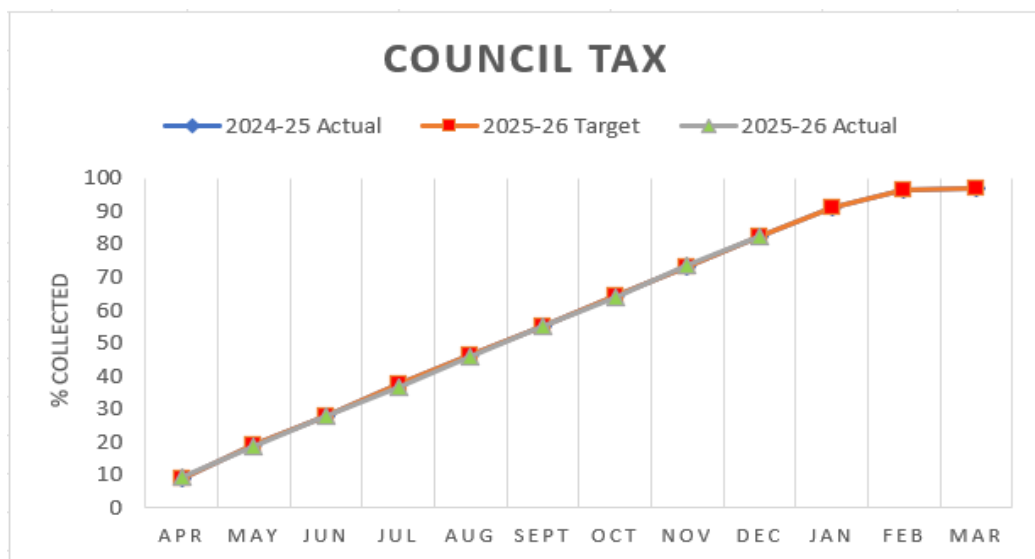
See table below showing monthly performance against budget for 2025/2026.



6. Council Tax and Business Rates

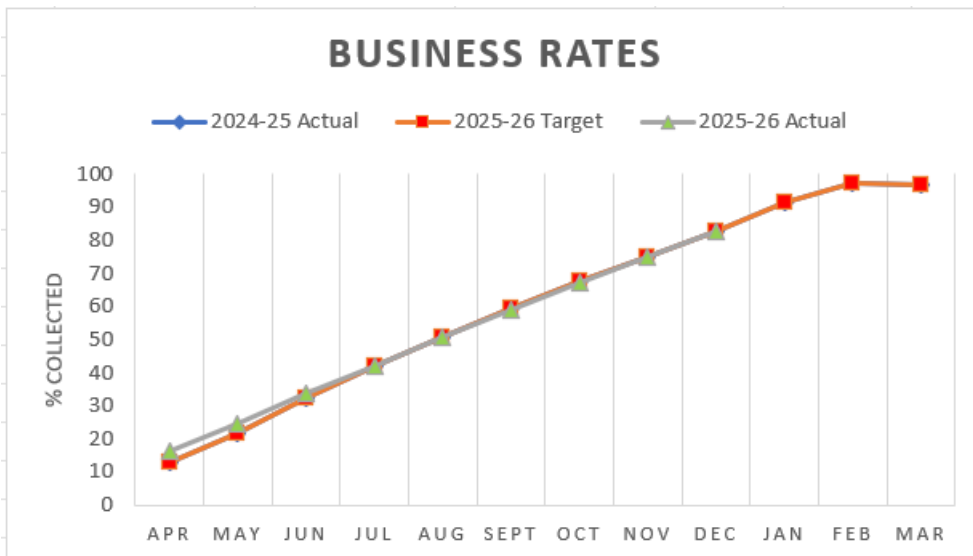
As of 31 December 2025, 82.48% of council tax has been collected against the target of 82.29% which was the percentage the same time last year. See chart below with comparison.

Table 7



82.75% of business rates has been collected against the target of 82.85%, which was the percentage the same time last year. See chart below with comparison.

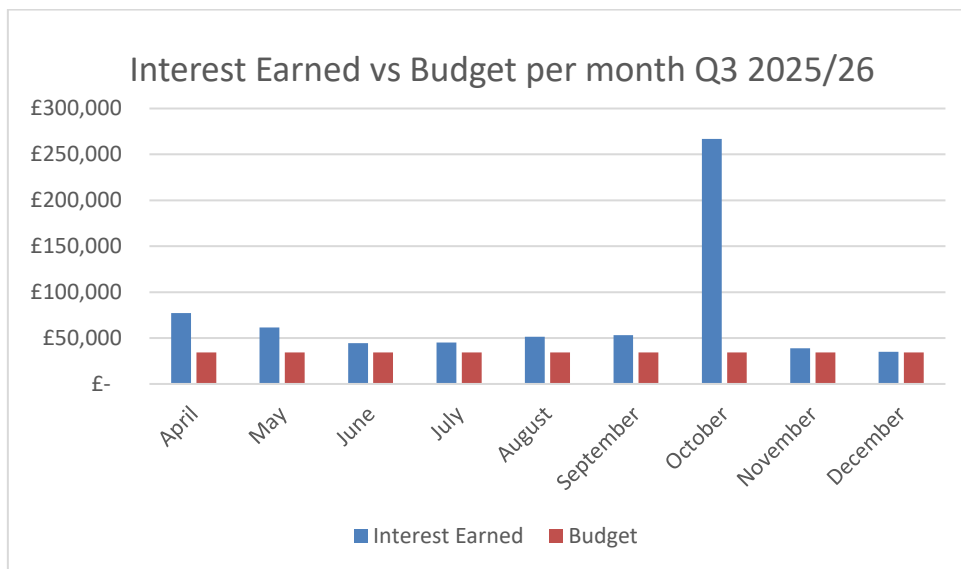
Table 8



7. Treasury management 2025/2026

The “Treasury Management Strategy Statement and Annual Investment Strategy 2025/2026 was approved by Council on 27 February 2025. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the CIPFA code of practice.

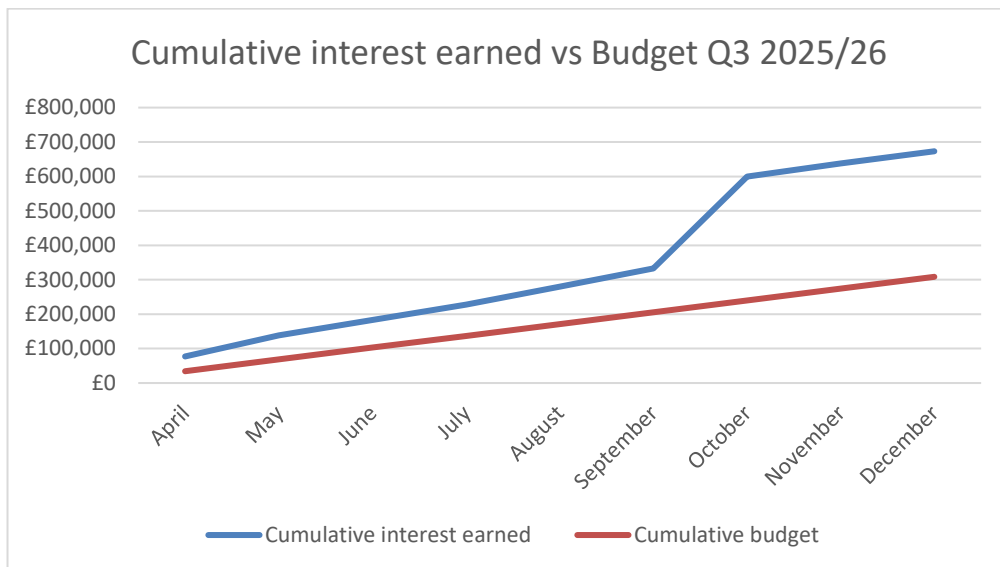
The graph below compares the interest earned each month to the forecast budget:



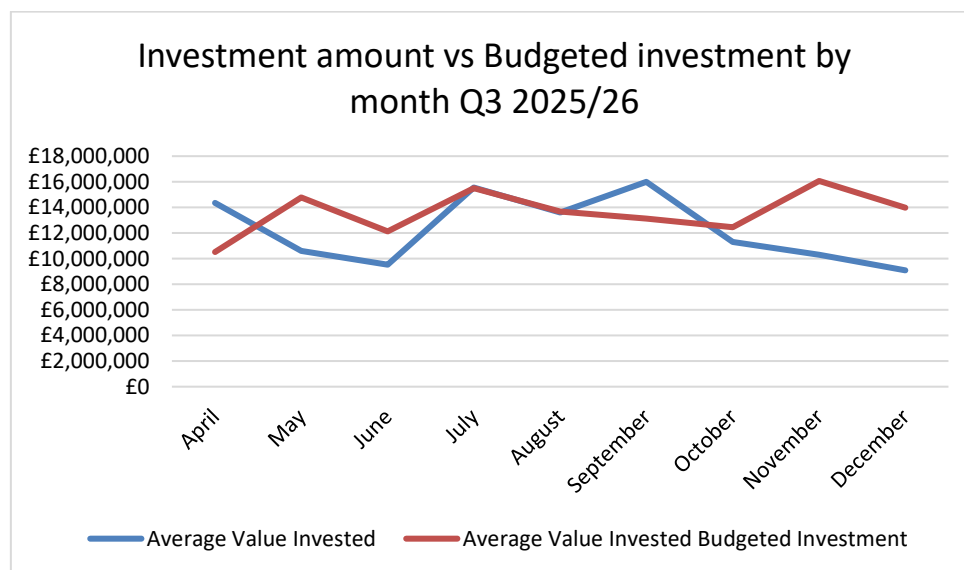
Note: The peak in October is mostly due to the yield from a maturing investment.

In the period banking institutes are paying a higher rate of return than originally estimated. The Bank of England base rate has remained above where economists predicted it to be, (the council builds its investment income estimate around this core data). Coupled with a maturing investment in October, quarter 3 income generated from investments is higher than originally expected.

The graph below compares the cumulative interest earned and forecast budget.



The graph below compares the average value invested each month to the forecast budget.



The tables below update on movements in borrowing and investments during the period.

Loans

Institution	Principal £	Rate %
Public Works Loan Board	20,000,000	4.860%
West Midlands Combined Authority	5,000,000	4.150%
Total Short Term	25,000,000	
Barclays	5,000,000	3.810%
Barclays	5,000,000	3.810%
Total Long Term	10,000,000	
Total Borrowing	35,000,000	

Investments

Institution	Principal £	Rate %
BNP (Banque Nationale de Paris) – MMF	1,340,000	3.847%
HSBC Sterling – MMF	700,000	3.197%
LGIM - MMF	4,000,000	3.975%
Total Money Market Fund Investment	6,040,000	
Bank of Scotland	4,000,000	3.770%
Barclays FIBCA	2,170,000	3.250%
Handlesbanken	1,260,000	3.450%
Total Other Investments	7,430,000	
Overall Investments	13,470,000	

Credit Ratings

The Council uses independent ratings (Fitch) to derive part of its counterparty criteria, in accordance with the currently adopted Treasury Management Practices.

The BCKLWN minimum ratings for banks are:

Short term Rating	Viability Rating	Support Rating	Long Term Rating
F1	BB+	3	A

F1 = Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments.

Have an added "+" to denote any exceptionally strong credit feature.

B = A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects.

3 = A bank, for which support from a state or from an institutional owner is likely but not certain.

A = A low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. There may be some vulnerability to changes in circumstances or in economic conditions than is the case for higher ratings.

Rating Changes

There are no rating changes for the counterparties currently used by the Council.

8. Conclusion

The primary objective of this report is to monitor service area performance against allocated budgets and to consider variances to the budget figure in the light of current circumstances.

Careful budgetary control throughout the year ensures that resources are applied as planned, fulfilling the goal to secure the long-term economic future of the borough. Budgetary control is applied in a consistent manner across all budgets, and individual decisions to be taken during the financial year are reviewed for impact on a case-by-case basis before they are taken, so that any identified impact can be considered and taken into account at the appropriate time.

The content of this budget monitoring report is designed to enable councillors and senior officers to see the financial position of the Council as a whole, as required by the Local Government Act.