

CABINET REPORT - QUARTER 3 BUDGET MONITORING

[Click here to view the recording of this item on YouTube.](#)

Portfolio Holder, Councillor Morley provided an introduction to the report, and the Assistant Director for Finance and Deputy Section 151 Officer highlighted a forecast surplus, increased general reserves, and key movements in revenue and capital budgets.

The Assistant Director for Finance and Deputy Section 151 Officer explained that the forecast surplus for quarter three is £585,000, an improvement from the quarter two forecast of £383,000, mainly due to identified savings from vacant posts and recruitment processes, as detailed in Appendix A. The general fund reserve was forecast to reach £10.6 million by year-end, a significant improvement from previous predictions, attributed to the surplus and effective financial management. A minor last-minute amendment was made to the capital programme, with the updated budget for 2025-26 set at £40.3 million and 63% of this revised budget spent by the end of quarter three. The panel was informed that overdue debts, particularly those older than six months, were decreasing, and that the council's return on investments exceeded budget due to higher interest rates, despite lower than anticipated cash balances.

Portfolio Holder, Councillor Morley outlined the addition of £30,000 to the capital programme for a feasibility study at South Lynn Fire Station, initiated by Councillor De Winton, with the aim of enhancing training facilities in collaboration with the Fire and Rescue Authority.

In response to a question from Councillor Osborne, the Assistant Director for Finance and Deputy Section 151 Officer clarified a robust review of earmarked reserves led to the creation of a new £3.77 million reserve for the capital programme.

The Vice – Chair, Councillor Blunt commented on the additional funding allocated for the local plan and enquired if the work had been quantified. The Assistant Director for Finance and Deputy Section 151 Officer explained a contribution of £526,000 surplus from the 2024-25 revenue outturn was allocated to support the planning team in delivering the local plan, as agreed by Cabinet and Council. The planning service was actively seeking to reduce costs by delivering as much as possible in-house and leveraging work from the previous local plan cycle. The need for rapid delivery of the local plan was driven by central government, creating significant time pressure and necessitating additional funding.

The Chair, Councillor Long questioned the Public Works Loan Board (PWLB) rates and the re-negotiation of the loan from Barclays. The Assistant Director for Finance and Deputy Section 151 Officer explained The Borough Council repaid and closed two long-standing Barclays loans, achieving a discount of approximately £2 million, and replaced them with an £8 million loan from the Public Works Loan Board at a higher short-term interest rate. The decision to accept a higher short-term interest rate was made after modelling by independent treasury advisors, with the expectation that the

long-term financial benefit from the loan discount would outweigh the short-term increase in interest costs.

Councillor Bearshaw sought further detail in relation to Appendix A, highlighting Community Safety and Nuisance and Marmot initiative. The Assistant Director for Finance and Deputy Section 151 Officer explained the significant variances in the Marmot Initiative budget line were attributed to differences in profiling and timing of actuals versus forecasts. He agreed to provide a detailed breakdown of the large variance in the Marmot Initiative budget line and send the information post-meeting.

The Vice – Chair, Councillor Blunt, questioned the trend variance going forward on the revenue budget. Discrepancies between summary and detailed revenue budget figures were clarified by the Assistant Director for Finance and Deputy Section 151 Officer as resulting from differences in financing and borough spend, with the total surplus aligning once these factors were considered.

Councillor Jones questioned the recovery of Housing Benefits Overpayments. The Assistant Director for Finance and Deputy Section 151 Officer explained the challenges in forecasting housing benefit recovery due to the ongoing transition to Universal Credit, with actual recoveries coming in lower than budgeted and future estimates expected to be adjusted accordingly. The transition to Universal Credit has made it difficult to predict housing benefit overpayment recoveries, as the pace of transition has varied and is now accelerating. Responsibility for collecting overpaid housing benefits is shifting to the Department of Works and Pensions, and the council's role in this area will diminish over time.

RESOLVED: The Panel supported the onward recommendations of the Quarter 3 Budget Monitoring report.

Cabinet Recommendation:

1. Note the forecast outturn for Revenue and Capital monitoring position as of 31st December 2025 for 2025/2026.
2. Agree to update the Capital Programme as set out in section 3 of the report.