



Committee name: Cabinet

Committee date: 12/11/2025

Report title: 2025-2026 Quarter 2 – Budget Monitoring Report

Portfolio: Councillor Harper, Cabinet Member for Finance and Major Projects

Report from: Interim Director of finance (S151 Officer)

Wards: All wards

OPEN PUBLIC ITEM

Purpose

This report sets out the council's overall financial position based on budget managers' outturn forecasts as at the end of September 2025 (quarter 2). The report covers the council's General Fund and Housing Revenue Account (HRA) resources and includes information in relation to both its revenue and capital position.

Recommendation:

It is recommended that the cabinet:

- 1) Notes the forecast **£56k overspend** on the General Fund revenue account and the **£1,038k underspend** on the Housing Revenue Account (HRA);
- 2) Notes the forecast **£552k underspend** against the General Fund and the **£1,184k underspend** against the HRA capital programmes;
- 3) Notes the re-profiling of capital budgets as approved under delegation by the Director of finance, resulting in the revised capital programme set out in Appendix 1;
- 4) Notes the virement of budget within the 2025-2026 General Fund capital programme as set out in Appendix 2;
- 5) Notes the current position of the General Fund and HRA earmarked reserves as set out in Appendix 3;
- 6) Approves the addition of £1,984k of General Fund budgets and £4,380k of HRA budgets to the 2025-2026 General Fund and HRA capital programmes, funded wholly by external or ringfenced resources, as set out in Appendix 2;
- 7) Recommends to Council, the addition of £131k of General Fund budgets to the 2025-2026 General Fund capital programmes as set out in Appendix 2;
- 8) Recommends to Council, the removal of £14,612k of General Fund budgets and £280k of HRA budgets from the 2025-2026 General Fund and HRA capital programmes as set out in Appendix 2.

Policy framework

The council has five corporate priorities, which are:

- An open and modern council
- A prosperous Norwich.
- A fairer Norwich.
- A climate responsive Norwich.
- A future-proof Norwich

This report supports the delivery of all these priorities.

Report

1. Assumptions

The budgets shown in the tables within this report, reflect the position should all the proposed adjustments be approved.

Due to the rounding of figures shown in the tables within this report, it is possible that there may be minor differences between the totals and the sum of the figures displayed.

2. General Fund Revenue

Table 1 below sets out the current forecast outturn position for General Fund services, which identifies a small overspend of £56k.

Table 1 – General Fund forecast outturn position

Directorate	Current Budget (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)
Chief Executive	261	296	35
Corporate Financing	(28,127)	(28,404)	(277)
Communities and Housing	4,806	4,680	(126)
Development and City Services	8,500	9,033	533
Resources	14,560	14,451	(109)
Total	0	56	56

2.1. Corporate Financing

A significant element of the forecast £277k underspend relates to projected interest income exceeding the original budget, due to the Bank of England interest rate remaining higher for longer than anticipated; but there is always the possibility that the position could alter, in either a positive or negative direction, during the remainder of the year dependent upon investment performance. In addition, there is currently no forecast utilisation of the General Fund contingency budget. This is offset by the underspend generated by vacant posts being reflected against individual directorate budgets whilst the budgeted adjustment remains as an overspend within Corporate Financing and there as yet being insufficient evidence that the corporate bad debt provision may be reduced in line with the budget.

2.2. Resources

The forecast outturn of £109k underspend reflects savings generated from staff restructuring, vacant posts, a reduction in election costs and the planned implementation of a committee management system being postponed pending Local Government Re-organisation. This has been partially offset by the necessity to fill some vacant posts with interim staff whilst a route to permanent recruitment is considered, along with an increase in demand for translation services across the council.

2.3. Communities and Housing

Additional income has been identified in 2025-2026, arising from new grants and income streams which hadn't been announced or identified at the time the budget was set. Additionally, there have been savings in staff costs arising from vacancies, energy costs have reduced, following the installation of solar panels at

Riverside Leisure Centre. These savings have been reduced by additional utility, security and legal costs combined with the loss of income arising from The Halls. Overall this has generated a forecast underspend of £114k.

2.4. Development & City Services

The current outturn forecast is an overspend of £533k, which is primarily generated by a reduction in income from car parks and planning, the latter as a result of the uncertainty created in the development industry arising from Nutrient Neutrality. There is also an element of cost arising from the difference between the market running costs and income generated from tenants along with the adjustment of some historic budgets. These have been partially mitigated by unbudgeted income arising from a waste management contract and savings arising from staff vacancies.

3. Housing Revenue Account (HRA) Revenue

Table 2 below sets out the current forecast outturn position for HRA services, which identifies an underspend of £1,038k.

Table 2 – HRA forecast outturn position

HRA Service	Current Budget (£000s)	Forecast Outturn (£000s)	Forecast variance (£000s)
General Management	18,100	19,043	943
General Management Property	516	1,770	1,255
Special Services	7,374	7,070	(304)
Repairs & Maintenance	23,730	22,693	(1,037)
Rents, Rates, & Other Property Costs	6,910	7,112	202
Provision for Bad Debts	251	251	0
Depreciation & Impairment	23,203	23,203	0
Adjustments & Financing items	3,108	2,072	(1,036)
Garage & Other Property Rents	(2,461)	(2,482)	(22)
Dwelling Rents	(68,799)	(69,406)	(606)
Service Charges - General	(10,075)	(10,507)	(432)
Interest Received	(1,645)	(1,645)	0
Miscellaneous Income	(82)	(82)	(0)
Amenities shared by whole community	(130)	(130)	0
HRA revenue total	(0)	(1,038)	(1,038)

The £1,038k forecast underspend for the HRA, is driven by a reduction in repair costs, arising from lower void costs and the initial budget provision for demand led damp and disrepair work, being set higher than required. Additionally, the improvement in void rate has led to enhanced rent and service charge income, but this has been offset by increased general management costs generated by the requirement for staff to fill specialist roles and legal and contract advice costs. Further General Management costs have arisen from the requirement to make payments to tenants in respect commission received for the collection of water charges, but this is partially mitigated by the use of a resource, earmarked for this purpose.

4. General Fund Capital

Table 3 below sets out that the General Fund capital programme is projected to be underspent by £552k for the year. Table 3a sets out the major variations against the revised capital budget

Table 3 – General Fund capital forecast

Directorate	Original Budget (£000s)	Revised Budget (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)
Communities and Housing	2,244	5,617	6,151	533
Development and City Services	27,429	42,420	41,335	(1,086)
Resources	360	422	422	0
Total	30,033	48,460	47,908	(552)

Unspent 2024-2025 General Fund capital budgets totalling £7,552k were approved to be carried forward under delegation by the chief finance officer, in consultation with the cabinet member for an open and modern council.

Subsequently, 2025-2026 General Fund capital budgets totalling £12,705k have been re-profiled into future years (as detailed in Appendix 2) and a virement of £100k has taken place from the underspent Riverside Leisure Centre solar panels project to support the installation of energy efficiency measures at community centres, both approved by the Interim Director of Finance (S151 Officer).

Additionally, under the delegation approved by Council on 12th February 2025, Cabinet are requested to approve the addition of £1,984k to the General Fund Capital Programme for schemes fully funded by external grant or resources ringfenced for a specific use.

Cabinet is requested to recommend to Council, the addition of schemes totalling £131k to and the removal of schemes totalling £14,612k from the General Fund Capital Programme.

Table 3a – General Fund capital programme – key issues

Project	Comment	£000s
Community Centre energy efficiency measures	Only the element of budget where funding currently exists is to be committed at this stage.	(191)
Towns' Deal Projects: <ul style="list-style-type: none"> • Make Space at The Halls • St Andrews Hall • Digital Hub • Revolving fund 	The combined budget provision for Towns' Deal funded projects will facilitate completion of all associated projects within available funding, this financial year. All Towns' Deal funding is to be utilised.	(263)
Other minor variances		(98)
Total		(552)

5. Housing Revenue Account (HRA) Capital

Table 4 sets out below that overall the HRA capital programme is projected to be underspent by £1,184k for the year. Table 4a sets out the major variations against the revised capital budget.

Table 4 – HRA – capital forecast position

Directorate	Original Budget (£000s)	Revised Budget (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)
Communities and Housing	29,445	36,617	35,450	(1,167)
Development and City Services	8,075	8,932	8,915	(18)
Total	37,520	45,549	44,365	(1,184)

Unspent 2024-2025 HRA capital budgets totaling £5,702k were approved to be carried forward under delegation by the chief finance officer, in consultation with the cabinet member for an open and modern council.

Subsequently, 2025-2026 HRA capital budgets totaling £6,798k have been re-profiled into future years (as detailed in Appendix 2).

Additionally, under the delegation approved by Council on 12th February 2025, Cabinet are requested to approve the addition of £4,038k to the HRA Capital Programme for schemes fully funded by external grant or resources ringfenced for a specific use.

Cabinet is requested to recommend to Council, the removal of a scheme totalling £280k from the General Fund Capital Programme.

Table 4a – HRA capital programme – key issues

Project	Comment	£000s
HRA Upgrades: <ul style="list-style-type: none"> • Whole house improvements • Communal Heating/Boilers • Renewable Heating • Solar Thermal Photovoltaic • Community Alarms • Bathroom Upgrade • Re-roofing 	Forecasts are based on current contracts but expenditure may increase in quarter 4 with new contracts. Renewable energy solutions are being explored for communal boilers replacements and additional blocks are being considered for potential air-source heat pump installations.	(1,297)
Other minor variances		112
Total		(1,184)

6. Consultation

There has been no specific consultation on this report.

Implications

6.1. Financial and resources

Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2024-29 and budget.

6.2. Legal

In considering its financial and non-financial performance, the Cabinet is supporting the Council fulfil its duties under s.151 of the Local Government Act 1972 to ensure there are arrangements in place for the proper administration of its financial affairs, and under s.3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	This report does not have direct implications for equality and diversity; it reports on the financial progress made in delivering agreed services and programmes, the equality implications of which will have been considered as part of service planning or other decision-making processes.
Health, Social and Economic Impact	This report does not have direct health, social or economic implications; it provides an update on the financial progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.
Crime and Disorder	This report does not have direct implications for crime and disorder; it provides an update on the financial progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.
Children and Adults Safeguarding	This report does not have direct safeguarding implications; it provides an update on the financial progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.
Environmental Impact	This report does not have direct environmental implications; it provides an update on the financial progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.

7. Risk management

Risk	Consequence	Controls required
The council does not understand or manage its resources appropriately. Budget overspend.	A potential overspending position or failure to deliver the outcomes intended from the resources allocated. Unexpected need to draw on reserves	Management actions where an overspend is indicated. Where underspends are apparent decisions on resource re-allocation or transfers to reserves as appropriate.

8. Other options considered

As the report is primarily for information no other options have been considered.

9. Reasons for the decision/recommendation

It is important for the Cabinet to understand the council's financial performance and to highlight corrective actions where significant variances are apparent.

Background papers: None

Appendices:

Appendix 1 – Revised Capital Programme

Appendix 2 – 2025-2030 Capital Programme - Approved Budget Re-Profiling and Proposed Budget Adjustments

Appendix 3 – Earmarked Reserves – Quarter 2 Position

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Appendix 1

Proposed Revised Capital Programme 2025-2030

Description	2025-2026 £000	2026-2027 £000	2027-2028 £000	2028-2029 £000	2029-2030 £000
General Fund projects					
GF - Communities & Housing					
Disabled Facilities Grant	1,819	1,550	1,600	1,600	1,600
Housing & Community Safety Total	1,819	1,550	1,600	1,600	1,600
Riverside Leisure repl plant/equip	132	7	73	-	42
Community Centre energy efficiency measures	483	-	-	-	-
Riverside Leisure Centre solar panels	235	-	-	-	-
TF make space at the halls	1,239	-	-	-	-
CCTV camera upgrades GF	31	-	-	-	-
BEIS Sustainable warmth grant GF	-	23	-	-	-
Warm Homes Local Grant (GF)	1,582	1,582	1,582	-	-
UK Shared Prosperity Fund	96	-	-	-	-
Strategy, Engagement & Culture Total	3,798	1,612	1,655	-	42
GF - Communities & Housing Total	5,617	3,162	3,255	1,600	1,642
GF - Resources					
IT Investment Fund	126	75	75	75	75
Mobile Handsets Refresh 2022-27	45	45	45	45	45
IT hardware upgrade rolling programme	212	200	200	200	200
Customers, IT & Digital Total	382	320	320	320	320
Revenues & Benefits Programme Improvements	40	-	-	-	-
Corporate & Commercial Services Total	40	-	-	-	-
GF - Resources Total	422	320	320	320	320
GF - Development & City Services					
Jenny Lind park new toilet block	50	50	-	-	-
NCSL Food waste collection vehicles	300	-	-	-	-
NCSL machinery purchases	1,465	100	100	-	-
Chapelfield Gardens bandstand	402	-	-	-	-
Eaton Park pavilion	980	-	-	-	-
Body Cameras	63	-	-	-	-
Earlham and rosary cemetery signage	50	-	-	-	-
Shrub bed reduction programme	50	50	50	50	50
Park toilet refurb Wen Hei Eat	21	-	-	-	-
S106 funding Bowthorpe Southern Park	26	-	-	-	-
Parks signage	53	-	-	-	-
Park Play Equipment Refurbishment	591	300	-	-	-
S106 Playground gates	50	-	-	-	-
Parking in Parks (phase 2)	38	-	-	-	-
Neighbourhood Priorities Fund	50	-	-	-	-
Environment Services Total	4,187	500	150	50	50
Hay Hill Public Realm TF	8	-	-	-	-
Castle Gardens	9	462	-	-	-
CIL Contribution Strategic	214	353	688	556	3,065
Lion Wood	31	476	-	-	-
GNGB Marriots Way/Hellesdon Stn Green	-	154	-	-	-
Regulatory Services Digitisation Project	442	-	-	-	-
Riverside Walk access improvement	17	-	-	-	-

Description	2025-2026 £000	2026-2027 £000	2027-2028 £000	2028-2029 £000	2029-2030 £000
Sweet Briar Marshes	546	-	-	-	-
Exacom planning obligations system	66	-	-	-	-
Transforming Cities Fund Contr	14	-	-	-	-
Cycle Wayfinding	29	-	-	-	-
Andersons Meadow slippway	7	-	-	-	-
Henderson Park contribution	38	-	-	-	-
Marl Pit Play Spaces	17	-	-	-	-
St Stephens Twrs Public Realm	57	-	-	-	-
Bluebell Road bus shelter	10	-	-	-	-
Lakenham Way highway and footway upgrades	168	-	-	-	-
Thorpe Hamlet traffic calming scheme	4	-	-	-	-
S106 Bowthorpe Clover HI Acs	4	-	-	-	-
UEA area transport project	8	56	-	-	-
Planning and Regulatory Services Total	1,691	1,502	688	556	3,065
Old Library Wood retaining wall	87	-	-	-	-
Ninhams Court	10	-	-	-	-
St Benedicts/St Bartholomew towers	6	294	-	-	-
Kings Court	845	1,000	-	-	-
Earlham Cem railings replcmnt	120	-	-	-	-
Sloughbottom Park works	340	7,627	37	386	-
Guildhall - Mansafe System	5	-	-	-	-
Strangers Hall roof upgrade	18	232	-	-	-
TF- Digital hub	445	-	-	-	-
Stafford Park Telford upgrade works	1,250	742	-	-	-
Guildhall Long Term External Repairs	54	-	-	-	-
Churchman House Cupola repairs	23	-	-	-	-
Lawrence House	88	-	-	-	-
Market provision improvements	260	-	-	-	-
St Andrews MSCP Structural Repair works	50	117	-	-	-
St Giles MSCP suicide prevention	2	-	-	-	-
St Andrews Hall	1,680	-	-	-	-
Lift GSM Upgrades	30	-	-	-	-
Property Services IT	173	-	-	-	-
City Hall switchboard commissioning	43	-	-	-	-
City Hall Ground Floor Accessibility Improvements	100	425	-	-	-
Anglia Square	27,826	-	-	-	-
TF Revolving fund	2,537	300	-	-	-
Norwich Preservation Trust Loan	-	1,000	-	-	-
Strategic Property Remediation Fund	497	750	750	-	-
District lighting replacement programme	55	87	-	-	-
Property & Economic Development Total	36,543	12,572	787	386	-
GF - Development & City Services Total	42,421	14,574	1,626	992	3,115
GF Total	48,460	18,056	5,200	2,912	5,077
HRA Projects					
HRA - Communities & Housing					
HRA upgrades - Electrical	1,515	2,438	2,188	2,000	1,118
HRA upgrades - Whole House Improvements	1,500	800	700	700	700
HRA upgrades - Stock Condition Survey	505	300	300	300	300
HRA upgrades - Kitchens	2,145	2,438	2,738	3,508	4,453
HRA upgrades - Bathrooms	1,520	1,403	1,403	1,368	1,251

Description	2025-2026 £000	2026-2027 £000	2027-2028 £000	2028-2029 £000	2029-2030 £000
HRA upgrades - Heating/Boilers Communal	950	-	-	-	-
HRA upgrades - Heating/Boilers Domestic	3,100	1,365	1,310	728	393
HRA upgrades - Solar Thermal/Photovoltaic	1,479	4,986	4,986	5,096	5,636
HRA upgrades - Renewable Heating	1,500	9,419	10,186	10,186	10,186
HRA upgrades - Windows	1,350	1,196	1,187	1,248	616
HRA upgrades - Doors	4,935	2,901	1,325	1,175	719
HRA upgrades - Door Access Controls	902	623	727	700	458
HRA upgrades - Estate Aesthetics	250	500	500	500	500
HRA upgrades - HRA Shops	-	100	100	100	100
HRA upgrades - Sheltered Hsg Comm Facs	397	50	50	50	50
HRA upgrades - Re-Roofing	2,000	4,166	3,805	4,949	5,446
HRA upgrades - Structural	500	694	740	2,112	1,986
HRA Upgrades - Tower Blocks	100	5,900	3,000	3,000	3,000
HRA upgrades - Lift Upgrades	360	75	75	75	75
HRA upgrades - Water Hygiene Upgrades	50	250	250	250	275
HRA upgrades - Community Alarm	180	150	150	150	150
HRA upgrades - Compliance Upgrades	267	1,650	250	250	250
HRA upgrades - Property Services fees	691	691	691	691	691
HRA upgrades - Disabled Adaptations	2,750	2,750	2,600	2,600	2,600
HRA upgrades - Warm Homes Social Housing Fund	5,087	6,146	6,192	5,252	-
HRA upgrades - Energy efficiency measures	2,470	-	-	-	-
HRA Upgrades Total	36,503	50,989	45,450	46,988	40,953
HRA Housing & Community Safety					
HRA upgrades - CCTV camera upgrades	114	-	-	-	-
HRA Housing & Community Safety Total	114	-	-	-	-
HRA - Communities & Housing Total	36,617	50,989	45,450	46,988	40,953
HRA - Development & City Services					
HRA Mile Cross Depot Site	3,175	12,113	5,872	625	5,142
LANB Argyle Street	150	2,852	846	100	-
Housing Delivery Total	3,325	14,965	6,719	726	5,142
Development pipeline projects	70	-	-	-	-
New Build Opportunities	500	500	500	500	500
Capital Grants Housing Asscns	5,038	1,000	1,000	1,000	1,000
Property & Economic Development Total	5,608	1,500	1,500	1,500	1,500
HRA - Development & City Services Total	8,932	16,465	8,219	2,226	6,642
HRA Total	45,549	67,454	53,669	49,214	47,595
Capital programme total	94,010	85,510	58,869	52,125	52,671

Appendix 2

2025-2030 Capital Programme - Approved Budget Re-Profiling and Proposed Budget Adjustments

2025-2030 Capital Programme	Current 2025- 2026 Budget £000	Proposed 2025- 2026 Budget £000	Current 2026- 2027 Budget £000	Proposed 2026- 2027 Budget £000	Current 2027- 2028 Budget £000	Proposed 2027- 2028 Budget £000	Current 2028- 2029 Budget £000	Proposed 2028- 2029 Budget £000	Current 2029- 2030 Budget £000	Proposed 2029- 2030 Budget £002
GF Reprofile										
BEIS Sustainable warmth grant GF	23	0	0	23	0	0	0	0	0	0
Jenny Lind park new toilet block	100	50	0	50	0	0	0	0	0	0
Lion Wood	507	31	0	476	0	0	0	0	0	0
GNGB Marriots Way/Hellesdon Station Green	154	0	0	154	0	0	0	0	0	0
UEA area transport project	65	8	0	56	0	0	0	0	0	0
Sloughbottom Park works	8,390	340	0	7,627	0	37	0	386	0	0
St Benedicts/St Bartholomew towers	300	6	0	294	0	0	0	0	0	0
Kings Court	1,845	845	0	1,000	0	0	0	0	0	0
Strangers Hall roof upgrade	250	18	0	232	0	0	0	0	0	0
Stafford Park Telford upgrade works	1,992	1,250	0	742	0	0	0	0	0	0
St Andrews MSCP Structural Repair works	167	50	0	117	0	0	0	0	0	0
City Hall Ground Floor Accessibility Improvements	525	100	0	425	0	0	0	0	0	0
Norwich Preservation Trust Loan	1,000	0	0	1,000	0	0	0	0	0	0
District lighting replacement programme	142	55	0	87	0	0	0	0	0	0
Total GF Reprofile	15,458	2,754	0	12,281	0	37	0	386	0	0

Appendix 3

Earmarked Reserves – Quarter 2 Position

General Fund Reserve	Balance April 2025 £000	Committed 2025-2026 £000	Committed Future Years £000	Uncommitted Balance £000
Insurance	(224)			(224)
Mousehold Conservators	(54)			(54)
Revenue Grants Unapplied	(3,662)	396		(3,266)
Section 31	(629)			(629)
Commercial Property	(1,513)			(1,513)
Lion Homes	(3,658)	350		(3,308)
Elections	(113)			(113)
General Fund Repairs	(652)			(652)
Budget Risk	(4,591)	241		(4,350)
Business Change	(2,357)	2,175	40	(142)
Business Rates Pool	(110)			(110)
Neighbourhood CIL	(400)	59		(341)
Feasibility	(500)	35		(465)
Total	(18,463)	3,256	40	(15,167)

HRA Reserve	Balance April 2025 £000	Committed 2025-2026 £000	Committed Future Years £000	Uncommitted Balance £000
HRA Invest to Save	(480)			(480)
HRA Tenancy & Estate Management System	(7)			(7)
HRA Insurance	(336)			(336)
HRA Transformation	(1,000)			(1,000)
Total	(1,823)	0	0	(1,823)