

Classification:	Decision Type:
Open	Non-Key

Report to:	Cabinet	Date: 15 January 2026
Subject:	2025-26 Q2 Finance Position	
Report of	Cabinet Member for Finance and Transformation	

Summary

1. To present to members the 2025/26 forecast revenue outturn position as at 30 September 2025.
2. To present to members the 2025/26 forecast savings position as at 30 September 2025.
3. To present to members the 2025/26 forecast capital outturn position as at 30 September 2025.
4. To present to members the 2025/26 forecast Collection Fund position as at 30 September 2025.
5. To present to members the updated 2025/26 forecast for the Housing Revenue Account (HRA) position as at 30 September 2025

Recommendation(s)

6. Cabinet is asked to:
 - Note the 2025/26 forecast revenue outturn position as at 30 September 25 of a £5.861m overspend (2.45%) against a net budget of £238.988m.
 - Note the 2025/26 forecast savings position as at 30 September 2025 of a forecast underachievement of £2.031m (-17.92%) against an agreed target of £11.344m.
 - Approve the in-year updates to the capital programme, revising the capital delivery programme for 2025/26 to £124.561m which will form the basis for future in-year monitoring and reporting of performance.
 - Note the 2025/26 forecast Collection Fund Position as at 30 September 2025 of a surplus of £1.186m of which £1.103m relates to Bury's share.

Reasons for recommendation(s)

7. To update members on the Council's budgetary position and actions taken or being taken to ensure budgetary targets are achieved.

8. This report is in accordance with the Council's financial procedure regulations.

Alternative options considered and rejected

9. N/A

Report Author and Contact Details:

Name: Neil Kissock
Position: Director of Finance
Department: Corporate Core
E-mail: n.kissock@bury.gov.uk

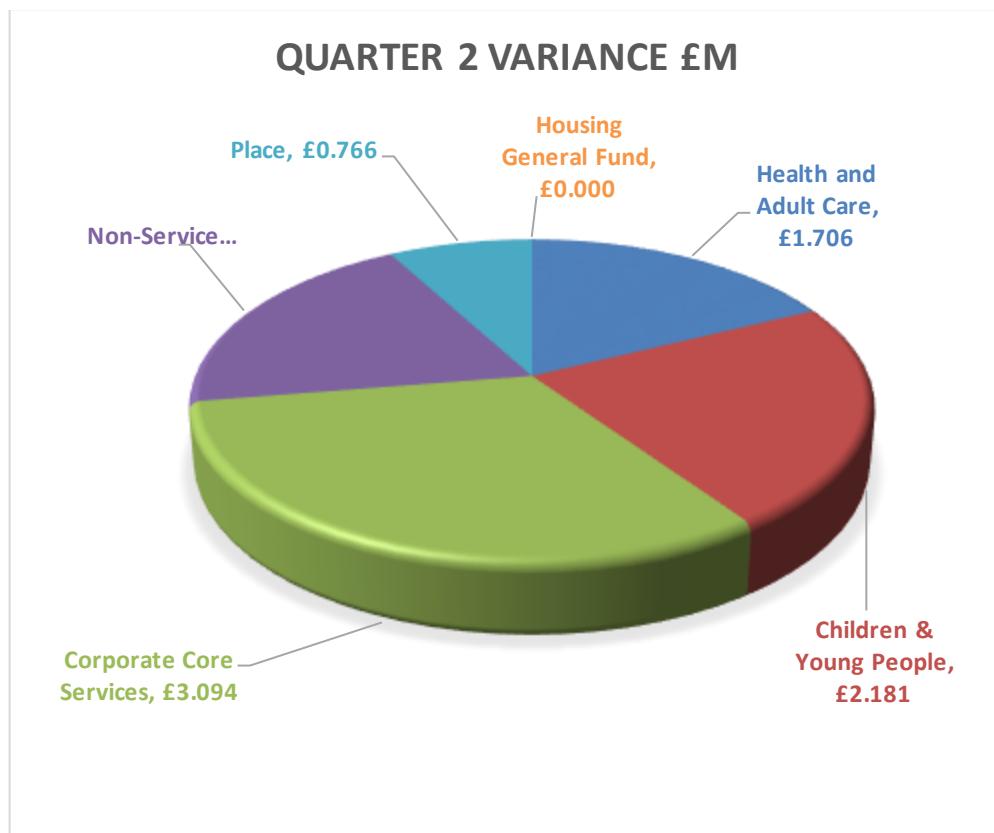
Background

2025/26 Quarter 2 Forecast Outturn Position

10. There has been an amendment to the Health and Adult Care budget with a contra increase in grant income budget within the funding department to recognise additional grant funding received, bringing the budget to monitor against to £238.988m.
11. The 2025/26 general fund revenue month 6 forecast outturn position is currently projecting an overspend of £5.861m which represents a variance of 2.45% compared to the overall net revenue budget of £238.988m and a £1.712m increase in the forecast overspend compared to the position reported at quarter 1. The forecast is based on expenditure and activity levels at Quarter 2, with assumptions made with regard to forecast changes over the rest of the year with the future demand and cost of adult and children's social care services being inherently difficult to predict.
12. The variance is in addition to an approved contribution from reserves of £5.858m to address the structural funding gap in the current year revenue budget set at February Council. Whilst the forecast variance remains a relatively small proportion of the budget, officers are currently prioritising work on cost reduction measures targeted at reducing the current forecast overspend position as far as possible over the remaining months of the financial year. Any overspend at year-end would necessarily become an additional call on reserves, which in turn impacts on the reserves available for use to stabilise the budget.

2025/26 Quarter 2 Forecast Outturn	Revised Budget £m	Quarter 2 Forecast Outturn £m	Quarter 2 Forecast Variance £m	Quarter 1 Forecast Variance £m	Movement £m
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<u>Directorate:</u>					
Health and Adult Care	£98.678	£100.384	£1.706	£1.942	-£0.236
Children & Young People	£65.238	£67.418	£2.181	£3.017	-£0.836
Corporate Core Services	£31.416	£34.510	£3.094	£0.747	£2.348
Non-Service Specific	£28.510	£26.624	(£1.886)	(£1.557)	-£0.329
Place	£15.224	£15.990	£0.766	£0.000	£0.766
Housing General Fund	(£0.079)	(£0.079)	£0.000	£0.000	£0.000
NET REVENUE BUDGET	£238.988	£244.848	£5.861	£4.148	£1.712
<u>Funding:</u>					
Council Tax	(£119.350)	(£110.198)	£0.000	£0.000	£0.000
Business Rates	(£74.276)	(£74.276)	£0.000	£0.000	£0.000
Government Funding Grants	(£39.503)	(£39.503)	£0.000	£0.000	£0.000
FUNDING	(£233.129)	(£223.977)	£0.000	£0.000	£0.000
<u>Use of Reserves:</u>					
Budget Stabilisation Reserve	(£5.858)	(£5.858)	£0.000	£0.000	£0.000
USE OF RESERVES	(£5.858)	(£5.858)	£0.000	£0.000	£0.000
BUDGET POSITION	£0.000	£15.013	£5.861	£4.148	£1.712



13. Details of the significant variances include:

Health and Adult Care:

The 2025/26 Health and Adult Care (HAC) Directorate budget is forecast to

overspend by £1.706m at month 6.

HAC Directorate Service Area	Revised Budget £m	Quarter 2 Forecast Outturn £m	Quarter 2 Forecast Variance £m	Quarter 1 Forecast Variance £m	Movement £m
Adult Social Care Operations	£9.381	£8.254	(£1.127)	(£0.537)	(£0.516)
Care in the Community	£62.098	£65.520	£3.422	£2.586	£2.124
Commissioning & Procurement	£10.086	£10.050	(£0.036)	£0.045	(£0.002)
Departmental Support Services	£2.250	£2.207	(£0.043)	£0.018	(£0.042)
Sub Total	£83.815	£86.031	£2.216	£2.112	£1.564
Public Health	£11.482	£11.260	(£0.222)	£0.045	(£0.178)
Sub Total	£11.482	£11.260	(£0.222)	£0.045	(£0.178)
Wellness	£2.787	£2.573	(£0.214)	(£0.215)	£0.023
Arts & Museums	£0.594	£0.519	(£0.075)	£0.000	(£0.070)
Sub Total	£3.381	£3.092	(£0.289)	(£0.215)	(£0.047)
Total	£98.678	£100.383	£1.706	£1.942	£1.339

- The Care in the Community budget is forecast to overspend by £3.422m (5.5%) which is a £0.836m increase on the position reported at quarter 1.

To partially mitigate the position, a total of £0.800m of related service reserves have been applied in line with the intended use of the reserves. This has the result of reducing the overspend reflected in the Care in the Community budget.

The service settings driving the overspend are Supported Living, Direct payments and Home Care.

A programme of work supported by an organisation (Impower) that specialises in transforming public services is underway to address the additional c£4m budget pressure that was noted at Cabinet in July as part of the 2024/25 outturn report. The overall objective of the transformational work is to:

- Co-produce multiple trajectories to explore potential cost avoidance and savings opportunities.
- Deliver an intervention to increase efficiency and capacity in Reablement, enabling increased use of Reablement for Hospital Discharge.
- Deliver an intervention to undertake targeted reviews in Mental Health, with wrap around support and impact tracking.
- Review work to date on embedding a strengths-based approach, deliver an intervention to trial next steps for embedding in one community team and develop a full roll out plan.

Initial expectations at quarter 1 was the £4m savings would be fully achieved by 31 March 2026, however, while savings from the Impower supported activities are being delivered they will not be fully realised in year but in 2026/27 reflecting the full-year impact of when savings have begun to be achieved. This area will remain under detailed review and progress updates provided to future Cabinet meetings in the quarterly reports.

To compensate for this, a further £2.3m of mitigation initiatives have been identified and are built into the quarter 2 forecast. However, the net increase in demand for the first 6 months of the year is c£2.050m and consequently the additional savings have largely been offset through the additional commissioning of care packages.

- The Adult Social Care Operations budget is forecast to underspend by £1.127m (12%). The main drivers of the underspend are staffing vacancies within the following teams:
 - Choices for Living Well
 - Community Mental Health Team
 - Integrated Neighbourhood Teams
 - Assessment and Care Management Team
 - Older People Mental health team
 - Technology Enabled Care (TEC) Team

The ASC workforce retention strategy continues to recruit Social Workers in Operational teams thereby strengthening focus on delivery of care package savings. However, recruiting to vacant posts remains a challenge and therefore affects the ability to deliver services to their full capacity.

- The Commissioning and Procurement budget is forecast to underspend by £0.036m (0.4%)
- The Departmental Support Services budget is forecast to underspend by £0.043m (2.0%) which is a £0.061m reduction on the position reported at quarter 1, due to a staffing budget underspend within the Adult Social Care Financial Support team.
- The Public Health budget is forecast to underspend by £0.222m (1.9%) which is a £0.267m reduction on the quarter 1 reported position due to staff vacancies and reduced activity on the NHS Health checks and GM Sexual Health contracts.
- The Wellness budget is forecast to underspend by £0.214m (7.7%) which is broadly in line with the underspend reported at quarter 1. The underspend is the net impact of the closure of the Radcliffe Leisure centre and staffing vacancies across the Leisure budget portfolio.
- Arts and Museums are forecast to underspend by £0.075 due to the closure of the Tourist Information Centre.

Children and Young People:

The Children and Young People Directorate is forecast to overspend by £2.181m (3.34%).

- The Safeguarding and Social Care service is forecast to overspend by £4.492m (9.05%) due to residential placement numbers and unit costs continuing to exceed the budgeted amount despite demand growth being built into the 2025/26

budget as the savings approved in relation to the stepping down of 7 placements has not yet been achieved. The service are progressing work on a number of fronts targeting delivery of a net reduction in residential placements that would reduce the forecast overspend position and potentially deliver better outcomes at lower cost for a number of children, but it is likely that the financial impact of the planned reduction will largely impact in 2026/27. Given the inherent financial risks in this service area, which is a national issue affecting all local authorities with social care responsibilities, it will remain under detailed review overseen by the Finance Board and updates provided to Cabinet as part of the quarterly reporting cycle. The pressures are partially being offset by a reduction in the Children with Disabilities residential placements and vacancy savings.

- Within Education and Inclusion, Home to School Transport is forecast to overspend by £0.440m due to increased pupil numbers (£0.310m) and increased costs of the provision (£0.130m).
- Children's commissioning service is forecast to overspend by £0.019m which is a reduction of £0.162m due to revised staffing forecast variances following the expansion of the commissioning team.
- There are offsetting underspends of £0.073m on Children's Services Management, reduced by £0.162m from the reported position at quarter 1 relating to staffing costs.
- Overall reductions in staffing and agency forecasts have improved the quarter 2 position.

Corporate Core Directorate

The Corporate Core Directorate is forecast to overspend by £3.094m (9.85%)

- People and Inclusion (HR) are forecasting an overspend of £0.560m (21.23%). This is primarily due to a historic shortfall in the 'education buy-back' budget totalling £0.285m (35.22%), which has widened as more maintained schools convert to academy status. Staffing is forecast to overspend by £0.234m of which £180k relates to agency staff. These pressures may be partially offset by an estimated £0.150m contribution from the Housing Revenue Account (HRA), subject to confirmation at year end.
- Finance is forecasting an overspend of £1.138m (10.62%) mainly due to the increased costs of insurance premiums. The procurement and resulting contract award wasn't finalised until after the 2025/26 budget was set and this has been reflected in the revised MTFS. There are also net staffing overspends, including severance costs offset by over-achievement of income
- Legal & Democratic Services is forecast to underspend by £0.362m (6.18%) mainly driven by a fallow year in Municipal Elections (£0.321m) and small forecast underspends under £0.100m on staffing and member expenses.

- Housing Needs and Options have a forecast overspend of £0.498m, largely in relation to pressures in relation to temporary accommodation costs.
- Overall increases in staffing and agency forecasts of £1.515m have been included in the quarter 2 position.

Non-Service Specific

The Non-Service Specific Department is forecast to underspend by £1.886m (6.6%) mainly in relation to higher than budgeted income from treasury investments alongside reduced borrowing costs reflecting the reprofiled capital programme.

Place Directorate

The Place Directorate is forecast to overspend by £0.766m in quarter 2.

- Waste, Transport and Stores are forecast to overspend by £0.456m
 - Waste is forecast to overspend by £0.341m which is due to a net overspend on staffing and agency costs of £0.177m, a daily hire vehicle forecast overspend of £0.072m and a net deficit on the Trade Waste function of £0.085m.
 - Transport is forecast to overspend by £0.115m, a combination of several minor variances under £0.100m
 - Stores is forecast to be on budget.
- Commercial Services is forecast to underspend by £0.151m,
 - Catering is forecasting a net underspend of £0.100m including overachievement of income of £0.300m, staffing underspend of £0.228m offset by overspends on food costs of £399m.
 - Caretaking and Cleaning additional relief income of £0.050m
- Street Scene Maintenance is forecast to underspend by £0.143m in relation to £0.300m underspend on street lighting costs offset by various overspends under £0.100m.
- Facilities Management is forecast to underspend by £0.099m which is due to an underspend on utilities of £0.323m, offset by an under-recovery of rents for Humphrey House of £0.175m, with various minor variances under £0.100m
- Engineers underspend £0.083m which is due to an overachievement of car parking income of £0.238m offset by net additional staffing costs in consultancy of £0.177m with various minor variances under £0.100m

- Housing Needs and Options underspend £0.082m in relation staff costs.
- Various minor variances under £0.100m
- Overall increases in staffing and agency forecasts of £0.951m have been included in the quarter 2 position.

Staffing costs

14. Included within the Departmental forecast positions are variances in relation to staffing and agency costs as seen in the table below. Within the net staffing / agency underspend is the achievement of the vacancy factor, 3 days unpaid leave and purchase of annual leave schemes totalling £3.521m.

2025/26 Quarter 2 Forecast	Staffing/Agency Budget £m	Staffing/Agency forecast	Staffing/ Agency Variance	Vacancy / leave savings target achieved £m
<u>Directorate:</u>	-	-	-	
Health and Adult Care	£29.612	£27.189	-£2.423	-£1.001
Children & Young People	£28.616	£25.164	-£3.452	-£0.511
Corporate Core Services	£28.405	£30.345	£1.940	-£1.148
Non-Service Specific	£0.178	£0.178	£0.000	£0.000
Place	£23.388	£23.788	£0.399	-£0.859
Housing General Fund	£0.000	£0.000	£0.000	£0.000
NET REVENUE BUDGET	£110.200	£106.663	-£3.536	-£3.519

The net forecast underspend relating to staffing after agency costs and the achievement of the agreed savings in relation to the vacancy factor and additional leave schemes is £3.536m.

Savings position

15. The table below show the forecast position for the savings proposals which have been approved at February 2025 along with the pre-approved February 2023 savings which come into force during 2025/26. The forecast is an underachievement of £2.031m (17.92%). The main reason for the underachievement is delayed implementation of restructures and other activities required to enable delivery of the agreed savings. Work is being undertaken, overseen by the Finance Board, to identify ways that the current estimated delays in savings delivery can be reduced and to identify mitigations to reduce the in-year financial impact. With the exception of the CYP Directorate placement savings, services are mitigating the delay in savings delivery within their existing budgets and are not forecasting

significant overspends in their areas. The proportion of savings currently achieved or mitigated within service is therefore 87.18%. It is currently anticipated that delayed savings will be fully achieved in full by 2026/27.

2025/26 Budget Proposals	Directorate	Feb 2025 Target	Quarter 2 Forecast	Quarter 2 Forecast Variance (over)/ underachievement
		2025/26 £m	£m	£m
<u>Draft Budget Proposals (Operational Decision):</u>				
HAC Strategic Workforce Review	HAC	(£0.010)	(£0.010)	£0.000
CYP Strategic Workforce Review	CYP	£0.000	£0.000	£0.000
CCS Strategic Workforce Review	CCS	(£0.186)	(£0.186)	£0.000
BGI Strategic Workforce Review	BGI	(£0.062)	(£0.062)	£0.000
OPS Strategic Workforce Review	OPS	(£0.145)	(£0.145)	£0.000
Adults Commissioning Review	HAC	(£1.000)	(£1.110)	(£0.110)
Single Handed Care Trial	HAC	(£0.200)	(£0.200)	£0.000
Personal Budget Review	HAC	(£0.250)	(£0.250)	£0.000
Direct Payment Reassessment to Include Therapy	HAC	(£0.050)	(£0.050)	£0.000
Discharge to Assess Reviews by Therapy	HAC	(£0.050)	(£0.050)	£0.000
Neighbourhood Housing Support	HAC	(£0.050)	(£0.050)	£0.000
ASC Community Care budget realignment	HAC	(£1.680)	(£1.680)	£0.000
Dividend income from Persona - one-off in 25/26	HAC	(£0.350)	(£0.350)	£0.000
Persona - remodel of supported living hours	HAC	(£0.330)	(£0.526)	(£0.196)
Persona - employability	HAC	£0.000	£0.000	£0.000
Persona - Willow Street (6 flats for decant from dispersed accommodation)	HAC	£0.000	(£0.070)	(£0.070)
Maximising charges for Deferred Payments	HAC	(£0.005)	(£0.005)	£0.000
Foster Carers	CYP	(£0.250)	£0.000	£0.250
Family Safeguarding Model	CYP	(£0.100)	£0.000	£0.100
Edge of Care	CYP	(£0.494)	£0.000	£0.494
Creation of Council-Owned Residential Children's Homes	CYP	£0.000	£0.000	£0.000
Therapeutic support team for Children in Care	CYP	(£0.195)	£0.000	£0.196
Reconnect - step down from residential care	CYP	(£0.571)	(£0.157)	£0.414
IT Supplier Review [Digital]	CCS	(£0.065)	(£0.065)	£0.000
IT licence Review [Digital]	CCS	(£0.050)	(£0.050)	£0.000
Unit 4 Reimplementation & Transformation Review	CCS	(£0.100)	(£0.100)	£0.000
Revenues and Benefits Structure Review	CCS	(£0.317)	(£0.181)	£0.136
Contact Centre Review [Digital]	CCS	(£0.100)	£0.000	£0.100
Corporate Core Structures including homelessness and housing options review and integration of communities	CCS	(£0.328)	(£0.328)	£0.000
Fleet Function Review	OPS	(£0.070)	£0.000	£0.070
Car Park Tariff Review	OPS	(£0.074)	(£0.150)	(£0.076)
Stores Function Review	OPS	£0.000	£0.000	£0.000
Explore Advertising opportunities on highway network	OPS	(£0.050)	£0.000	£0.050

Private Sector Housing - Capitalise salaries	OPS	(£0.100)	(£0.100)	£0.000
Public Protection / Licensing Budget Realignment	OPS	(£0.016)	(£0.016)	£0.000
Private Sector Rented - Enforcement HMO Licensing	OPS	(£0.005)	(£0.005)	£0.000
Salary Sacrifice Review	NSS	(£0.050)	(£0.050)	£0.000
Organisation Delivery Model Review	NSS	(£0.257)	(£0.257)	£0.000
Contract Efficiencies	NSS	(£0.500)	(£0.500)	£0.000
Total Budget Proposals (Operational Decision)		(£8.060)	(£6.251)	£1.8009
Budget Proposals (Policy Decision):				
Car Park Charges Review	OPS	(£0.055)	£0.000	£0.055
Light Reduction - Trim and Dim	OPS	£0.000	£0.000	£0.000
Review Residents Permits pricing structure	OPS	(£0.145)	£0.000	£0.145
Total Budget Proposals (Policy Decision)		(£0.200)	(£0.000)	£0.200
TOTAL FEB 2025 APPROVED BUDGET PROPOSALS		(£8.260)	(£6.251)	£2.009
Saving Already Agreed - Development of Wider Learning Disabilities Strategy for Age 14-25 Cohort	HAC	(£0.180)	(£0.158)	£0.022
Progressing the Edge of Care Service Review	CYP	(£0.506)	(£0.506)	£0.000
Service Reviews within the Corporate Core	CCS	(£0.388)	(£0.388)	£0.000
TOTAL FEB 2023 APPROVED PROPOSALS		(£1.074)	(£1.052)	£0.022
Integration of Housing	NSS	(£2.000)	(£2.000)	£0.000
TOTAL FEB 2024 APPROVED PROPOSALS		(£2.000)	(£2.000)	£0.000
TOTAL APPROVED PROPOSALS		(£11.334)	(£9.303)	£2.031

2025/26 Forecast Capital Outturn

16. The Capital Programme is set on a three-year rolling basis and the programme for 2025/2026 to 2027/2028 was approved by Budget Council in February 2025, as follows:

2025/26	£133.255m
2026/27	£49.223m
2027/28	£25.538m

17. At the 9 July 2025 Cabinet meeting, a further £19.360m of slippage from 2024/25 was added to the 2025/26 programme, to increase the 2025/26 Capital Programme to £152.615m, with an overall borrowing requirement of £72.570m.

Capital Programme	2025/26		
	Approved Programme £m	Slippage from 2024/25 £m	Revised Programme £m
Capital Expenditure by Theme			
Regeneration and Economic Growth	£46.640	£9.724	£56.364
Highways	£28.395	£3.982	£32.377
Open Spaces / Sports and Leisure	£0.000	£0.000	£0.000
Children and Young People	£9.787	£4.067	£13.854
Property	£2.697	£0.070	£2.767
Housing General Fund	£3.652	£1.490	£5.142
Climate Change	£0.043	£0.019	£0.062
ICT	£0.000	£0.000	£0.000
Sub-total GF In-Progress	£91.214	£19.352	£110.566
Approved In-Principle	£12.149	£0.000	£12.149
New Capital Bids	£0.370	£0.000	£0.370
Sub-total GF Approved In-Principle	£12.519	£0.000	£12.519
TOTAL GF	£103.733	£19.352	£123.085
TOTAL HRA	£29.522	£0.008	£29.530
TOTAL COUNCIL EXPENDITURE	£133.255	£19.360	£152.615
Financing the Capital Programme			
Prudential Borrowing	£50.296	£11.014	£61.310
External Funding	£49.427	£8.307	£57.734
Capital Receipts	£3.971	£0.006	£3.977
General Fund RCCO	£0.039	£0.025	£0.064
TOTAL GF	£103.733	£19.352	£123.085
Prudential Borrowing	£11.252	£0.008	£11.260
External Funding	£3.092	£0.000	£3.092
Capital Receipts	£7.848	£0.000	£7.848
Housing Revenue Account DRF/MRR	£7.330	£0.000	£7.330
TOTAL HRA	£29.522	£0.008	£29.530
TOTAL COUNCIL FINANCING	£133.255	£19.360	£152.615

18. In the budget report there was a total of £12.149m of Approved in Principle schemes, of which £7.067m have now been included within the Revised Capital Programme. There remains £5.082m of Approved in Principle schemes and progress on these will be updated in future Cabinet updates.
19. The budget report also included Approved in Principle new bids of £0.370m of which £0.050m have now been included within the Revised Capital Programme. There remains £0.320m of Approved in Principle new bids, progress on these will be updated in future Cabinet Updates.
20. As a result of in year reviews conducted, it is proposed that the 2025/26 Capital Programme is revised down by £28.054m from £152.615m to £124.561m. This is higher than the value of the capital programme delivered in previous

years but reflects the accelerated progression of projects and anticipated spend on the key regeneration schemes that are in progress this financial year.

Capital Programme Proposed changes at Q2	Revised Programme at Qtr 1 £m	Proposed In-Year Programme Updates £m	Revised Programme at Qtr 2 £m
Regeneration and Economic Growth	56.364	(£6.344)	50.020
Highways	32.377	(£13.567)	18.810
Children and Young People	13.854	(£6.369)	7.485
Property	2.767	£1.753	4.520
Open Spaces / Sports and Leisure	0.000	£4.037	4.037
Housing GF	5.142	(£2.012)	3.130
Climate Change	0.062	£1.287	1.349
ICT and Digital	0.000	£3.394	3.394
APPROVED IN PRINCIPLE TOTAL GF	12.149	(£7.067)	5.082
NEW BIDS TOTAL	0.370	(£0.050)	0.320
GF EXPENDITURE TOTAL	123.085	(£24.938)	98.147
HRA EXPENDITURE TOTAL	29.530	(£3.116)	26.414
TOTAL COUNCIL EXPENDITURE	152.615	(£28.054)	124.561

21. The overall revised programme includes:

- updates in line with Cabinet approved new schemes (£2.685m),
- proposed in-year programme updates of £5.756m to adjust for funding announcements which were received after the February 2025 Council budget meeting for which approval is sought,
- proposed reprofiling of schemes from 2025/26 into 2026/27, (£42.922m) for which approval is sought.
- Approved in principle schemes now included in the capital programme (£6.969m) for which approval is sought.
- Approved in Principle New Capital Bids now included in the capital programme (£0.050m) for which approval is sought.

22. The majority of the programme increase relates to Children and Young People – an increase of £8.017m to reflect the government's (Department for Education) grant funded Basic and High Need Capital allocations and the School Condition allocation.

23. The proposed reprofiling of £42.911m is to take account of revised best forecasts of planned timeframes for expenditure to occur over the life of the approved Capital Programme.

- Regeneration: the major regeneration programmes the Council is currently overseeing in Radcliffe, Bury and Prestwich will continue and complete towards the end of 2026-27, taking into consideration unforeseen delays related to contractual allocations and amendments as well as adverse weather.
- Highways: the majority of GMCA supported Active travel and Streets for All schemes will continue after the development phases are completed and TfGM agrees the proposed schemes; the pre-approved allocations will be confirmed as slippage toward the year-end, to correspond with the GMCA approvals as they are received
- CYP: the schools' modernisation, basic need and high needs schemes are to continue the major projects in the programme during 2026-27, with commitments already secured for the Star Academy, Millwood extension and the PRU re-allocation

24. The reduction of the proposed General Fund Capital Programme to £92.745m from the previously reported £123.085m at quarter 1 reduces the in-year borrowing requirement by £3.655m, from £59.412m at quarter 1 to £55.757m.

25. These adjustments will be used to update the Council's Medium-Term Financial Strategy. The need to borrow less than originally forecast will have an impact on future budget planning.

26. The proposed changes can be seen on the table at Appendix A.

27. This revised capital programme will be used to monitor performance during 2025/26.

28. The table below shows expenditure of £34.879m (28%) of the revised programme of £124.561m has been expended at 30 September 2025. Although the forecast at Quarter 2 shows an underspend of £11.165m against the revised budget, budget managers have indicated that work is underway to establish the schemes that can be progressed by year end, some slippage at year end is a normal feature of the capital programme and a final figure will be established and reported to Cabinet at the Outturn stage of the financial year.

29. The figures set out in the table represent the project managers' best forecast of expenditure to be achieved by the end of the financial year.

Capital Programme at Q2	2025/26	In-Year Performance			
		Revised Programme £m	Actual Spend at 30-Sept 25 £m	Actual Spend at 30-Sept 25 %	Forecast Spend for Year at Quarter 2 £m
Capital Expenditure by Theme					

Regeneration and Economic Growth	£50.020	£20.509	41%	£50.020	£0.000
Highways	£18.810	£4.946	26%	£18.777	(£0.033)
Children and Young People	£7.485	£2.305	31%	£7.344	(£0.141)
Property	£4.520	£1.844	41%	£2.898	(£1.622)
Open Spaces / Sports and Leisure	£4.037	£0.934	23%	£1.650	(£2.387)
Housing GF	£3.130	£0.572	18%	£3.064	(£0.066)
Climate Change	£1.349	£0.016	1%	£0.040	(£1.309)
ICT and Digital	£3.394	£0.891	26%	£3.161	(£0.233)
SUBTOTAL GF IN PROGRESS	£92.745	£32.017	35%	£86.955	(£5.790)
SUBTOTAL HRA EXPENDITURE TOTAL	£26.414	£2.862	11%	£26.414	£0.000
TOTAL Approved by COUNCIL EXPENDITURE	£119.159	£34.879	29%	£113.368	(£5.790)
Capital Expenditure Approved in Principle					
NEW BIDS TOTAL	£0.320	£0.000	0%	£0.000	(£0.320)
APPROVED IN PRINCIPLE TOTAL GF	£5.082	£0.000	0%	£0.027	(£5.055)
SUBTOTAL GF APPROVED IN PRINCIPLE	£5.402	£0.000	0%	£0.027	(£5.375)
TOTAL COUNCIL EXPENDITURE	£124.561	£34.879	28%	£113.395	(£11.165)

Financing the Capital Programme					
Prudential Borrowing	£55.758			£47.439	(£8.319)
External Funding	£36.191			£34.640	(£1.551)
Capital Receipts	£6.109			£4.828	(£1.281)
General Fund RCCO	£0.089			£0.075	(£0.014)
SUBTOTAL GF FINANCING	£98.147			£86.982	(£11.166)
Prudential Borrowing HRA	£10.044			£10.044	£0.000
External Funding /Capital Receipts HRA	£3.092			£3.092	£0.000
Capital Receipts HRA	£5.948			£5.948	£0.000
Housing Revenue Account DRF/MRR	£7.330			£7.330	£0.000
TOTAL FINANCING	£124.561			£113.395	(£11.166)

30. During Quarter 2 a review of the capital schemes has been undertaken to align them to corporate priorities and capacity and where necessary, to rephase schemes into future years of the Capital Programme to match the anticipated timing of spend.
31. The nature of capital expenditure, dependent of many factors outside Council's control, cumulated with several large, complex schemes in the programme will necessitate further scrutiny on the level of spend that can be achieved during the current year, with further revisions expected by year-end.
32. The Council's Finance Team will continue to meet with project managers to establish expected spending for the remainder of the year.
33. Any additional amendments will be presented to Cabinet for approval in a future report and any impact of current year's achieved versus forecasted expenditure will be reflected in future years' programmes.

Prudential Indicators

34. The affordability, sustainability and prudence of the capital programme is measured through Council's Prudential Indicators (PI). The quarter two forecasts show that we remain without our prescribed limits.

2025/26 Collection Fund Forecast

35. The increasing prominence of council tax and business rates funding council services means that the collection fund is closely monitored on an ongoing basis. The current forecast position on the collection fund is an in-year surplus of £0.502m, with a residual surplus brought forward from 2024/25 of £0.684m. (This is the difference between the statutory estimated deficit as at 15 January 2024 and the outturn position.) This brings the overall forecast to a surplus of £1.186m. The Council's share of the surplus is £1.186m and Greater Manchester Combined Authority's share is £0.083m (for police and fire and rescue services).

36. The proportionate shares for Business Rates and Council Tax mean that Greater Manchester Combined Authority have a 1% share of Business Rates and a 16% share of Council Tax, whereas the Council have a 99% share of the Business Rates and 84% share of Council Tax

37. The main movements during the year which are resulting in a forecast surplus position of £1.186m (Bury share £1.103m) are shown below.

2025/26 Surplus/(Deficit) on Collection Fund	Council Tax	NNDR	TOTAL
	£m	£m	£m
2024/25 Surplus/(Deficit) Balance b/f	£0.918	(£0.233)	£0.684
<u>2025/26</u>			
Income	£142.709	£52.250	£194.959
Contributions towards Previous Year's Deficit:			
Bury MBC	£0.000	£0.268	£0.268
Police and Crime Commissioner	£0.000		£0.000
General Mayoral - Fire and Rescue Service	£0.000	£0.003	£0.003
Total Income	£142.709	£52.521	£195.230
Precepts and Demands on Collection Fund:			
Bury MBC	(£118.296)	(£49.770)	(£168.065)
Police and Crime Commissioner	(£15.866)		(£15.866)
General Mayoral - Fire and Rescue Service	(£7.569)	(£0.500)	(£8.069)
Disregards: Renewable Energy		£0.000	£0.000
Cost of Collection		(£0.235)	(£0.235)
Transitional Protection Payments		£0.335	£0.335
Impairment of Debts/Appeals:			
Write-offs of Uncollectable Amounts	(£0.002)	£0.000	(£0.002)
(Increase)/Decrease in the Allowance for Impairment of Arrears	(£0.167)	£0.570	£0.403

(Increase)/Decrease in the Allowance for Impairment of Appeals		(£1.971)	(£1.971)
Contributions towards Previous Year's Surplus:			
Bury MBC	(£1.054)	£0.000	(£1.054)
Police and Crime Commissioner	(£0.141)		(£0.141)
General Mayoral - Fire and Rescue Service	(£0.062)	£0.000	(£0.062)
Total Expenditure	(£143.156)	(£51.572)	(£194.728)
2025-26 In-Year Surplus/(Deficit)	(£0.447)	£0.949	£0.502
Surplus/(Deficit) as at 31.12.2025	£0.470	£0.715	£1.186

Share of the 2025/26 Surplus/(Deficit)	Council Tax £m	NNDR £m	TOTAL £m
Bury MBC	£0.395	£0.708	£1.103
Police and Crime Commissioner	£0.053		£0.053
General Mayoral - Fire and Rescue Service	£0.023	£0.007	£0.030
Surplus/(Deficit) as at 31.03.2025	£0.470	£0.715	£1.186

38. The prior year outturn position was less than the forecast and as such this has had an impact on the in-year surplus figure, reducing it by £0.302m.
39. Work is ongoing to reduce arrears for both Council Tax and Business Rates which will result in reduced requirements for allowance for impairment of debt.
40. Alongside improving collection of arrears, the aim is to improve the collection rate for in year debt. The trend of collection rates over the past 8 years can be seen below. It is important to note that collection was impacted during and in the period after the COVID pandemic due to the prevailing economic conditions.

Collection Rates	Council Tax %	NNDR %
2025/26 Target collection rate	97.50	97.00
2024/25	95.59	96.55
2023/24	95.25	93.88
2022/23	94.99	92.73
2021/22	95.77	93.73
2020/21	96.01	87.63
2019/20	96.39	95.37
2018/19	96.49	96.23
2017/18	96.62	96.04

41. Both the reducing arrears and improved forecast collection in year have resulted in a reduction in the required contribution to the allowance for impairment.

Housing Revenue Account Position

42. The HRA is forecasting to overspend by £1.092m as at Quarter 2, an increase of £0.252m from the quarter 1 reported position. This variance to budget

relates mainly to restructure costs increased repair costs, reduced service charge income and reduced anticipated interest on balances and will be subject to further review throughout the year. The table below demonstrates the variances.

HRA INCOME AND EXPENDITURE STATEMENT	2025/26 Original Budget	2025/26 Forecast Outturn		Variance £m
	£m	£m	£m	
INCOME				
Dwelling Rents	(£36.731)	(£36.856)	(£0.125)	
Non-dwelling Rents	(£0.209)	(£0.195)	£0.014	
Other Charges for Services and Facilities	(£1.276)	(£1.067)	£0.208	
Contributions Towards Expenditure	(£0.100)	(£0.008)	£0.093	
Total Income	(£38.316)	(£38.126)	£0.190	
EXPENDITURE				
Repairs and Maintenance	£8.648	£9.269	£0.621	
Supervision and Management	£11.921	£12.002	£0.081	
Special Services	£1.444	£1.443	(£0.001)	
Rents, Rates, Taxes, and Other Charges	£0.200	£0.200	£0.000	
Depreciation of Non-Current Assets	£7.330	£7.330	£0.000	
Debt Management Expenses	£0.045	£0.045	£0.000	
Movement in Provision for Bad Debts	£0.584	£0.584	£0.000	
Total Expenditure	£30.171	£30.873	£0.702	
HRA Services' Share of Corporate and Democratic Core	£0.400	£0.400	£0.000	
Net Income or Expenditure of HRA Services	(£7.745)	(£6.853)	£0.891	
Interest Payable and Similar Charges	£4.695	£4.695	£0.000	
Interest and investment income	(£0.950)	(£0.750)	£0.200	
(Surplus) or Deficit for the Year on HRA Services	(£3.999)	(£2.908)	£1.092	
APPROPRIATIONS				
Reversal of Depreciation	(£7.330)	(£7.330)	£0.000	
Transfer to the Major Repairs Reserve	£7.330	£7.330	£0.000	
Repayment of Arranged Loans	£0.209	£0.209	£0.000	
Capital Expenditure Funded by the HRA	£0.000	£0.000	£0.000	
Total Appropriations	£0.209	£0.209	£0.000	

43. The main variance of £0.621m (7.2%) relates to the Repairs and Maintenance service which includes the Housing Property Services Restructure and overspends due to use of special contractors for voids. The cost of the restructure will be factored into future years budgets from 2026/27 onwards as part of the overall 30-year HRA business plan.

44. Service charge income relating to Leaseholder Services is forecast to under-recover by £0.208m (16.3%). Further work is ongoing to determine the cause of the shortfall and any remedial actions necessary.

45. Interest and Investment Income is forecast to under achieve the income target by £0.200m (21.1%) and is likely due to both the budget being increased for 25/26 by £0.150m but also due to national and global economic factors. The situation will be monitored closely.

46. There are small offsetting variances in Supervision and Management and Special Services under £0.100m.

47. The HRA Capital Programme original budget for 2025/26 is £29.530m as shown in the table below, there is proposed re-phasing of £3.116m into 2026/26 leaving a proposed revised capital programme of £26.414m against which performance will be measured.

48. Negotiations are underway with developers in relation to the HRA New Build project. It is planned to purchase 10 properties subject to build completion. At present 2 properties are in progress however we do not have a completion date at present.

49. There is proposed rephasing of £1.9m in relation to the new build project. This project is funded from right to buy receipts and as such, any re-profiling will not impact on the need for borrowing during 2025/26.

CAPITAL PROGRAMME	2025/26 Original Budget	Proposed Re-Phasing to 2026/27	Proposed Revised Programme	2025/26 Forecast Outturn	Variance
	£m	£m	£m	£m	£m
CAPITAL EXPENDITURE					
Major Works & Imps	£26.530	(£1.216)	£25.314	£25.314	£0.000
Other Capital Spend	£0.000	£0.000	£0.000	£0.000	£0.000
New Build Development Costs	£3.000	(£1.900)	£1.100	£1.100	£0.000
Demolition Costs	£0.000	£0.000	£0.000	£0.000	£0.000
Other Fixed Assets	£0.000	£0.000	£0.000	£0.000	£0.000
Total Capital Expenditure	£29.530	(£3.116)	£26.414	£26.414	£0.000
CAPITAL FINANCING					
Prudential Borrowing	(£11.260)	£1.216	(£10.044)	-£10.04	£0.000
External Funding	(£3.092)	£0.000	(£3.092)	-£3.09	£0.000
Capital Receipts	(£7.848)	£1.900	(£5.948)	-£5.95	£0.000
HRA Direct Revenue Financing	£0.000	£0.000	£0.000	£0.00	£0.000
HRA Major Repairs Reserve	(£7.330)	£0.000	(£7.330)	-£7.33	£0.000
Total Capital Financing	(£29.530)	£3.116	(£26.414)	(£26.414)	£0.000
Total Capital Programme	£0.000	£0.000	£0.000	£0.000	£0.000

50. The HRA Reserve movements are detailed in the table below.

MOVEMENT on the HRA RESERVE	2025/26 Original Budget	2025/26 Forecast Outturn	Variance
	£m	£m	£m
Balance on the HRA at the End of the Previous Reporting Period	(£15.867)	(£15.867)	£0.000
(Surplus) or Deficit for the Year on the HRA Income and Expenditure Statement	(£3.999)	(£2.908)	£1.092
Appropriations	£0.209	£0.209	£0.000
Net (Increase) or Decrease before Transfers to or from Reserves	(£3.790)	(£2.699)	£1.092
Transfers to/(from) Earmarked Reserves	£0.000	£0.000	£0.000
(Increase) or Decrease in Year on the HRA	(£3.790)	(£2.699)	£1.092
Balance on the HRA at the End of the Current Reporting Period	(£19.657)	(£18.566)	£1.092

Links with the Corporate Priorities:

1. Financial management is a key part of the council's overall governance and control arrangements and the close monitoring of agreed income and expenditure; revised forecasts of future budget pressures and opportunities; and regular reporting of these issues underpin the council's three clear corporate priorities as set out in the Let's Do It Strategy that will deliver financial sustainability for the Council.

Equality Impact and Considerations:

2. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
 - A public authority must, in the exercise of its functions, have due regard to the need to:
 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
3. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Environmental Impact and Considerations:

4. This is a finance update report as such there are no environmental

impacts associated with this report.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
The Council has insufficient funds to support its expenditure.	Regular reporting and tight budgetary control by budget holders support the Council in managing the overall financial risks and financial planning for the Council.

Legal Implications:

5. This report is an updating report to Cabinet on the financial position at the end of Quarter 2.

Financial Implications:

6. The financial implications are set out within the Report.

Appendices:

- A. Capital Proposed Revised Programme table

Background papers:

[The Council's Revenue Budget and Medium-Term Financial Plan 2025/26](#)

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
HRA	Housing Revenue Account
NNDR	National Non-Domestic Rates

Appendix A – Capital proposed Revised Programme

Capital Programme at Q2	2025/26					2026/27				2027/28	2027/28
	Revised Programme (Incl. Slippage) £m	2025/26 Cabinet Approved New Schemes £m	Proposed In-Year Programme Updates £m	Proposed Re-Phasing to 2026/27 £m	Proposed Revised Programme £m	Approved Programme £m	2025/26 Cabinet Approved New Schemes £m	Proposed Re-Phasing from 2025/26 £m	Proposed Revised Programme £m	Approved Programme £m	Approved Programme £m
Capital Expenditure by Theme											
Regeneration and Economic Growth	£56.364	£0.148	£5.167	-£11.659	£50.020	£3.400	£0.000	£11.659	£15.059	£0.000	£0.000
Highways	£31.174	£0.000	-£1.943	-£10.421	£18.810	£11.802	£0.543	£10.421	£22.766	£0.000	£0.000
Open Spaces / Sports and Leisure	£0.000	£0.000	£4.037	£0.000	£4.037	£0.360	£0.000	£0.000	£0.360	£0.000	£0.000
Children and Young People	£13.855	£0.000	£8.093	-£14.463	£7.485	£10.300	£0.000	£14.463	£24.763	£0.000	£0.000
Property	£2.767	£0.655	£1.484	-£0.387	£4.519	£0.000	£0.000	£0.387	£0.387	£0.000	£0.000
Housing General Fund	£5.696	£0.000	£0.202	-£2.767	£3.131	£2.800	£0.000	£2.767	£5.567	£2.500	£2.500
Climate Change	£0.710	£0.000	£0.639	£0.000	£1.349	£0.648	£0.000	£0.000	£0.648	£0.000	£0.000
ICT	£0.000	£1.882	£1.512	£0.000	£3.394	£1.500	£1.240	£0.000	£2.740	£0.000	£0.000
Sub-total GF In-Progress	£110.566	£2.685	£19.191	-£39.697	£92.744	£30.810	£1.783	£39.697	£72.290	£2.500	£2.500
Approved In-Principle	£12.149	£0.000	-£6.969	-£0.098	£5.082	£2.000	£0.000	£0.098	£2.098	£4.100	£4.100
New Capital Bids	£0.370	£0.000	-£0.050	£0.000	£0.320	£0.445	£0.000	£0.000	£0.445	£0.300	£0.300
Sub-total GF Approved In-Principle	£12.519	£0.000	-£7.019	-£0.098	£5.402	£2.445	£0.000	£0.098	£2.543	£4.400	£4.400
TOTAL GF	£123.085	£2.685	£12.172	-£39.795	£98.146	£33.255	£1.783	£39.795	£74.833	£6.900	£6.900
TOTAL HRA	£29.530	£0.000	£0.000	-£3.116	£26.414	£15.858	£0.000	£3.116	£18.974	£18.638	£18.638
TOTAL COUNCIL EXPENDITURE	£152.615	£2.685	£12.172	-£42.911	£124.560	£49.113	£1.783	£42.911	£93.807	£25.538	£25.538

Financing the Capital Programme											
Prudential Borrowing	£61.310	£0.040	£2.749	-£8.341	£55.757	£7.735	£0.000	£8.341	£16.076	£2.900	£2.900
External Funding	£57.734	£0.738	£9.174	-£31.455	£36.191	£24.020	£0.543	£31.455	£56.018	£2.500	£2.500
Capital Receipts	£3.977	£1.882	£0.249	£0.000	£6.108	£1.500	£1.240	£0.000	£2.740	£1.500	£1.500
General Fund RCCO	£0.064	£0.025	£0.000	£0.000	£0.090	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
TOTAL GF	£123.085	£2.685	£12.172	-£39.796	£98.146	£33.255	£1.783	£39.796	£74.834	£6.900	£6.900
Prudential Borrowing	£11.260	£0.000	£0.000	-£1.216	£10.044	£0.000	£0.000	£1.216	£1.216	£0.000	£0.000
External Funding	£3.092	£0.000	£0.000	£0.000	£3.092	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Capital Receipts	£7.848	£0.000	£0.000	-£1.900	£5.948	£2.032	£0.000	£1.900	£3.932	£0.000	£0.000
Housing Revenue Account DRF/MRR	£7.330	£0.000	£0.000	£0.000	£7.330	£13.826	£0.000	£0.000	£13.826	£18.638	£18.638
TOTAL HRA	£29.530	£0.000	£0.000	-£3.116	£26.414	£15.858	£0.000	£3.116	£18.974	£18.638	£18.638
TOTAL COUNCIL FINANCING	£152.615	£2.685	£12.172	-£42.912	£124.560	£49.113	£1.783	£42.912	£93.808	£25.538	£25.538