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| <b>Classification:</b><br>Open | <b>Decision Type:</b><br>Non-Key |
|--------------------------------|----------------------------------|

|                   |   |                           |
|-------------------|---|---------------------------|
| <b>Report to:</b> | Cabinet   | <b>Date:</b> 08 July 2026 |
| <b>Subject:</b>   | Finance Update Report – 2025/26 Outturn Position  |                           |
| <b>Report of</b>  | Cabinet Member for Finance and Corporate Services |                           |

## Summary

This report provides an update to Cabinet on the council's final outturn position across the General Fund revenue and capital budgets, Housing Revenue Account (HRA) and DSG (Dedicated Schools Grant).

The 2025/26 General Fund outturn position is an overspend of £7.266m, equivalent to 3.04% of the net revenue budget. This represents a favourable movement of £0.673m from the Quarter 3 forecast overspend of £7.932m. Further detail on the revenue outturn position and movements since Quarter 3 is set out in Section 1. The 2025/26 budget included approved savings of £11.334m, of which £7.729m (68.19%) have been delivered. Further detail on savings delivery is provided in Section 2.

To offset the overspend, a drawdown of £7.266m from the budget stabilisation reserve has been required. This has further reduced already low levels of reserves and is not sustainable in the long term. As a result, the reserve is no longer sufficient to support the forecast funding gap beyond 2027/28, however, work continues through the budget review of all services to identify saving proposals which will reduce the funding gap and reliance on reserves in future years. Further detail on the reserves position is provided in Section 3.

The outturn position on the capital programme is slippage of £17.336m against the £119.614m approved delivery programme. The slippage will initially be carried forward for delivery in 2026/27, but the intention is to carry out a fundamental review of the deliverability of the 2026/27 capital programme and make recommendations to Cabinet regarding re-profiling in the first (Q1) financial performance update of the current financial year to Cabinet in September. Further detail on the capital programme performance is provided in Section 4.

The outturn position on the Collection Fund (Section 5), Housing Revenue Account (HRA) (Section 6) and Dedicated Schools Grant (DSG) (Section 7) are also provided in the body of the report.

## Recommendation(s)

Cabinet is asked to:

- Note the 2025/26 revenue outturn position of a £7.266m overspend (3.04%) against a net budget of £238.987m.

- Note the in-year reduction in General Fund and Earmarked Reserves of £19.509m (30.67%) and closing balance at 31 March 2026 of £44.106m.
- Note the 2025/26 achievement of savings of £7.729m (68%) against a target of £11.334m.
- Note the overall 2025/26 capital programme outturn position of £100.413m, (84%) compared to the overall 2025/26 capital programme budget of £119.614m. This results in a £19.201m variance, mainly driven by £17.336m of rephased schemes into 2026/27, alongside £0.993m from schemes not progressed and £0.872m of savings across housing projects.
- Approve the in-year capital slippage of £17.336m being initially transferred into 2026/27 to enable an in-year review of the deliverability of the capital programme to be undertaken and the programme re-profiled accordingly.
- Note the 2025/26 outturn position for the Collection Fund.
- Note the 2025/26 outturn position for the Housing Revenue Account (HRA).
- Note the 2025/26 outturn position for the Dedicated Schools Grant (DSG).

### **Reasons for recommendation(s)**

To note the final financial outturn position for 2025/26 subject to external audit.

### **Alternative options considered and rejected**

N/A

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### **Background**

#### **1. 2025/26 Revenue Outturn**

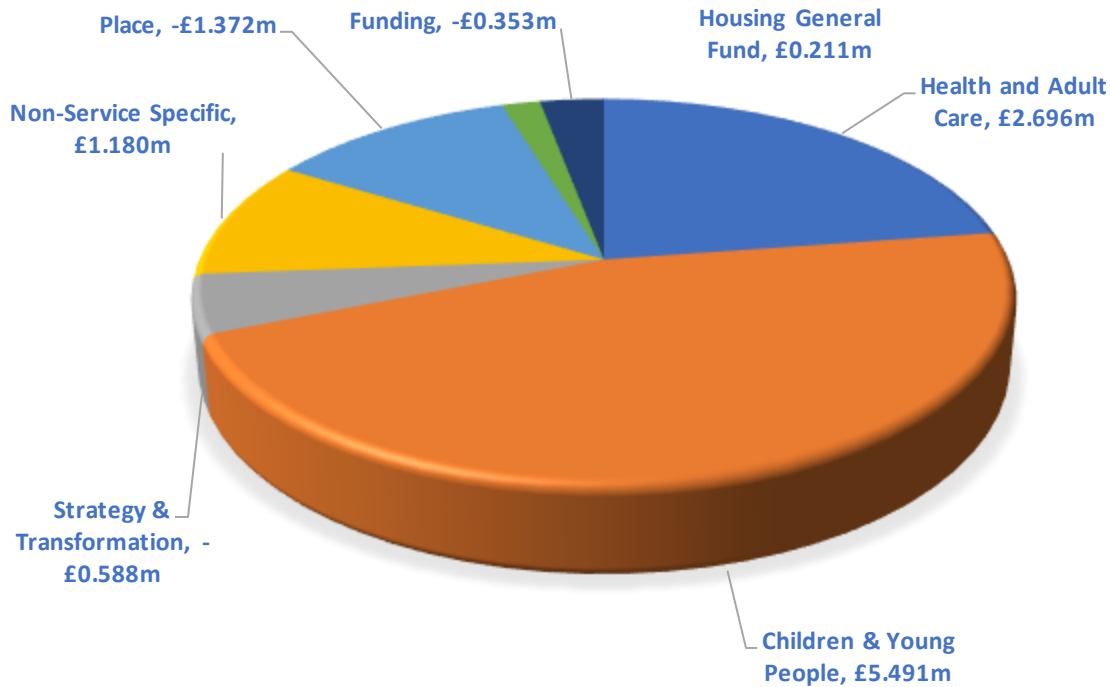
1.1. The 2025/26 general fund revenue outturn position is an overspend of £7.266m, equivalent to 3.04% of the net revenue budget of £238.987m. This represents a favourable movement of £0.667m from the forecast at Quarter 3 reported to March Cabinet. The improvement reflects the impact of a number of cost control

measures, and overseen by the Finance Board, to reduce the forecast overspend. To neutralise the overspend an additional drawdown from reserves of £7.266m is required which is on top of the £5.858m funding from reserves originally agreed when setting the 2025/26 budget. This further reduces reserve levels and is not sustainable in the long term, however the drawdown is lower than had been factored into the projected reserves position reported in February which was based on the Q3 forecast overspend position.

| <b>Table 1: 2025/26 Revenue Outturn</b> | <b>Revised Budget £m</b> | <b>Actual £m</b>  | <b>Variance £m</b> |
|---|--------------------------|-------------------|--------------------|
| <u>Directorate:</u>                     |                          |                   |                    |
| Health and Adult Care                   | £98.892                  | £101.588          | £2.696             |
| Children & Young People                 | £65.494                  | £70.985           | £5.491             |
| Strategy & Transformation*              | £30.082                  | £29.494           | (£0.588)           |
| Non-Service Specific                    | £29.294                  | £30.474           | £1.180             |
| Place                                   | £15.304                  | £13.932           | (£1.372)           |
| Housing General Fund                    | (£0.079)                 | £0.132            | £0.211             |
| <b>NET REVENUE BUDGET</b>               | <b>£238.987</b>          | <b>£246.606</b>   | <b>£7.618</b>      |
| <u>Funding:</u>                         |                          |                   |                    |
| Council Tax                             | (£119.350)               | (£119.350)        | -                  |
| Business Rates                          | (£74.489)                | (£74.027)         | £0.462             |
| Government Funding Grants               | (£39.290)                | (£40.105)         | (£0.815)           |
| <b>FUNDING</b>                          | <b>(£233.129)</b>        | <b>(£233.482)</b> | <b>(£0.353)</b>    |
| <u>Use of Reserves:</u>                 |                          |                   |                    |
| Budget Stabilisation Reserve            | (£5.858)                 | (£5.858)          | -                  |
| <b>USE OF RESERVES</b>                  | <b>(£5.858)</b>          | <b>(£5.858)</b>   | <b>-</b>           |
| <b>BUDGET POSITION</b>                  | <b>-</b>                 | <b>£7.266</b>     | <b>£7.266</b>      |

\*per Leadership structure approved at Cabinet 9 July 2025, previously reported as Corporate Core Services

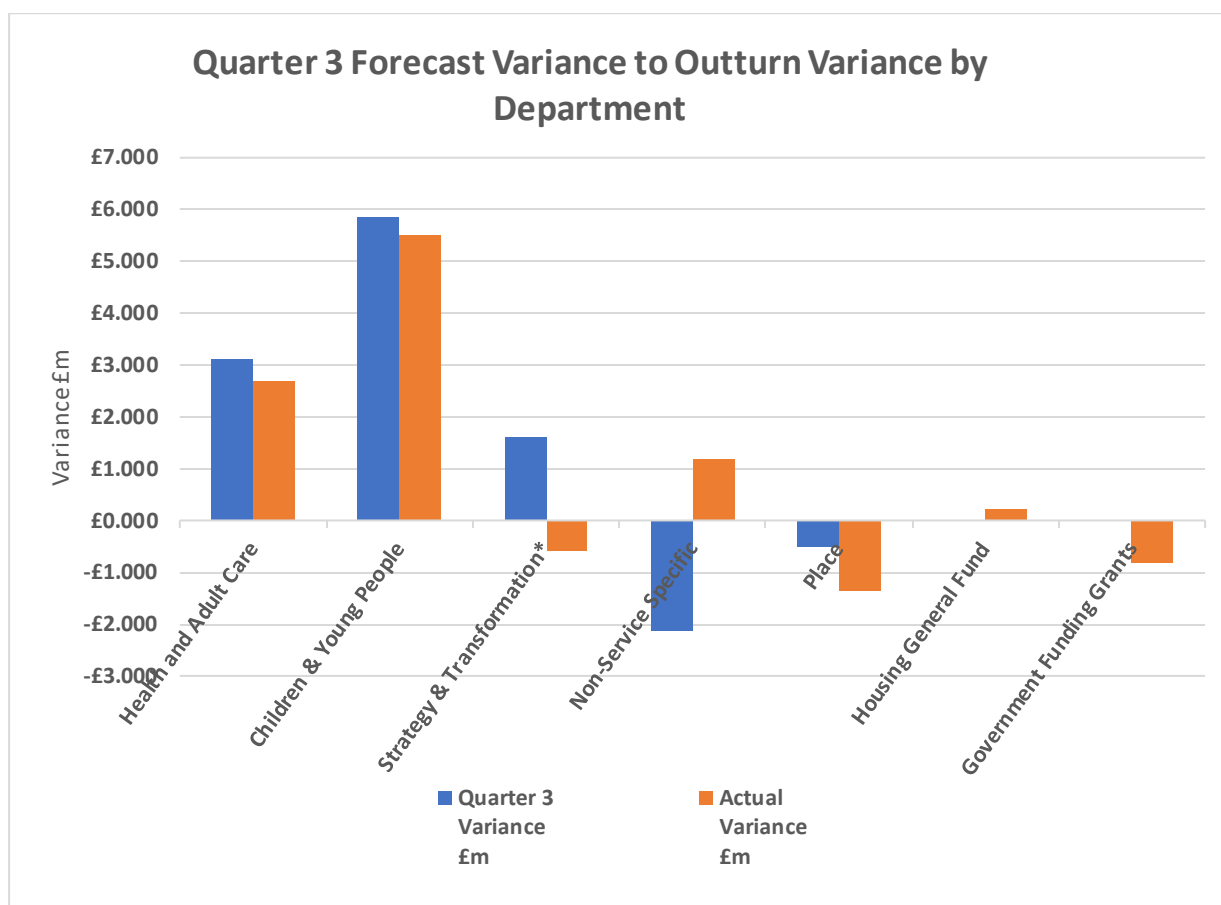
## 2025-26 GENERAL FUND OUTTURN £7.266M



1.2. The quarterly forecast positions and the actual outturn position can be seen in Table 2 below:

| Table 2: 2025-26 Quarterly Movements | Revised Budget £m | Quarter 1 Variance £m | Quarter 2 Variance £m | Quarter 3 Variance £m | Actual Variance £m | Movement from Quarter 3 £m |
|--------------------------------------|-------------------|-----------------------|-----------------------|-----------------------|--------------------|----------------------------|
| Department:                          |                   |                       |                       |                       |                    |                            |
| Health and Adult Care                | £98.892           | £1.942                | £1.706                | £3.118                | £2.696             | (£0.422)                   |
| Children & Young People              | £65.494           | £3.017                | £2.181                | £5.849                | £5.491             | (£0.358)                   |
| Strategy & Transformation            | £30.082           | £0.747                | £3.094                | £1.600                | (£0.588)           | (£2.188)                   |
| Non-Service Specific                 | £29.294           | (£1.557)              | (£1.886)              | (£2.120)              | £1.180             | £3.299                     |
| Place                                | £15.304           | -                     | £0.766                | (£0.516)              | (£1.372)           | (£0.856)                   |
| Housing General Fund                 | (£0.079)          | -                     | -                     | -                     | £0.211             | £0.211                     |
| <b>Directorate Total</b>             | <b>£238.987</b>   | <b>£4.148</b>         | <b>£5.861</b>         | <b>£7.932</b>         | <b>£7.618</b>      | <b>(£0.314)</b>            |
| Funding:                             |                   |                       |                       |                       |                    |                            |
| Council Tax                          | (£119.350)        | -                     | -                     | -                     | -                  | -                          |
| Business Rates                       | (£74.489)         | -                     | -                     | -                     | £0.462             | £0.462                     |

|                                  |                   |               |               |               |                 |                 |
|----------------------------------|-------------------|---------------|---------------|---------------|-----------------|-----------------|
| Government Funding Grants        | (£39.290)         | -             | -             | -             | (£0.815)        | (£0.815)        |
| <b>Funding</b>                   | <b>(£233.129)</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>(£0.353)</b> | <b>(£0.353)</b> |
| <u>Use of Reserves:</u>          |                   |               |               |               |                 |                 |
| Budget Stabilisation Reserve     | (£5.858)          | -             | -             | -             | -               | -               |
| <b>Reserves</b>                  | <b>(£5.858)</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-</b>        |
| <b>Total over / (under)spend</b> | <b>-</b>          | <b>£4.148</b> | <b>£5.861</b> | <b>£7.932</b> | <b>£7.266</b>   | <b>(£0.667)</b> |



Details of the significant variances include:

**1.3. Health and Adult Care: £2.696m overspend, £0.422m favourable movement from Quarter 3**

1.3.1. The 2025/26 outturn position for the Health and Adult Care (HAC) Directorate is an overspend of £2.696m (2.7%).

1.3.2. The **Care in the Community** budget overspent by £5.186m (8%), which is a £0.423m adverse movement from quarter 3. This movement is due to

lower than forecast income for shared care package costs with the NHS. The process for identifying and agreeing shared care package costs with the NHS will be reviewed during 2026/27.

1.3.3. The reported Care in the Community overspend includes mitigation totalling £0.800m through the one-off use of service-related reserves. Although this has reduced the overall overspend reported within this budget, this reliance on one-off funding does not address the underlying cost pressures.

1.3.4. The service settings driving the overspend are Supported Living, £4.367m, a favourable movement of £0.353m from quarter 3, Residential Nursing Care (£1.388m), an adverse movement of £0.537m from quarter 3 and Home Care (£1.345m) a favourable movement of £0.215m from quarter 3.

The service delivered £4.236m of savings in 2025/26, exceeding the approved savings target by £81k and mitigating against a larger overspend position.

1.3.5. The Impower review of Adults services identified £5m of potential savings across the adults social care services, which are reflected in the MTFs over the next 3 years 2026/27 to 2028/29. The work identified four main workstreams for strengthening our front doors, maximising independence, embedding strengths-based practice and driving outcomes. Work has taken place throughout the second half of 2025/26 to identify the specific projects which will enable delivery of the Impower savings.

1.3.6. The scale of this overspend, together with the recurring nature of care costs, presents a significant risk to the service's 2026/27 opening budget position. This will need to be mitigated in 2026/27, alongside ensuring the delivery of new savings.

1.3.7. The **Adult Social Care Operations** budget is underspent by £1.171m (12.7%) which is broadly in line with the underspend reported at quarter 3. 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

- 1.3.8. 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.
- 1.3.9. The **Commissioning and Procurement** budget is underspent by £0.080m (0.8%), which is a £0.153m favourable movement from quarter 3. This is largely driven by staffing vacancies and additional recovery of underutilised client personal budgets offset by increased Carers Payment Activity and Mental Health Assessments in hospitals and care homes.
- 1.3.10. The **Departmental Support Services** budget is overspent by £0.038m (1.6%) which is an adverse movement from quarter 3 linked to higher than forecast recharges for areas such as, legal and systems costs.
- 1.3.11. The **Public Health** budget is underspent by £0.387m (3.4%), a favourable movement from quarter 3. This underspend is mainly due to staff vacancies and reduced demand activity on the NHS Health checks and GM Sexual Health contracts and one-off lower than budgeted inflation for 2025/26. The inflationary uplift will be required within the next financial year.
- 1.3.12. The **Wellness** budget is underspent by £0.812m (30.6%) which is a favourable movement of £0.595m from quarter 3. The underspend is the net impact of the closure of the Radcliffe Leisure centre and staffing vacancies across the Leisure budget portfolio. This underspend will not continue into 2026/27 once the new Radcliffe Hub opens in 2026/27.
- 1.3.13. **Arts and Museums** are underspent by £0.078m (13.2%) due to the closure of the Tourist Information Centre
- 1.4. **Children and Young People: £5.491m overspend, £0.358m favourable movement from Quarter 3**
- 1.4.1. The 2025/26 outturn position for the Children's and Young People Directorate is an overspend of £5.491m (8.4%).
- 1.4.2. **Children's residential placements** including Children with Disabilities overspent by £4.897m (33.7%). This was predominantly in relation to both demand increases and price and inflationary increases on average costs budgeted for 2025/26.
- 1.4.3. During the latter half of the year, there have been clear signs of the Family Safeguarding model beginning to embed with a reduction in the number of child protection plans and a sustained low number of children entering

care. The impact of Keeping Families Together (Edge of Care), enhanced therapeutic support for children in care and investment in the Children's Commissioning team has also been felt, with fewer teenagers entering care, a significant slow down in the number of children entering residential care, strong long-term stability in the homes for children in long-term care and a reducing average cost of homes for children new to residential care. The cumulative impact of these budget initiatives, stronger social work planning and practice, and wider options for step down, such as the Reconnect, reduced the number of children in residential care by 10% in the final quarter of 2025/26, avoiding costs of £1.5m in this financial year. This trend is planned to continue into 2026/27, with a forecast further £1m reduction in costs in quarter 1 of financial year 2026/27.

- 1.4.4. A total of £5.984m has been included in the 2026/27 budget to meet increases in demand and inflation, offset by new savings targets of £4.711m. It is anticipated that it will be a challenge to achieve the total savings target in year due to some of the savings related projects not fully in place, however the directorate are aiming to get the spends in this area and other placements in line with budget. The service acknowledges the risk and the area will be subject to detailed intensive oversight as part of the monthly monitoring process overseen by the Finance Board in line with the materiality, complexity and volatility along with unpredictability at times mixed with the external market pressures inherent in this budget area.
- 1.4.5. The service will continue to mitigate wherever possible these risks with rigorous monitoring frameworks with proactive placement reviews and planning supported by the agreed increase in commissioning resource as it recognises it as being one of the continuing highest revenue risks to the council.
- 1.4.6. **Independent Fostering Agency placements** overspent by £0.478m (11.3%). This is due to the average number of placements being around 9 higher, 87, than the 78 budgeted for in 2025/26 as a consequence of placements moving from residential placement settings. While this has resulted in an overspend against the IFA budget, it represents a positive outcome overall as it has helped mitigate greater cost pressures within residential placements.
- 1.4.7. The budget hasn't increased significantly for 2026/27 due to historic savings so the service will look to manage this alongside the Residential placement reviews and monitoring and align budgets alongside their sufficiency and modelling projections.
- 1.4.8. **In-house fostering, friends & family and Staying Put** placements have reported a pressure of £0.410m (10.8%). Overall, this is due to price increases and one-off costs over and above budgeted levels.

- 1.4.9. The 2026/27 budget includes an additional £0.372m for contractual inflation to support coming in on budget in 2026/27 whilst monitoring regional and national fostering developments and potential budget implications.
- 1.4.10. **Legal services** required for children and young people and their families have reported significant growth in demand during 2025/26 and this has led to a reported pressure of £0.844m (106.4%).
- 1.4.11. The 2026/27 budget includes growth of £0.404m. Legacy and current demands are being worked through coupled with increased scrutiny of the type and number of legal services required through joint working across directorates to enable this area to come back in on budget for 2026/27.
- 1.4.12. **The Education and Inclusion service** has reported an underspend of £0.491m (3.9%) predominantly from vacant posts and optimisation of grants and fees and charges.
- 1.4.13. **The Adoption service** is reporting a £0.337m underspend (25.7%) due to a reduction in the number of placements which follows the national trend of reducing adoptions placements, and respective allowances paid out. This includes the financial contribution to our lead partner authority, Bolton. This budget is being reviewed in 2026/27 with a view to adjusting in line with the forecast position.
- 1.4.14. **The Home to School transport** service reported a £0.094m (1.8%) overspend, a £0.396m favourable movement from quarter 3. There is a trend of increasing demand for the service, however the position has improved as the demand increase was lower than previously forecast.
- 1.5. **Strategy & Transformation (previously reported as Corporate Core Services) : £0.588m underspend, £2.188m favourable movement from Quarter 3**
- 1.5.1. The Strategy and Transformation Directorate is reporting an underspend of £0.588m (1.9%), which is a £2.188m favourable movement from quarter 3.
- 1.5.2. **Legal & Democratic Services** has an underspend of £0.515m (8.8%) a £0.018m favourable movement quarter 3. This is due to:
- The Elections & Governance service underspent by £0.291m due to 2025/26 being a fallow year with no local elections other than by-elections.

- Legal Services Coroners underspent by £0.250m in part due to the pathological scanning service coming online and showing cost reductions.
- 1.5.3. **The Strategy & Transformation Executive Director** service has underspent by £0.474m (6.2%) a £0.393m favourable movement from quarter 3 due to:
- Data Digital and Technology service have underspent by £0.354m (£0.346m favourable movement from quarter 3) mainly due to staffing underspends.
  - Emergency Response and Resilience underspent by £0.109m as a result of additional income generation, a favourable movement of £0.040m from quarter 3.
- 1.5.4. The **People and Inclusion service** have overspent by £0.388m, broadly in line with the quarter 3 position due to:
- £0.210m overspend on staffing costs
  - £0.149m underachievement of income, of which £0.181m is in relation to a reduction in education buy back as more schools becoming academies.
- 1.5.5. The **Housing Needs and Options** service has overspent by £0.184m, a £0.462m favourable movement from quarter 3. The overspend is in relation to additional overnight accommodation costs, offset by increased grant receipts of £0.531m. Whilst overnight accommodation has experienced and overspend due to rising demand, (increased from 200 in April to 236) the overspend would have been greater without proactive management by the service. The position has been partially mitigated through successful move on activity with 18 clients transitioning into Huntley House following its opening in October, helping to reduce ongoing cost pressures.
- 1.5.6. The **Health & Environment** service have underspent by £0.181m, a £0.182m adverse movement from quarter 3. The underspend mainly relates to staffing.
- 1.5.7. The **Finance** budget has underspent by £0.043m, a £1.436m favourable movement from quarter 3. The positive movement is a result of several large offsetting variances, these are:
- Revenue and Benefits service have overspent by £0.603m, a favourable movement of £0.013m from quarter 3. The overspend is in relation to £0.354m one-off severance costs as a result of

implementation of the approved restructure, £0.281m in relation to postage costs and other minor offsetting variances.

- Insurance costs have a one-off underspend of £0.633m, a favourable movement of £1.996m from quarter 3. The favourable movement is a result of changes to levels of insurance reserves and provisions following the actuarial report. The procurement and contract award for insurance premiums was not finalised until after the 2025/26 budget was set and this has been reflected in the 2026/27 budget.
- The Finance (accountancy) service is overspending due to the reliance on agency staff; however, the restructure is in the process of being populated and is beginning to reduce the reliance on agency staff. This is offset by additional general fund receipts in relation to the Collection Fund.

#### **1.6. Non-Service Specific: £1.180m overspend, £3.299m adverse movement from Quarter 3**

- 1.6.1. A total of £2.160m of unachieved service wide savings are sat within NSS, the largest being £1.610m relating to Integration of Housing services which will remain a pressure in 2026/27 if no actions are taken. The Integration of Housing saving is the balance remaining from a total £3m savings target which was agreed as £1m in February 2023 and a further £2m in February 2025. This saving has been partially achieved by reviewing and increasing the legitimate costs chargeable to the Housing Revenue Account (HRA). Work will continue to look at wider integration efficiencies to deliver the unachieved £1.610m.
- 1.6.2. Work on contract savings has seen significant progress, with the part year effect in 2025/26 being £0.100m, however it is anticipated that this will rise to £1.000m in 2026/27. The remaining balance of savings have been distributed to departments for 2026/27 financial year
- 1.6.3. There is an underspend of £1.602m in relation to cost of borrowing primarily related to lower than anticipated borrowing being undertaken through the re-phasing of, and subsequent slippage on, the capital programme alongside increased returns on investments.
- 1.6.4. Banking charges linked to income collection along with other minor variances have resulted in an overspend of £0.432m.

#### **1.7. Place: £1.372m underspend, £0.856m favourable movement from Quarter 3**

- 1.7.1. The Place Directorate has an overall budget of £15.304m for 2025/26 and is reporting an underspend of £1.372m (8.9%), a £0.856m favourable movement from quarter 3.

Significant items to note:

- 1.7.2. Most services are reporting a favourable variance to budget; this is despite rising costs especially in construction and fuel and reflects the fact that several services are reporting more income than budgeted.
- 1.7.3. In contrast some capital recharges are lower than expected due to slippage in the programme and external resource being used directly on the projects in place of internal staff where vacancies couldn't be filled expediently.
- 1.7.4. The services which are reporting over budget are:
- Strategic Planning & Development Management has a net overspend of £0.185m in relation to increased recharges from other departments offset by increased income from planning fees.
  - Senior Management is £0.143m overspent due to the previous AD of Operations remaining in post longer than originally anticipated.
  - Waste, Transport services and Stores is £0.449m overspent due to higher than budgeted employee costs which will be addressed where possible in 2026/27.
- 1.7.5. Savings targets relating to vacancy factors have not been achieved in some of the services due to the nature of the services and the demographic of the staffing cohort, the savings have been met by other operational efficiencies within each service and the increased income generated.

## **Outlook**

- 1.8. Whilst demand and inflationary pressures across council services have been built into the MTFs and 2026/27 budget, they were based on the information available at the time. As such there are both potential risks, and opportunities, relating to income and demand fluctuations varying from the current assumptions. Work is being undertaken over the summer to carry out a review of all budgets, in part informed by the outturn position, to identify savings to address the current c£21m forecast funding gap over the life of the current MTFs through to 2028/29. This process will assess and identify areas of opportunity to reduce budgets alongside linking budgets to the strategic aims, objective and priorities of the Council.

## **2. Savings**

2.1. The Council's savings programme for 2026/27 totalled £11.334m, of which £7.729 (68.19%) has been delivered, a £1.094m adverse movement from quarter 3. The main reason for the underachievement is delayed implementation of restructures and other activities required to enable delivery of the agreed savings. Work has been undertaken by the Finance Board to reduce and mitigate the in-year financial impact.

2.2. There is a shortfall in delivery of £3.605m, comprising £1.651m within Children and Young People services and £2.160m within Non-Service Specific budgets. It is currently anticipated that the majority of these savings will be delivered in 2026/27. The primary area of concern is the £1.610m under-delivery of the approved Housing Integration saving which is being reviewed to determine what can be delivered in 2026/27 to offset the resulting budget pressure.

| Table 3: 2025/26 Budget Proposals  | Directorate | Feb 2025 Target | Outturn         | Variance        |
|--|-------------|-----------------|-----------------|-----------------|
|  |             | £m              | £m              | £m              |
| HAC Strategic Workforce Review   | HAC         | (£0.010)        | (£0.010)        | -               |
| Adults Commissioning Review  | HAC         | (£1.000)        | (£1.213)        | (£0.213)        |
| Single Handed Care Trial   | HAC         | (£0.200)        | (£0.100)        | £0.100          |
| Personal Budget Review   | HAC         | (£0.250)        | (£0.448)        | (£0.198)        |
| Direct Payment Reassessment to Include Therapy   | HAC         | (£0.050)        | (£0.050)        | -               |
| Discharge to Assess Reviews by Therapy   | HAC         | (£0.050)        | (£0.050)        | -               |
| Neighbourhood Housing Support  | HAC         | (£0.050)        | (£0.050)        | -               |
| ASC Community Care budget realignment  | HAC         | (£1.680)        | (£1.328)        | £0.352          |
| Dividend income from Persona - one-off in 25/26  | HAC         | (£0.350)        | (£0.350)        | -               |
| Persona - remodel of supported living hours  | HAC         | (£0.330)        | (£0.325)        | £0.005          |
| Maximising charges for Deferred Payments   | HAC         | (£0.005)        | (£0.001)        | £0.004          |
| Saving Already Agreed - Development of Wider Learning Disabilities Strategy for Age 14-25 Cohort | HAC         | (£0.180)        | (£0.311)        | (£0.131)        |
| <b>Subtotal Health and Adult Care</b>  |             | <b>(£4.155)</b> | <b>(£4.236)</b> | <b>(£0.081)</b> |
| Foster Carers  | CYP         | (£0.250)        | (£0.070)        | £0.180          |
| Family Safeguarding Model  | CYP         | (£0.100)        | -               | £0.100          |
| Edge of Care   | CYP         | (£0.494)        | -               | £0.494          |
| Therapeutic support team for Children in Care  | CYP         | (£0.195)        | -               | £0.195          |
| Reconnect - step down from residential care  | CYP         | (£0.571)        | (£0.395)        | £0.176          |
| Progressing the Edge of Care Service Review  | CYP         | (£0.506)        | -               | £0.506          |
| <b>Subtotal Children and Young People</b>  |             | <b>(£2.116)</b> | <b>(£0.465)</b> | <b>£1.651</b>   |
| CCS Strategic Workforce Review   | CCS         | (£0.186)        | (£0.186)        | -               |
| IT Supplier Review [Digital]   | CCS         | (£0.065)        | (£0.065)        | -               |
| IT licence Review [Digital]  | CCS         | (£0.050)        | (£0.050)        | -               |
| Unit 4 Reimplementation & Transformation Review  | CCS         | (£0.100)        | -               | £0.100          |
| Revenues and Benefits Structure Review   | CCS         | (£0.317)        | (£0.317)        | -               |
| Contact Centre Review [Digital]  | CCS         | (£0.100)        | (£0.100)        | -               |

|  |       |                  |                 |                 |
|--|-------|------------------|-----------------|-----------------|
| Corporate Core Structures including homelessness and housing options review and integration of communities | CCS   | (£0.328)         | (£0.328)        | -               |
| Private Sector Housing - Capitalise salaries   | CCS   | (£0.100)         | (£0.100)        | -               |
| Public Protection / Licensing Budget Realignment   | CCS   | (£0.016)         | (£0.016)        | -               |
| Private Sector Rented - Enforcement HMO Licensing  | CCS   | (£0.005)         | (£0.005)        | -               |
| Service Reviews within the Corporate Core  | CCS   | (£0.388)         | (£0.388)        | -               |
| <b>Subtotal Strategy &amp; Transformation</b>  |       | <b>(£1.655)</b>  | <b>(£1.555)</b> | <b>£0.100</b>   |
| BGI Strategic Workforce Review   | PLACE | (£0.062)         | (£0.062)        | -               |
| OPS Strategic Workforce Review   | PLACE | (£0.145)         | (£0.145)        | -               |
| Fleet Function Review  | PLACE | (£0.070)         | -               | £0.070          |
| Car Park Tariff Review   | PLACE | (£0.074)         | (£0.218)        | (£0.144)        |
| Explore Advertising opportunities on highway network   | PLACE | (£0.050)         | (£0.050)        | -               |
| Car Park Charges Review  | PLACE | (£0.055)         | (£0.053)        | £0.002          |
| Review Residents Permits pricing structure   | PLACE | (£0.145)         | (£0.148)        | (£0.003)        |
| <b>Subtotal Place</b>  |       | <b>(£0.601)</b>  | <b>(£0.676)</b> | <b>(£0.075)</b> |
| Salary Sacrifice Review  | NSS   | (£0.050)         | (£0.050)        | £0.000          |
| Organisation Delivery Model Review   | NSS   | (£0.257)         | (£0.257)        | -               |
| Contract Efficiencies  | NSS   | (£0.500)         | (£0.100)        | £0.400          |
| Integration of Housing   | NSS   | (£2.000)         | (£0.390)        | £1.610          |
| <b>Subtotal Non-Service Specific</b>   |       | <b>(£2.807)</b>  | <b>(£0.796)</b> | <b>£2.010</b>   |
| <b>TOTAL APPROVED PROPOSALS</b>  |       | <b>(£11.334)</b> | <b>(£7.729)</b> | <b>£3.605</b>   |

### 3. Reserves

- 3.1. The table below shows the balance on reserves as at 31 March 2025 of £63.615m compared to the year-end balance as at 31 March 2026 of £44.106m. This represents a decrease of £19.509m, equating to a 30.7% reduction in reserves.
- 3.2. This level of reduction presents a significant financial risk and is not sustainable. The significant use of reserves to support the revenue budget over recent years reflects the underlying and ongoing budget pressures which need to be addressed through the identification and delivery of additional savings that will enable a balanced budget. If this trend were to continue, it would reduce the level of reserves available to manage future financial risks and uncertainties. It is therefore important that future budget gaps are addressed through sustainable measures, to reduce reliance on further drawdown of reserves and maintain an appropriate level of financial resilience.
- 3.3. The significant movements include:
- Budget Stabilisation which includes the budgeted use of £5.858m to balance the 2025/26 budget and the unplanned use of £7.266m to neutralise the in-year overspend.

- Insurance Reserve reduced by £2.920m in relation to a combination of settlement of claims and rebalancing the position on reserves and provisions as advised by the actuary.
- DSG Risk Reserve utilisation in line with Project Safety Valve agreement.
- Directorate Reserves have reduced by £1.238m for planned activities and to mitigate pressures in services.

| <b>Table 4: General Fund Reserves</b> |               |                | <b>Balance at<br/>31 March<br/>2025<br/>£m</b> | <b>Balance at<br/>31 March<br/>2026<br/>£m</b> | <b>Variance<br/>£m</b> |
|---------------------------------------|---------------|----------------|--|--|------------------------|
| <b>General Fund</b>                   |               |                | <b>(£10.000)</b>                               | <b>(£10.000)</b>                               | <b>-</b>               |
| <b>Directorate Reserves</b>           |               |                | <b>(£4.013)</b>                                | <b>(£2.775)</b>                                | <b>£1.238</b>          |
| Corporate Reserves                    | Investment    | Invest to Save | (£1.958)                                       | (£1.974)                                       | (£0.016)               |
| Corporate Reserves                    | Investment    | Regeneration   | (£0.020)                                       | (£0.001)                                       | £0.019                 |
| Corporate Reserves                    | Investment    | Transformation | (£0.838)                                       | (£0.838)                                       | -                      |
| Corporate Reserves                    | Risk          | Insurance      | (£4.905)                                       | (£1.985)                                       | £2.920                 |
| Corporate Reserves                    | Risk          | DSG            | (£6.000)                                       | (£4.000)                                       | £2.000                 |
| Corporate Reserves                    | Stabilisation | Net Budget     | (£25.638)                                      | (£15.599)                                      | £10.039                |
| Corporate Reserves                    | Stabilisation | Funding        | (£1.542)                                       | (£1.542)                                       | -                      |
| <b>Corporate Reserves</b>             |               |                | <b>(£40.901)</b>                               | <b>(£25.939)</b>                               | <b>£14.962</b>         |
| <b>External Funding</b>               |               |                | <b>(£8.701)</b>                                | <b>(£5.392)</b>                                | <b>£3.309</b>          |
| <b>Total General Fund Reserves</b>    |               |                | <b>(£63.615)</b>                               | <b>(£44.106)</b>                               | <b>£19.509</b>         |

3.4. In accordance with statutory regulations and CIPFA Guidance, the levels of balances and reserves were reviewed during the 2026/27 budget process to ensure that they are currently sufficient, and that they will remain adequate over the medium-term. However, the continuing use of reserves to balance the budget presents an unsustainable position and, as such, the Council continues to work to reduce the reliance on the use of reserves and to stabilise the Council's finances over the medium-term. A detailed review of reserves was presented to Council in February 2026.

3.5. As part of the 2026/27 budget setting process, £3.977m will be drawn from the Budget Stabilisation Reserve, resulting in a projected balance of £11.622m as at 31 March 2027. While this supports the 2026/27 position, the remaining balance is low when set against the forecast funding gap of £13.898m for 2027/28. This reinforces the need to deliver planned savings in full and to identify additional savings to mitigate the budget gap. Additionally, this position is based on the assumption that the 2026/27 financial year is delivered within budget with no further draw on reserves and that no additional demand or

inflationary pressures arise as Medium Term Financial Strategy (MTFS) assumptions are refreshed.

#### 4. 2025/26 Capital Outturn

4.1. The Council approved a three-year capital programme for 2025/26 to 2027/28 in February 2025, as follows:

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

4.2. Following the addition of £19.360m of slippage from 2024/25, the revised capital programme for 2025/26 increased to £152.615m. As part of the Council's regular budget monitoring, the programme was updated and reported to Cabinet during the year to reflect an assessment of deliverability. By Quarter 3, the programme had been revised to £119.614m.

4.3. Table 5 below shows that total expenditure at outturn to be £100.413m which equates to 84% of the revised capital programme total of £119.615m. This results in an overall underspend of £19.201m.

Of this:

- £17.336m is proposed to initially be carried forward (slippage) into 2026/27 to support ongoing schemes subject to a review of the assessment of what can be delivered in 2026/27.
- £0.993m relates primarily to schemes approved in principle that have not progressed and will not be carried forward.
- £0.872m of Housing HRA schemes that will not be carried forward, reflecting savings and changes in programme delivery.

| <b>Table 5</b>                      | <b>2025/26 Revised Programme</b> | <b>Actual Spend at Outturn</b> | <b>Actual Spend at Outturn</b> | <b>(Under) / Over spend at Outturn</b> | <b>Proposed Slippage to 2026/27</b> |
|-------------------------------------|----------------------------------|--------------------------------|--------------------------------|--|-------------------------------------|
|                                     | <b>£m</b>                        | <b>£m</b>                      | <b>%</b>                       | <b>£m</b>                              | <b>£m</b>                           |
| <b>Capital Expenditure by Theme</b> |                                  |                                |                                |  |                                     |
| Regeneration and Economic Growth    | <b>£53.671</b>                   | £48.616                        | 91%                            | <b>(£5.055)</b>                        | £5.098 *                            |
| Highways                            | <b>£16.046</b>                   | £13.539                        | 84%                            | <b>(£2.507)</b>                        | £2.507                              |
| Open Spaces / Sports and Leisure    | <b>£3.175</b>                    | £1.553                         | 49%                            | <b>(£1.622)</b>                        | £0.346                              |
| Children and Young People           | <b>£8.742</b>                    | £6.936                         | 79%                            | <b>(£1.807)</b>                        | £1.807                              |
| Property                            | <b>£5.524</b>                    | £2.656                         | 48%                            | <b>(£2.868)</b>                        | £1.310                              |
| Housing GF                          | <b>£3.281</b>                    | £2.351                         | 72%                            | <b>(£0.929)</b>                        | £0.822                              |
| Climate Change                      | <b>£0.062</b>                    | £0.016                         | 25%                            | <b>(£0.047)</b>                        | £0.047                              |

|   |                 |                 |            |                  |                |
|---|-----------------|-----------------|------------|------------------|----------------|
| ICT and Digital                                     | £3.394          | £2.573          | 76%        | (£0.821)         | £0.409         |
| New Bids  | £0.270          | -               | 0%         | (£0.270)         | -              |
| Approved in Principle                               | £0.450          | -               | 0%         | (£0.450)         | £0.037         |
| Capital Receipts Flexibility                        | -               | £3.000          | n/a        | £3.000           | -              |
| <b>TOTAL GF EXPENDITURE</b>                         | <b>£94.614</b>  | <b>£81.240</b>  | <b>86%</b> | <b>(£13.375)</b> | <b>£12.382</b> |
| Housing HRA   | £25.000         | £19.174         | 77%        | (£5.826)         | £4.954         |
| <b>TOTAL EXPENDITURE</b>                            | <b>£119.614</b> | <b>£100.413</b> | <b>84%</b> | <b>(£19.201)</b> | <b>£17.336</b> |
| <b>Financing the Capital Programme:</b>             |                 |                 |            |                  |                |
| Prudential Borrowing                                | £55.487         | £43.130         | 78%        | (£13.457)        | £7.770         |
| External Funding                                    | £36.291         | £32.020         | 88%        | (£4.271)         | £3.855         |
| Capital Receipts                                    | £2.747          | £5.880          | 214%       | £4.233           | £0.708         |
| General Fund Revenue Contribution to Capital Outlay | £0.089          | £0.210          | 235%       | £0.120           | £0.050         |
| <b>Subtotal GF Financing</b>                        | <b>£94.614</b>  | <b>£81.240</b>  | <b>86%</b> | <b>(£13.375)</b> | <b>£12.382</b> |
| Prudential Borrowing HRA                            | £10.715         | £6.119          | 79%        | (£4.596)         | £4.596         |
| External Funding HRA                                | £2.330          | £1.308          | 42%        | (£1.022)         | £0.150         |
| Capital Receipts HRA                                | £2.967          | £3.674          | 62%        | £0.708           | (£0.707)       |
| Housing Revenue Account DRF/MRR                     | £8.988          | £8.072          | 98%        | (£0.916)         | £0.916         |
| <b>Subtotal for HRA Financing</b>                   | <b>£25.000</b>  | <b>£19.174</b>  | <b>77%</b> | <b>(£5.826)</b>  | <b>£4.955</b>  |
| <b>Total Financing Employed</b>                     | <b>£119.614</b> | <b>£100.413</b> | <b>84%</b> | <b>(£19.201)</b> | <b>£17.336</b> |

*\*£5.098m of proposed slippage into 2026/27 contains £0.043m of UKSPF (shared prosperity fund) grant for which the grants conditions were not fully met at the end of the year meaning the grant could not be claimed in-year. This amount will be received in the new year, upon submission of achieved outputs.*

4.4. The Council's capital expenditure for the year totals £100.413m and has delivered the following:

- £48.616m of ongoing Regeneration projects; the three major projects contributing directly to the regeneration of the borough are at a near- completion stage: Radcliffe Hub, Bury Flexi Hall and the Prestwich Travel Hub.
- £21.525m on Housing, including £19.174m on the Council Housing Stock, £0.235m on new housing development planning, and £2.117m for Disabled Facilities Grants.
- £13.539m of which £10.743m for Highways maintenance on carriage, pavements, structures, street lighting, traffic management and road safety and £2.796m of grant supported Active Travel Schemes and Streets for All.
- £1.553m on Sports and Leisure, new 3G football pitches, improvements to open spaces and cemeteries.
- £6.936m on Schools, condition, modernisation, basic need provision as well as high needs provision.
- £2.656m of Property schemes, including contributions to our partners toward shared services to reduce Council expenditure in the long-term and Outwood Viaduct restoration, Town Hall redevelopment, replacement of waste disposal vehicles and refurbishment of Ramsbottom Library.

- £2.573m improving and renewing Digital Communication technologies the Council employs to deliver its services and transformation of the main financial enterprise resource planning system.
  - £3.000m of capital receipts from disposal of assets supported the revenue budget for the year, by employing the Government's direction on the Flexible Use of Capital Receipts starting from April 2025 and applicable to the financial years to March 2030.
- 4.5. The capital expenditure programme reported an underspend of £19.201m, of which the main variances are:
- £5.826m on the HRA Capital Programme – see Section 6 for further detail.
  - £1.807m from Schools grant allocations.
  - £0.479m on Radcliffe Regeneration, the Hub and Enterprise Centre.
  - £0.643m on Bury Regeneration, the Flexi Hall.
  - £3.933m on Prestwich Village Regeneration including the Travel Hub scheme.
  - £2.507m on Highways Planned Maintenance Programme, including Structures, Street Lighting and Traffic Management schemes, Active Travel schemes. This variance is due to the limitations of several major infrastructure improvements currently being undertaken which impacts on the ability to carry out the scheduled resurfacing operations, and restricted capacity within the team. A restructure is being undertaken to address the resource issue, and this should see improved capacity in 2026/27 (part year) and 2027/28.
  - £0.822m on the Housing private sector for Disabled Facilities Grants.
  - £0.214m on Leisure, Open Spaces and other regeneration schemes.
  - £0.239m on Property, Bury Art Gallery and Museum.
- 4.6. The majority of the variances relate to committed schemes and are reporting an underspend due to timing delays and programme reprofiling, rather than savings. As such, funding is required to be carried forward into 2026/27 to ensure successful delivery in the following financial year. It is proposed that £17.336m of the underspend in 2025/26 is approved as slippage and carried forward into 2026/27.
- 4.7. The slippage has been caused by several factors, mostly outside the Council's control, including delays in procurement and contract awards. Additionally, unexpected issues being identified during both design and construction phases which have delayed the delivery of some schemes and recruitment challenges which impacted on capacity to deliver.
- 4.8. The remainder of the resources that will not be carried forward relate to 'Approved in Principle' schemes for 2025/26, that during the year have not managed to secure an approved business case or are included in the 2026/27 capital programme as new schemes.
- 4.9. The slippage of £17.336m will increase the 2026/27 Capital Programme from £110.212m approved by Council in February 2026, to a proposed £127.548m.

This budget will include an overall borrowing requirement for general fund and HRA of £53.201m.

4.10. The deliverability of the 2026/27 capital programme will be assessed early in the new financial year and reported throughout the year to Cabinet in the Quarterly Corporate reports. The initial impact of the carry forward is set out in table 6 below.

| <b>Table 6</b>  |   |  |   |
|---|---|--|---|
| <b>Capital Expenditure by Theme</b>                       | <b>2026/27 Capital Programme approved Feb 26 £m</b> | <b>2025/26 proposed slippage to 2026/27 £m</b> | <b>2026/27 Revised Capital Programme £m</b> |
| Regeneration and Housing                                  | £19.295   | £5.920   | £25.215                                     |
| Schools   | £18.656   | £1.807   | £20.463                                     |
| Highways  | £26.195   | £2.507   | £28.702                                     |
| Environmental & Communities Projects                      | £3.007  | £0.430   | £3.437                                      |
| Corporate Property & Estates                              | £5.957  | £1.310   | £7.267                                      |
| Transport Fleet Management                                | £0.500  | -  | £0.500                                      |
| ICT & Digital Transformation                              | £1.500  | -  | £1.500                                      |
| Organisation Redesign & Transformation                    | £3.840  | £0.409   | £4.249                                      |
| <b>Subtotal GF Expenditure</b>                            | <b>£78.951</b>                                      | <b>£12.382</b>                                 | <b>£91.333</b>                              |
| <b>Subtotal Housing Revenue Account (HRA) Expenditure</b> | <b>£31.261</b>                                      | <b>£4.954</b>                                  | <b>£36.915</b>                              |
| <b>Total Council Expenditure</b>                          | <b>£110.212</b>                                     | <b>£17.336</b>                                 | <b>£127.548</b>                             |
| <b>Financing the Capital Programme</b>                    |   |  |   |
| Prudential Borrowing                                      | £30.361   | £7.770   | £38.131                                     |
| External Funding  | £48.590   | £3.855   | £52.444                                     |
| Capital Receipts  | -   | £0.708   | £0.708                                      |
| General Fund RCCO   | -   | £0.050   | £0.050                                      |
| <b>Subtotal GF financing</b>                              | <b>£78.951</b>                                      | <b>£12.382</b>                                 | <b>£91.334</b>                              |
| Prudential Borrowing HRA                                  | £10.474   | £4.596   | £15.070                                     |
| External Funding HRA                                      | -   | £0.150   | £0.150                                      |
| Capital Receipts HRA                                      | £3.120  | (£0.708)                                       | £2.412                                      |
| Housing Revenue Account DRF/MRR                           | £17.667   | £0.916   | £18.583                                     |
| <b>Subtotal HRA Financing</b>                             | <b>£31.261</b>                                      | <b>£4.954</b>                                  | <b>£36.215</b>                              |
| <b>Total Financing</b>                                    | <b>£110.212</b>                                     | <b>£17.336</b>                                 | <b>£127.548</b>                             |

## 5. 2025/26 Collection Fund Outturn

5.1. 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 outturn position on the collection fund is an in-year deficit of £2.908m,

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 2025 and the outturn position). This brings the overall forecast to a net deficit of £2.223m. The Council's share of the deficit is £1.793m and Greater Manchester Combined Authority's share is £0.430m (for police and fire and rescue services).

5.2. The proportionate shares for Business Rates and Council Tax mean that Greater Manchester Combined Authority have a 1% share of Business Rates and a 16.5% share of Council Tax, whereas the Council have a 99% share of Business Rates and 83.5% share of Council Tax.

5.3. The main movements which are resulting in the deficit position of £2.223m (Bury share £1.793m) are shown below.

| <b>Table 7: 2025/26 Surplus/(Deficit) on Collection Fund</b>   | <b>Council Tax<br/>£m</b> | <b>NNDR<br/>£m</b> | <b>TOTAL<br/>£m</b> |
|--|---------------------------|--------------------|---------------------|
| <b>2024/25 Surplus/(Deficit) Balance b/f</b>                   | <b>£0.918</b>             | <b>(£0.233)</b>    | <b>£0.684</b>       |
| <b>2025/26</b>   |                           |                    |                     |
| Income   | £142.549                  | £51.041            | <b>£193.590</b>     |
| <b>Contributions towards Previous Year's Deficit:</b>          |                           |                    |                     |
| Bury MBC   | -                         | £0.268             | <b>£0.268</b>       |
| Police and Crime Commissioner                                  | -                         |                    | -                   |
| General Mayoral - Fire and Rescue Service                      | -                         | £0.003             | <b>£0.003</b>       |
| <b>Total Income</b>  | <b>£142.549</b>           | <b>£51.312</b>     | <b>£193.861</b>     |
| <b>Precepts and Demands on Collection Fund:</b>                |                           |                    |                     |
| Bury MBC   | (£118.296)                | (£49.803)          | <b>(£168.098)</b>   |
| Police and Crime Commissioner                                  | (£15.866)                 |                    | <b>(£15.866)</b>    |
| General Mayoral - Fire and Rescue Service                      | (£7.569)                  | (£0.503)           | <b>(£8.072)</b>     |
| Disregards: Renewable Energy                                   |                           | -                  | -                   |
| Cost of Collection   |                           | (£0.235)           | <b>(£0.235)</b>     |
| Transitional Protection Payments                               |                           | £0.040             | <b>£0.040</b>       |
| <b>Impairment of Debts/Appeals:</b>                            |                           |                    |                     |
| Write-offs of Uncollectable Amounts                            | (£0.034)                  | (£0.226)           | <b>(£0.259)</b>     |
| (Increase)/Decrease in the Allowance for Impairment of Arrears | (£2.928)                  | (£0.431)           | <b>(£3.359)</b>     |
| (Increase)/Decrease in the Allowance for Impairment of Appeals |                           | £0.338             | <b>£0.338</b>       |

|   |                   |                  |                   |
|---|-------------------|------------------|-------------------|
| <b>Contributions towards Previous Year's Surplus:</b> |                   |                  |                   |
| Bury MBC  | (£1.054)          | -                | (£1.054)          |
| Police and Crime Commissioner                         | (£0.141)          |                  | (£0.141)          |
| General Mayoral - Fire and Rescue Service             | (£0.062)          | -                | (£0.062)          |
| <b>Total Expenditure</b>                              | <b>(£145.949)</b> | <b>(£50.819)</b> | <b>(£196.769)</b> |
| <b>2025/26 In-Year Surplus/(Deficit)</b>              | <b>(£3.401)</b>   | <b>£0.493</b>    | <b>(£2.908)</b>   |
| <b>Surplus/(Deficit) as at 31.03.2026</b>             | <b>(£2.483)</b>   | <b>£0.260</b>    | <b>(£2.223)</b>   |

| <b>Share of the 2025/26 Surplus/(Deficit)</b> | <b>Council Tax<br/>£m</b> | <b>NNDR<br/>£m</b> | <b>TOTAL<br/>£m</b> |
|---|---------------------------|--------------------|---------------------|
| Bury MBC                                      | (£2.050)                  | £0.257             | (£1.793)            |
| Police and Crime Commissioner                 | (£0.277)                  |                    | (£0.277)            |
| General Mayoral - Fire and Rescue Service     | (£0.156)                  | £0.003             | (£0.153)            |
| <b>Surplus/(Deficit) as at 31.03.2026</b>     | <b>(£2.483)</b>           | <b>£0.260</b>      | <b>(£2.223)</b>     |

5.4. The £2.223m deficit on the collection fund mainly reflects an increased contribution to the bad debt provision, driven by an increase in Council Tax arrears. The Council is continuing to take action to reduce arrears across both Council Tax and Business Rates.

5.5. Alongside the increase in arrears, the in-year collection rate for Council Tax (95.26%) was below the budgeted collection rate (97.50%), a shortfall of 2.24%. This is largely due to the cost-of-living pressures affecting residents. The trend for collection 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.

| <b>Table 8: Collection Rates</b> | <b>Council Tax<br/>%</b> | <b>NNDR<br/>%</b> |
|----------------------------------|--------------------------|-------------------|
| 2025/26 Actual collection rate   | 95.26                    | 96.87             |
| 2025/26 Target collection rate   | 97.50                    | 96.00             |
| 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 |
|---------|-------|-------|

5.6. Despite the in-year collection rate being below the budgeted rate, the Council's recent performance compares favourably with regional trend, with a net improvement in Council Tax collection rates over the last three years and a strong increase in Business Rates over the same period.

## 6. Housing Revenue Account (HRA) Outturn position

6.1. The table below illustrates the 2025/26 outturn position on the HRA. An in-year contribution to the HRA reserve of £3.790m had been budgeted; however, due to in-year pressures, the final contribution was £3.114m, resulting in a shortfall of £0.676m. This represents a favourable movement of £1.476m from quarter 3.

| Table 9: HRA Income and Expenditure Statement        | 2025/26              | 2025/26          |                 |             |
|--|----------------------|------------------|-----------------|-------------|
|  | Revised Budget (Q04) | Outturn          |                 |             |
|  |                      | Actual           | Variance        |             |
| HRA INCOME AND EXPENDITURE STATEMENT                 | £m                   | £m               | £m              | %           |
| <b>INCOME</b>  |                      |                  |                 |             |
| Dwelling Rents                                       | (£36.731)            | (£37.055)        | (£0.324)        | 1%          |
| Non-dwelling Rents                                   | (£0.209)             | (£0.192)         | £0.017          | 8%          |
| Other Charges for Services and Facilities            | (£1.276)             | (£1.074)         | £0.202          | 16%         |
| Contributions Towards Expenditure                    | (£0.100)             | (£0.025)         | £0.075          | 75%         |
| <b>Total Income</b>                                  | <b>(£38.316)</b>     | <b>(£38.346)</b> | <b>(£0.030)</b> | <b>0.1%</b> |
| <b>EXPENDITURE</b>                                   |                      |                  |                 |             |
| Repairs and Maintenance                              | £8.648               | £10.440          | £1.792          | 21%         |
| Supervision and Management                           | £11.921              | £10.966          | (£0.955)        | 8%          |
| Special Services                                     | £1.444               | £1.312           | (£0.132)        | 9%          |
| Rents, Rates, Taxes, and Other Charges               | £0.200               | £0.106           | (£0.094)        | 47%         |
| Depreciation of Non-Current Assets                   | £7.330               | £8.072           | £0.742          | 10%         |
| Debt Management Expenses                             | £0.045               | £0.012           | (£0.033)        | 73%         |
| Movement in Provision for Bad Debts                  | £0.584               | £0.098           | (£0.486)        | 83%         |
| <b>Total Expenditure</b>                             | <b>£30.172</b>       | <b>£31.006</b>   | <b>£0.834</b>   | <b>3%</b>   |
| HRA Services' Share of Corporate and Democratic Core | £0.400               | £0.384           | £0.016          | 4%          |
| <b>Net Income or Expenditure of HRA Services</b>     | <b>(£7.744)</b>      | <b>(£6.956)</b>  | <b>£0.788</b>   | <b>90%</b>  |
| Interest Payable and Similar Charges                 | £4.695               | £4.633           | (£0.062)        | 1%          |
| Interest and investment income                       | (£0.950)             | (£0.896)         | £0.054          | 6%          |

|  |                 |                 |                 |            |
|--|-----------------|-----------------|-----------------|------------|
| <b>(Surplus) or Deficit for the Year on HRA Services</b> | <b>(£3.999)</b> | <b>(£3.219)</b> | <b>£0.780</b>   | <b>20%</b> |
| <b>Appropriations</b>                                    |                 |                 |                 |            |
| Reversal of Depreciation                                 | (£7.330)        | (£8.072)        | (£0.084)        |            |
| Transfer to the Major Repairs Reserve                    | £7.330          | £8.072          | £0.084          |            |
| Repayment of Arranged Loans                              | £0.209          | £0.105          | (£0.104)        | 50%        |
| Capital Expenditure Funded by the HRA                    | -               | -               | -               | 0%         |
| <b>Total Appropriations</b>                              | <b>£0.209</b>   | <b>£0.105</b>   | <b>(£0.104)</b> | <b>50%</b> |
| <b>Total HRA</b>   | <b>(£3.790)</b> | <b>(£3.114)</b> | <b>£0.676</b>   | <b>18%</b> |

6.2. The overall shortfall of £0.676m arises from a range of variances, including:

- 6.2.1. Service Charge Income reported a £0.202m (15.8%) under-recovery, which is broadly in line with previous forecasts. The main reason for the pressure is that the budget for service charges, particularly those related to Sheltered Accommodation, was found to be over-stated. This has been reflected within Housing Services Improvement and Service Plans, acknowledging the need to gain more confidence in existing service charges, and then to move on to assess whether we are raising charges for all of the areas that we could or should.
- 6.2.2. Dwelling Rents Income has overachieved by £0.324m (0.88%), which is a slight reduction from the reported quarter 3 position. Very small changes in timings of Right to Buy sales could have impacted on income, however overall improvement against £36.731m budget was just 0.88%, so within a reasonable tolerance.
- 6.2.3. Repairs and Maintenance has an overspend of £1.792m (20.72%), an adverse movement £1.282m from quarter 3. This reflects both increased service demands and rising costs. The main reasons for the increased overspend are:
- Disrepairs – there has been a national trend of increasing numbers of disrepair claims being made. The final overspend increased to £0.399m (349%), from a previously reported position at quarter 3 of broadly on budget. This reflects a combination of increased legal costs, compensation payments and professional fees.
  - There was a net overspend of £0.288m (14.87%) across staffing and agency budgets, after recharges to capital. Agency costs were incurred to cover a significant level of vacancies across the establishment in a number of different trade specialisms.
  - The major additional costs related to the significant increased usage of specialist sub-contractors across the service, which resulted in a £2.466m (79.10%) overspend, again often the additional resources were used to cover gaps in resources, or the need for specialist provision.

- Stores and Material Costs – across all aspects of Repairs, total expenditure on stores and materials costs was £0.962m (44.62%) below budget, undoubtedly a factor of the reduced levels of established staff, and the increased use of specialist sub-contractors.
- 6.2.4. Supervision and Management underspent by £0.955m (8.01%), a significant favourable movement of £1.300m from the reported quarter 3 position. The main variances are:
  - Consultancy costs underspent £0.219m (85.88%), a significant increase from the quarter 3 reported position of on budget.
  - Agency Costs - £0.075m underspend.
  - Central Support Recharges – following a major review and revision of existing charges, which was completed at the latter part of the financial year, a significant in-year underspend of £0.543m (7.65%) was realised.
- 6.2.5. Special Services have underspent by £0.131m, (9.11%) a £0.347m favourable movement from quarter 3, made up of several minor variances and an underspend in agency costs totalling £0.105m.
- 6.2.6. The Allowance for Bad debts recorded an underspend of £0.486m (83.21%). This largely reflects a one-off in-year benefit, linked to a review of the calculation methodology, alongside a lower than anticipated increase in arrears and reduced levels of debt written off during the year, totalling just over £0.100m.
- 6.2.7. Interest and Investment Income underachieved by £0.054m (5.68%), although this represents a £0.194m favourable movement from quarter 3. The improved position reflects a higher than anticipated level of interest earned. Earlier forecasts assumed reductions in the Bank of England base rate which would have reduced returns on cash balances. However, due to a number of world economic events, anticipated cuts did not materialise during the remainder of the year, which had a positive impact on the interest earned on cash balances.
- 6.2.8. Depreciation/Contribution to Major Repairs Reserve (MRR)– Following the appointment of new valuers, a review of the depreciation calculation methodology was undertaken. This resulted in an increased charge and an overspend of £0.742m (10.12%). Under the HRA statutory accounting requirements, depreciation charges are appropriated to the MRR. As a result, while the increased depreciation charge impacts the reported revenue position, it is transferred to the MRR to support capital investment in housing assets. This increases the resources available to fund the Capital Investment Programme and can reduce the need for alternative financing sources, such as borrowing.

| Table 10: Capital Programme      | 2025/26 Revised Budget | 2025/26 Outturn Variance |                 |            |
|----------------------------------|------------------------|--------------------------|-----------------|------------|
|                                  | £m                     | £m                       | £m              | %          |
| <b>CAPITAL EXPENDITURE</b>       |                        |                          |                 |            |
| Major Works & Improvements       | £17.085                | £13.045                  | (£4.040)        | 24%        |
| Other Capital Spend              | £4.915                 | £5.567                   | £0.652          | 13%        |
| New Build Development Costs      | £3.000                 | £0.562                   | (£2.438)        | 81%        |
| <b>Total Capital Expenditure</b> | <b>£25.000</b>         | <b>£19.174</b>           | <b>(£5.826)</b> | <b>77%</b> |
| <b>CAPITAL FINANCING</b>         |                        |                          |                 |            |
| Prudential Borrowing             | (£10.715)              | (£6.119)                 | £4.596          | 43%        |
| External Funding                 | (£2.330)               | (£1.308)                 | £1.022          | 44%        |
| Capital Receipts                 | (£2.967)               | (£3.675)                 | (£0.708)        | 24%        |
| HRA Major Repairs Reserve        | (£8.988)               | (£8.072)                 | £0.916          | 10%        |
| <b>Total Capital Financing</b>   | <b>(£25.000)</b>       | <b>(£19.174)</b>         | <b>£5.826</b>   | <b>77%</b> |

6.3. Table 10 details the revised HRA Capital Programme for 2025/26 totalling £25.000m. Actual expenditure for the year was £19.174m, resulting in a variance of £5.826m. Of this variance, £4.954m relates to slippage, which has been reprofiled into the 2026/27 capital programme. The remaining £0.872m represents an underspend, reflecting savings and changes in programme delivery.

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

| Table 11: Movement on the HRA Reserve   | 2025/26 Revised Budget | 2025/26 Actual (Outturn) | 2025/26 Variance |
|---|------------------------|--------------------------|------------------|
|   | £m                     | £m                       | £m               |
| <b>Opening Balance on the HRA</b>   | <b>(£16.546)</b>       | <b>(£16.747)</b>         | <b>(£0.201)</b>  |
| (Surplus) or Deficit for the Year on the HRA Income and Expenditure Statement | (£3.999)               | (£3.219)                 | £0.780           |
| Appropriations  | £0.209                 | £0.104                   | (£0.105)         |
| <b>Net (Increase) or Decrease before Transfers to or from Reserves</b>        | <b>(£3.790)</b>        | <b>(£3.115)</b>          | <b>£0.675</b>    |
| <b>(Increase) or Decrease in Year on the HRA</b>                              | <b>(£3.790)</b>        | <b>(£3.115)</b>          | <b>£0.675</b>    |

|                                   |                  |                  |               |
|-----------------------------------|------------------|------------------|---------------|
| <b>Closing Balance on the HRA</b> | <b>(£20.336)</b> | <b>(£19.862)</b> | <b>£0.474</b> |
|-----------------------------------|------------------|------------------|---------------|

## 7. Dedicated Schools Grant Outturn position

7.1. The DSG is broken down into 4 components and Bury's allocations for 2025/26 are as follows:

| <b>Table 12: DSG Allocations</b>         | <b>Allocation<br/>£m</b> | <b>Outturn<br/>£m</b> | <b>Outturn<br/>Variance</b> |
|--|--------------------------|-----------------------|-----------------------------|
| Schools Block                            | £169.600                 | £169.579              | (£0.021)                    |
| Central Services Block                   | £1.124                   | £0.968                | (£0.156)                    |
| Early Years Block                        | £35.260                  | £33.463               | (£1.797)                    |
| High Needs Block                         | £50.590                  | £54.053               | £3.463                      |
| <b>Total</b>                             | <b>£256.574</b>          | <b>£258.063</b>       | <b>£1.489</b>               |
| Early Years Block 2024-25 clawback       | -                        | £0.460                | £0.460                      |
| Project Safety Valve                     | £1.000                   | £0.295                | (£0.705)                    |
| <b>Total net increase of DSG 2025/26</b> | <b>£257.574</b>          | <b>£258.818</b>       | <b>£1.244</b>               |

7.2. The Schools Block and Early Years Block are almost entirely passported to schools and early years providers. The Central Schools Services Block is funding for Bury Council to deliver its schools and related statutory duties for Education. There is little variance in this area. The major risk to the Council is the High Needs Block (HNB).

7.3. The HNB spending and allocations are subject to numerous funding regulations. These regulations are described in full within the DFE High Needs Funding Guidance and the link is given below:

[High needs funding: 2025 to 2026 operational guide - GOV.UK](#)

7.4. The HNB covers Special Educational Needs (SEN) funding for pupils aged 0 to 25 irrespective of which setting they attend. The broad headings for the HNB 2025/26 budget and outturn position are shown below:

| <b>Table 13: High Needs Block (HNB)</b>            | <b>2025/26<br/>Budget<br/>£m</b> | <b>2025/26<br/>Outturn<br/>£m</b> | <b>2025/26<br/>Variance<br/>£m</b> |
|--|----------------------------------|-----------------------------------|------------------------------------|
| Specials Schools and Pupil Referral Unit (PRU)     | £20.426                          | £20.814                           | £0.388                             |
| Resourced Provision within Mainstream Schools (RP) | £2.790                           | £2.429                            | (£0.361)                           |
| Early Years Funding                                | £0.275                           | £0.290                            | £0.015                             |
| SEN Funding within Mainstream Funding (EHCP's)     | £9.934                           | £10.640                           | £0.706                             |
| Independent (Out Borough) Special Schools          | £13.593                          | £15.100                           | £1.507                             |
| Post 16 Commissioned Places                        | £1.868                           | £2.067                            | £0.199                             |

|   |                  |                  |                 |
|---|------------------|------------------|-----------------|
| Alternative Provision   | £2.797           | £3.786           | £0.989          |
| SEN Support Services  | £1.127           | £0.992           | (£0.135)        |
| <b>Total HNB Expenditure</b>                                    | <b>£52.810</b>   | <b>£56.118</b>   | <b>£3.308</b>   |
| High Needs Block Allocation                                     | (£48.835)        | (£49.344)        | (£0.509)        |
| Recoupment from other LA's Bury Project Safety Valve commitment | (£2.000)         | (£2.000)         | -               |
| School Block Transfer   | (£0.313)         | (£0.313)         | -               |
| Health Service Contribution                                     | (£1.000)         | (£1.000)         | -               |
| DfE Safety Valve Income   | (£0.663)         | (£0.705)         | (£0.042)        |
| <b>Total HNB Income (including safety valve income)</b>         | <b>(£52.811)</b> | <b>(£53.362)</b> | <b>(£0.551)</b> |
| <b>Total High Needs Block 2025/26</b>                           |                  | <b>£2.757</b>    | <b>£2.757</b>   |
| Other DSG Blocks 2025/26  |                  | (£1.513)         | (£1.513)        |
| <b>Total DSG Deficit 2025/26</b>                                |                  | <b>£1.244</b>    | <b>£1.244</b>   |
| <b>Deficit b/fwd from 2024/25</b>                               |                  | <b>£19.041</b>   |                 |
| <b>Deficit c/fwd to 2026/27</b>                                 |                  | <b>£20.285</b>   |                 |
| <b>Total net increase in DSG Deficit 2025/26</b>                |                  | <b>£1.244</b>    | <b>£1.244</b>   |

7.5. The DSG overall deficit at the beginning of the 2025/26 financial year was £19.041m, during the year, the service has worked on making savings where possible, whilst continuing to face increasing demand which is a national pressure. The 2025/26 DSG deficit position is £20.285m, an overall increase of £1.244m, including Bury's agreed £2m contribution as part of Project Safety Valve (PSV).

7.6. Bury Council operated under the Dedicated School Grant Safety Valve Intervention Programme during 2025/26 to address historic special education needs and disabilities (SEND) demand and cost pressures which has meant the council working closely with the Department of Education (DfE) particularly around how the deficit position is managed alongside the drivers of those financial pressures. Bury Council was due funding to support this work but this will now cease after 2025/26 and be replaced with the terms and conditions on the new transitional period grant funding under High Needs Stability grant for 2026/2028.

7.7. Bury council acknowledges the government's commitment, following a successful submitted SEND reform plan (deadline 19<sup>th</sup> June 2026) and subsequent approval, to resolve the 90% of the Local Authorities DSG balance accrued up to the end of March 2026. It also acknowledges the commitment that the council won't be affected by their participation in the Safety Valve Programme and any local contributions will count towards the remaining 10% balance. The remaining accumulated deficit will need to be met from the Council's DSG reserve.

7.8. Bury Council remain committed towards working with our Education partners whilst managing the pressures across SEND services in line with our SEND

reform plans and to continue to monitor and challenge progress towards the delivery of the structural changes outlined in line with Government and aiming for sustainability of the SEND model once changes have time to make forecast longer term impacts

7.9. The majority of local authorities continue to face serious budgetary pressures and deficits which have been building over a number of years due to:

- The HNB allocations not increased for the rises in pupil numbers.
- The percentage of pupils with SEN needs has significantly increased but has not been reflected within allocations.
- The HNB becoming responsible for 19 to 25-year-olds without any additional funding.
- Local authorities' own provision being at full capacity meaning there is more reliance on expensive independent special school's fees.
- Inflationary pressures being greater than the increase's in HNB funding.

#### 7.10. School Balances

7.11. Schools Balances brought forward from 2024/25 totalled £2.484m. At the end of the 2025/26 financial year, Schools Balances totalled £2.290m, a total reduction of £0.194m. These numbers do not include academies as local authorities not required to report on academies.

7.12. The outturn position is split as follows:

| <b>Table 14: School Balances</b> | <b>2025/26 Closing School Balances £m</b> |
|----------------------------------|---|
| Nursery                          | £0.114                                    |
| Primary                          | £0.079                                    |
| Secondary                        | £1.168                                    |
| Special                          | £0.929                                    |
| <b>Total</b>                     | <b>£2.290</b>                             |

7.13. The number of schools which are in a deficit position has reduced from 12 at the end of 2024/25 to 9 at the end of the 2025/26 financial year.

7.14. Schools are required to adhere to their budget limits, but in the event of an unplanned deficit occurring this will be deducted from the following year's budget share. Schools that aren't able to produce a balanced budget for 2026/27 can request approval to set a deficit budget by submitting a deficit

recovery management plan to the Executive Director of Children and Young People. The deficit should normally be recovered within two to three years.

7.15. Of the 9 schools ending 2025/26 with a deficit:

- 7 already have an approved deficit recovery plan, 2 of which are subject to review;
- 1 plan is currently being prepared before submission for approval;
- 1 is converting to academy status during the summer term.

7.16. The Director of Education has introduced a Finance Improvement Group meetings with schools facing challenges in setting a balanced budget.

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**Links with the Corporate Priorities:**

8. 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.

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**Equality Impact and Considerations:**

9. This is a finance update report, as such there are no impacts arising from this report.

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**Environmental Impact and Considerations:**

10. This is a finance update report as such there are no environmental impacts associated with this report.

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**Assessment and Mitigation of Risk:**

| <b>Risk / opportunity</b>                                      | <b>Mitigation</b>   |
|--|---|
| 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. |

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**Legal Implications:**

11. This report provides Members with details of the outturn position, there are no specific legal considerations in this report.

**Financial Implications:**

12. The financial implications are included within the Report.

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**Appendices:**

None.

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**Background papers:**

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

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

| <b>Term</b> | <b>Meaning</b>  |
|-------------|---|
| MTFF        | Medium Term Financial Forecast                        |
| MTFS        | Medium Term Financial Strategy                        |
| LGFS        | Local Government Finance Settlement                   |
| CIPFA       | Chartered Institute of Public Finance and Accountancy |
| PSV         | Project Safety Valve                                  |
| DfE         | Department for Education                              |