Bury Council

Classification:	Decision Type:
Open	Non-Key

Report to:	Cabinet	**Date:** 09 September 2026
Subject:	Finance Update Report – 2026/27 Quarter 1 Position	
Report of	Cabinet Member for Finance and Transformation	

Summary

This report provides an update to Cabinet on the council's forecast Quarter 1 position across the General Fund revenue and capital budgets, Housing Revenue Account (HRA) and DSG (Dedicated Schools Grant).

The 2026/27 General Fund forecast Quarter 1 position is an overspend of £5.691m, equivalent to 2.26% of the net revenue budget. This needs to be set in the context that the forecast is based on the position at the end of June which is early in the financial year and based on a number of assumptions relating to current expenditure, anticipated demand for services over the rest of the year, cost pressures and service knowledge and a risk assessment of savings delivery. Many councils continue to experience spending pressures in adult and children's social care services particularly, but the council is committed to reducing the scale of the forecast overspend over the rest of the financial year and is targeting a breakeven position by year-end. Further detail on the forecast position is set out in Section 1.

The 2026/27 budget set out approved savings of £16.566m. In addition, £4.294m of unachieved savings from 2025/26 have been carried forward, bringing the total savings requirement for 2026/27 to £20.860m. Of this total £15.696m (75.2%) is forecast to be delivered through the original savings plans, with a further £2.838m (13.6%) expected to be achieved through in-year mitigations. This leaves a forecast shortfall of £2.326m (11.2%) of which £1.735m (74.6%) relates to Children and Young People. Further details on savings delivery are provided in Section 2.

Following the approved use of £3.977m of reserves to support the 2026/27 budget, the current forecast overspend of £5.691m would reduce the balance on the Budget Stabilisation Reserve to £5.977m. This would significantly weaken the Council's financial resilience and its ability to manage future in-year budget pressures or funding shortfalls. The position is unsustainable both in-year and potentially increasing the MTFS funding gap if not addressed, and highlights the urgent need to deliver planned savings and identify further savings and mitigations that will reduce the forecast overspend and resulting requirement for further reserves funding. This includes looking a potential delays to recruitment to vacant posts where it is assessed as appropriate to do so and additional spend controls being introduced in relation to discretionary expenditure. Further detail on the reserves position is provided in Section 3.

At Quarter 1, it is proposed to initially increase the 2026/27 Capital Programme from £110.212m (approved in February 2026) to £132.440m. This represents a net increase

of £22.228m, comprising of £17.336m of slippage from 2025/26 and £7.311m of additional schemes in 2026/27, offset by £2.419m rephased into 2027/28. Of the £7.311m of additional schemes, £0.350m will be funded from additional prudential borrowing, with the remaining schemes funded from external resources. Further detail on the capital programme performance is provided in Section 4. It is recognised that this represents a very ambitious programme and is being reviewed currently to provide assurance on deliverability and expected outcomes and the result of the review and any reprofiling will be included as part of the Quarter 2 report.

The forecast Quarter 1 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. See Appendix 1 for an update on the Council's Prudential Indicators.

Recommendation(s)

Cabinet is asked to:

- Note the 2026/27 forecast revenue Quarter 1 position of a £5.691m overspend (2.26%) against a net budget of £252.135m.

- Note the forecast reduction in General Fund and Earmarked Reserves of £12.047m (27.31%) and forecast closing balance at 31 March 2027 of £32.059m.

- Note the total forecast delivery of savings in 2026/27 of £18.534m (88.85%) against a target of £20.860m, including unachieved savings carried forward from 2025/26. This results in a forecast shortfall of £2.326m (11.15%).

- Note a net increase of £22.228m to the 2026/27 Capital Programme, comprising of £17.336m of slippage from 2025/26 and £7.311m of additional schemes in 2026/27, offset by £2.419m rephased into 2027/28.

- Approve and recommend to Council the in-year capital programme addition requiring £0.350m of additional prudential borrowing.
- Approve and recommend to Council an additional £0.210m of prudential borrowing within the Housing Revenue Account Capital Programme for 2026/27.

- Note the 2026/27 forecast Quarter 1 position for the Collection Fund.

- Note the 2026/27 forecast Quarter 1 position for the Housing Revenue Account (HRA).

- Note the 2026/27 forecast Quarter 1 position for the Dedicated Schools Grant (DSG).

- Note the Quarter 1 Prudential Indicator position

Reasons for recommendation(s)

To note the forecast Quarter 1 finance position for 2026/27.

Alternative options considered and rejected

N/A

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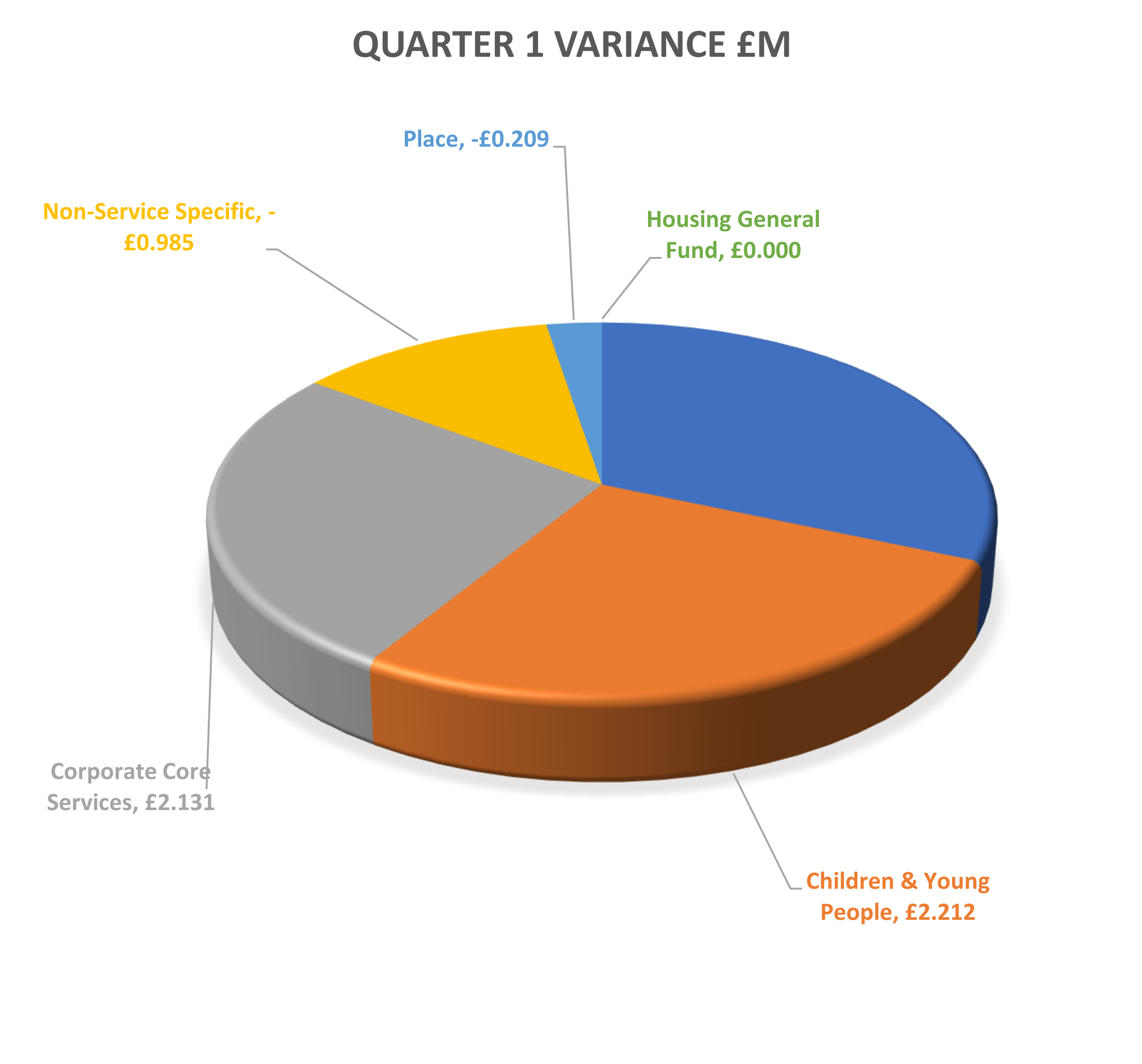
1. 2026/27 Revenue Forecast Quarter 1 Position

1.1. The Quarter 1 General Fund revenue forecast is an adverse variance of £5.691m, equivalent to 2.26% of the net revenue budget of £252.135m. To offset this overspend, a further drawdown of £5.691m from the Budget Stabilisation Reserve would be required, in addition to the £3.977m approved as part of the 2026/27 budget setting process. that will reduce the forecast overspend and corresponding requirement for funding from reserves by the end of the year. Further details on the Council's reserve position are provided in Section 3.

2026/27 Quarter 1 Forecast Outturn	**Revised Budget £m**	**Quarter 1 Forecast Outturn £m**	**Quarter 1 Forecast Variance £m**	**Variance %**
Directorate:				
Health & Adult Care	£100.477	£103.020	£2.543	2.53%
Children & Young People	£66.386	£68.598	£2.212	3.33%
Strategy & Transformation	£29.939	£32.071	£2.131	7.12%
Non-Service Specific	£41.637	£40.652	(£0.985)	-2.37%
Place	£13.775	£13.565	(£0.209)	-1.52%
Housing General Fund	(£0.080)	(£0.080)	-	-
NET REVENUE BUDGET	**£252.135**	**£257.826**	**£5.691**	**2.26%**
Funding:				
Council Tax	(£124.998)	(£124.998)	-	-
Business Rates	(£109.326)	(£109.326)	-	-
Government Funding Grants	(£13.834)	(£13.834)	-	-
FUNDING	**(£248.158)**	**(£248.158)**	**-**	**-**
Use of Reserves:				
Budget Stabilisation Reserve	(£3.977)	(£3.977)	-	-
USE OF RESERVES	**(£3.977)**	**(£3.977)**	**-**	**-**
BUDGET POSITION	**-**	**£5.691**	**£5.691**	**2.26%**



Details of the significant variances include:

1.2. **Health and Adult Care** Directorate has a forecast adverse variance of £2.543m (2.53%) due to:

1.2.1. **Care in the Community** has a £2.624m (4.02%) forecast adverse variance driven by client numbers and complexity of packages across several settings:

- Supporting Living
- Nursing Homes
- Direct Payments
- Domiciliary care

The pressure on Care packages in 2026/27 is a continuation of the £6m overspend on community care packages in 2025/26.

1.2.2. **Wellness** has forecast a £0.781m (38.45%) adverse variance largely driven by higher than anticipated costs resulting from the opening of the Radcliffe centre and underperformance on income budget targets at the Ramsbottom centre. The service is pursuing mitigating actions to reduce the forecast pressure which, as things stand, remains ongoing in nature and, unless addressed through recurring savings or increased income, will continue to place pressure on future years' budgets and contribute to the Council's medium-term funding gap.

1.2.3. **Departmental Support Services** has a £0.156m (5.72%) forecast adverse variance primarily driven by legal costs charged to the Improvement and Delivery service (£0.085m), and the increased vacancy factor target in the Financial Support Service (£0.047m).

1.2.4. **Commissioning & Procurement** has a £0.157m (1.50%) forecast adverse variance due to:

- Pressures in the Carers service of £0.068m (16.3%) largely driven by forecast pressures on Self-Directed Support Payments of £0.179m partially offset by a favourable variance on Personal Budgets of £0.066m and account closure clawback of £0.060m.
- Strategic Safeguarding team pressures of £0.101m (20.4%), primarily in relation to an increased contribution to the Business Intelligence and Safeguarding Partnership alongside an unachievable vacancy factor target of £0.032m.

1.2.5. **Adult Social Care Operations** has a £1.119m (14.15%) forecast favourable variance due to staffing vacancies within:

- Assessment and Care Management team.
- Integrated Neighbourhood team.
- Community Mental Health team.

1.2.6. Savings put forward by the service in the MTFS (medium Term Financial Strategy) are forecast to be achieved in year.

1.3. **Children and Young People Directorate** has a forecast £2.211m (3.33%) adverse variance due to:

1.3.1. **Children's residential placements** including Children with Disabilities has a forecast adverse variance of £1.912m (11.8%). This is largely driven by an estimated £1.724m increase in costs in relation to increased average prices (10.2%) and £0.188m due to placement numbers being one higher than budgeted for. Increased Mother & Baby placements have a forecast £0.025m adverse variance.

1.3.2. Although additional growth was added to the 2026/27 budget to meet demand, inflation and price increases, the service is still reporting a significant pressure due to significant increases in the average prices. In addition, further challenges are anticipated this financial year due to some of the savings related projects not yet being fully in place, however, the directorate are continuing to aim to get the spends in this area and other placements in line with budget. The area will be subject to detailed intensive oversight as part of the monthly monitoring process taking account of the materiality, complexity, volatility and external market pressures inherent in this budget area.

1.3.3. Wherever possible, the service will continue to mitigate risks around increased complex cases. Rigorous monitoring frameworks, proactive placement reviews and planning will be supported by the agreed increase in commissioning resource to reflect the service as being one of the continuing highest revenue risks to the council. There is potential for a number of young people to move to step down placements during 2026/27 that can support this continued progress.

1.3.4. **Independent Fostering Agency placements** has a forecast adverse variance of £1.026m (24.1%). This is due to average number of placements forecasted as 12 higher on average, than the 78 budgeted across 2026/27 (£0.682m) and average prices have significantly increased (£0.344m). The service will look to review budget expectations in conjunction with residential and MTFS factors already built into placements 2026/27 and manage this alongside the Residential placement reviews and monitoring and align budgets alongside their sufficiency and modelling projections for this and future years.

1.3.5. **Legal services** required for children and young people and their families are forecasting a pressure of £0.419m (35.5%). This is due to demand remaining at elevated levels, with the significant growth experienced during 2025/26 continuing into 2026/27. Although budget growth was included in the 2026/27 budget, the service continues to manage both legacy cases and current demand, creating ongoing budget pressures. Work is underway across both directorates to review legal processes and operating models, as well as strengthen permanent recruitment, with the aim of reducing costs and ensuring a more sustainable service model going forward.

1.3.6. **In-house fostering**, friends & family and Staying Put placements are forecasting a £0.188m combined adverse variance (2.7%). Overall, this is due to price increases and demand being 155 placements against a budget of 150. Whilst this is resulting in an adverse variance in this area, it represents a positive outcome overall as it is helping to mitigate greater cost pressures within residential placement. The directorate are monitoring regional and national fostering developments and the potential budget implications of those. The Directorate will investigate both this and the above budget implications for in-year and MTFS implications.

1.3.7. **Property charges** within CYP directorate are forecasting an adverse variance of £0.175m. This is primarily due to historical challenges in the sale of one property that is incurring security and other costs along with a review of whether capitalisation of a post is an option which could improve the position.

1.3.8. **Children with Disabilities (CWD) service** is forecasting an adverse variance of £0.086m (2.3%) due to increased demand, rising package costs and a growing proportion of high-cost support arrangements. This service is undergoing audit reviews on both support packages and direct payments.

1.3.9. **The Through Care service** is forecasting a favourable variance of £0.288m (11.6%) due to both staffing vacancies and demand. On average the forecast demand is slightly higher than budget and 2025/26 levels, offset by the estimated current average price being lower than budget due to reducing prices from placements. Overall, this results in a favourable variance of £0.205m across all non-pay lines.

1.3.10. **The Emergency Duty team service** is forecasting a favourable variance of £0.138m due to a forecast reduction on staffing costs linked to changes in the service delivery model.

1.3.11. CCYP Directorate is forecasting offsetting efficiencies of £1.090m across the directorate which have been identified to mitigate some of the cost pressures that have been identified

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1.3.12. **The Adoption service** is forecasting a favourable variance of £0.100m (7.9%) due to a continued period of reduced placement numbers and the respective allowances paid out. This includes contribution to our lead partner authority, Bolton.

1.4. **Strategy and Transformation Directorate** has a forecast £2.131m, (7.12%) adverse variance due to:

1.4.1. The **Corporate Collection and Support service** has a forecast adverse variance of £0.481m (21.6%), largely due to an adverse variance of £0.354m in staffing and £0.256m in printing and postage, offset by minor underspends. The service is working hard to find improvements through digital technologies to minimise this.

1.4.2. **Procurement** has a forecast adverse variance of £0.102m (20.4%). This is largely driven by interim staff being in place, pending the implementation of the new structure, which is expected to be fully implemented by the end of the year.

1.4.3. **Health & Environmental Protection** is a forecast adverse variance of £0.134m (11.1%), due to a mixture of small variances consisting of staffing related pressures (£0.025m), additional CIVICA licences costs (£0.062m) and other minor variances.

1.4.4. **People and Inclusion** is a forecast adverse variance of £0.801m (37.7%) due to a loss of income of £0.332m resulting from schools converting into academies and agency costs of £0.426m whilst the restructure is progressing. The service will continue to review staffing costs and income generation opportunities throughout the year to help reduce the forecast overspend.

1.4.5. **Senior Management** is an adverse variance of £0.133m (164.9%) due to staffing costs and reduction in costs charged to the Housing Revenue Account as a result in the change of responsibilities.

1.4.6. **Legal and Democratic** is a forecast adverse variance of £0.390m (7.0%). This is due to:

- Legal service is reliant on locum solicitors to cover some permanent vacancies due to the service struggling to recruit, resulting in a net overspend of £0.350m;
- Democratic service has a favourable variance of £0.200m, largely due to underspends on members' expenses;
- Elections and governance service is reporting an adverse variance of £0.163m as we have held three elections so far (Tottington and Moorside elections plus the local elections in May).
- Coroners Court is currently reporting a favourable variance of £0.135m, Rochdale Council as the lead are due to provide an updated forecast in September;
- Registrars service is reporting an adverse variance of £0.146m.

1.4.7. **Housing Options & Needs** is a forecast favourable variance of £0.073m.

1.4.8. **Emergency Response and resilience** has a forecast £0.103m favourable variance in relation to additional income.

1.4.9. There are several other areas with minor favourable variances totalling £0.60m.

1.5. **Non-Service Specific Directorate** is forecasting a favourable variance of £0.985m, (2.37%) arising from the following:

1.5.1. Reflected within the Non-Service Specific forecast is an estimated financial benefit of £2.000m arising from introducing a short delay in the recruitment process where it is assessed as being appropriate to do so.

As vacancies are filled, the associated savings will be reflected within the individual service areas impacted.

1.5.2. The impact of recruitment delays is partially offset by a forecast pressure of £1.015m relating to increased borrowing costs. This pressure reflects the refinancing of maturing loans during 2026/27 at higher interest rates, driven by the prevailing interest rate environment. In addition, the requirement to undertake further borrowing to support delivery of the approved capital programme has increased financing costs and contributed to the forecast overspend. A reduction in interest rates prior to refinancing, together with any additional slippage in borrowing funded capital projects into 2027/28, would reduce this pressure.

1.5.3. Within this budget, two approved savings are currently forecast to be unachieved. However, the adverse impact of the shortfall has been mitigated through the identification of offsetting non-recurrent underspends.

- Underachievement of **housing integration savings** £1.610m – this represents a recurring pressure from 2025/26 where the saving was not delivered and remains unmet in 2026/27. The original saving of £3m has been part-delivered through a detailed reviewed of general fund costs that are legitimately charged to the Housing Revenue Account. Work is being undertaken to identify the level of further savings that can be achieved through looking at efficiencies across HRA and General Fund services, with the outcome to be reported back to Cabinet as part of the quarter 2 update. Any element of the saving that is then assessed as being undeliverable would then be reflected in the MTFS.
- Underachievement of **Unit 4 savings** £0.753m. Delivery of this saving has been delayed due to a delay in the implementation of the new system to April 2027. It is anticipated that this saving will be achieved in full in 2027/28.

1.6. The **Place Directorate** has a £0.209m (1.52%) favourable variance due to:

1.6.1. A forecast adverse variance of £0.244m within **Waste, Transport and Stores** primarily due to several vacant posts being filled by agency staff, leading to increased staffing costs.

1.6.2. A forecast adverse variance of £0.427m in **Economic Regeneration and Capital Growth** in relation to Future Assets Plan (FAP) costs which are not currently funded within the budget.

1.6.3. A forecast favourable variance of £0.166m in **Street Scene Maintenance** on staffing and street lighting energy due to reductions in unit price and efficiency savings.

1.6.4. A forecast favourable variance of £0.158m in **Commercial Services** due to additional relief income for premises with a standard Service Level Agreement (SLA) requesting cover for periods of absence in caretaking and cleaning.

1.6.5. A forecast favourable variance of £0.111m in **Engineers** primarily due to several vacant posts within the traffic management structure.

1.6.6. A forecast favourable variance of £0.458m in **Facilities Management** which includes large savings in expenditure from buildings that have been closed, reduced staffing costs from vacant posts, and improved income forecasts from additional rechargeable works relating to additional buildings in 2026/27.

1.7. **Staffing costs**

1.7.1. The directorate's projected outturns include variances relating to staffing and agency costs, as set out in the tables below. The Council's total staffing budget of £106.343m includes a savings target of £6.384m linked to the vacancy factor, three days unpaid leave and annual leave purchase schemes. Directorates are currently forecast to achieve the savings target and deliver an additional favourable variance of £5.013m against the staffing budget. Of this, £2.000m is currently reflected in the Non-Service Specific forecast, representing the estimated financial benefit arising from recruitment delays across the Council.

1.7.2. However, the £5.897m favourable variance on staffing budgets is offset by a forecast overspend on agency costs of £5.862m, resulting in a net favourable variance of £0.035m across staffing and agency budgets.

2026/27 Quarter 1 Forecast	**Staffing Budget £m**	**Staffing forecast £m**	**Staffing Variance £m**	**Vacancy/ annual leave savings target achieved £m**
Directorate:				
Health and Adult Care	£27.669	£26.694	(£0.975)	(£1.896)
Children & Young People	£25.509	£23.985	(£1.524)	(£0.923)
Strategy & Transformation	£28.266	£27.572	(£0.694)	(£1.904)
Non-Service Specific	£3.595	£1.595	(£2.000)	-
Place	£21.304	£20.599	(£0.704)	(£1.662)
Housing General Fund	-	-	-	-
NET REVENUE BUDGET	**£106.343**	**£102.455**	**(£5.897)**	**(£6.384)**

2026/27 Quarter 1 Forecast	Agency Budget £m	Agency Forecast £m	Agency Variance £m	Net Staffing/ Agency Variance £m
Directorate:				
Health and Adult Care	£0.786	£1.495	£0.709	(£0.266)
Children & Young People	£0.229	£1.298	£1.069	(£0.455)
Strategy & Transformation	£0.220	£3.544	£3.324	£2.631
Non-Service Specific	-	-	-	(£2.000)
Place	£0.690	£1.449	£0.759	£0.055
Housing General Fund	-	-	-	-
NET REVENUE BUDGET	**£1.925**	**£7.786**	**£5.862**	**(£0.035)**

Outlook

1.8. Whilst anticipated demand and inflationary pressures were incorporated into the 2026/27 budget based on the information available at the time, the Council is currently forecasting a significant overspend of £5.691m. This position reflects continued financial pressures arising from increasing demand for services, inflationary impacts and income volatility. When considered alongside the Council's limited level of reserves, the current forecast reinforces the need for immediate action to strengthen financial control, mitigate in-year pressures and protect the Council's longer-term financial sustainability.

1.9. In response to the forecast overspend, management is looking at potentially implementing a short recruitment delay on vacant posts where it is assessed as appropriate to do so and through mitigations will not have a significant impact on team workloads and service delivery. The estimated financial benefit of this measure is reflected within the figures presented in this report. Whilst this action has reduced the projected overspend, further mitigation is required. Consequently, additional expenditure controls, including senior officer review and approval of discretionary expenditure requests are being implemented to improve the Council's in-year financial position. The impact of these measures will be reported as part of the Quarter 2 monitoring process.

1.10. In parallel, preparation of the 2027/28 budget is underway, including a comprehensive review of all revenue budgets. This review is being informed by the 2025/26 outturn position and the 2026/27 Quarter 1 monitoring process. The outcome will be used to refresh the assumptions underpinning the Medium-Term Financial Strategy (MTFS) and the resulting funding gap. The council is working on proposals to reduce the forecast budget gap which will be brought to Cabinet for consideration. The MTFS will also be extended to include 2029/30 to provide a longer-term assessment of the Council's financial sustainability.

1.11. The budget review will focus on identifying both immediate and medium-term opportunities to reduce expenditure, improve efficiency and ensure that resources are aligned to the Council's strategic priorities.

2. Savings

2.1. The 2026/27 savings programme totals £16.566m. In addition, £4.294m of unachieved savings from 2025/26 have been carried forward into 2026/27. This results in a total savings requirement of £20.860m for 2026/27.

2.2. At Quarter 1, it is forecast that £15.696m (75.2%) of savings will be delivered from the original saving proposals and a further £2.838m (13.6%) from mitigations. Total savings delivery is therefore forecast at £18.534m (88.85%) against the overall target of £20.860m, leaving a shortfall of £2.326m (11.15%). This shortfall contributes to the overall Quarter 1 revenue pressure of £5.691m, and work is continuing to both identify further in-year mitigations and bring forward the delivery of approved savings that are currently assessed as being delayed wherever possible

2.3. Of the total forecast savings shortfall of £2.326m, £1.735m (74.6%) relates to Children and Young People. The service is also responsible for £1.651m (38.4%) of the £4.294m savings carried forward from 2025/26 into the current year of which £0.506m is currently forecast as not achieved or mitigated. The service will continue to focus on delivering approved savings proposals and have worked through numerous efficiencies to deliver against those which are most challenging. This work continues alongside reviewing the complex placements that continue at very high cost and pursuing the required contributions from partners.

2026/27 Savings Programme	Directorate	Unachieved 2025/26 savings £m	2026/27 Savings Programme £m	Total 2026/27 savings to be delivered £m	Quarter 1 Forecast £m	Mitigations £m	Quarter 1 Forecast Variance (over)/ underachievement £m
Single Handed Care Trial	HAC	(£0.100)		**(£0.100)**	(£0.100)		-
ASC Community Care budget realignment	HAC	(£0.352)		**(£0.352)**	(£0.352)		-
Persona - remodel of supported living hours	HAC	(£0.005)		**(£0.005)**	(£0.005)		-
Maximising charges for Deferred Payments	HAC	(£0.004)		**(£0.004)**	(£0.004)		-
Saving Already Agreed - Development of Wider Learning Disabilities Strategy for Age 14-25 Cohort	HAC		(£0.220)	**(£0.220)**	(£0.220)		-
HAC Strategic Workforce Review	HAC		(£0.061)	**(£0.061)**	(£0.061)		-
Adults Commissioning Review	HAC		(£1.000)	**(£1.000)**	(£1.000)		-
Single Handed Care Trial	HAC		(£0.200)	**(£0.200)**	(£0.200)		-
Personal Budget Review	HAC		(£0.250)	**(£0.250)**	(£0.250)		-
Persona - employability	HAC		(£0.050)	**(£0.050)**	(£0.050)		-
Persona - Willow Street (6 flats for decant from dispersed accommodation)	HAC		(£0.100)	**(£0.100)**	(£0.100)		-
Rapid Response Assessment software - Technological efficiencies	HAC		(£0.009)	**(£0.009)**	(£0.009)		-
BEST - review charges	HAC		(£0.010)	**(£0.010)**	(£0.010)		-
BEST - introduce card payments	HAC		(£0.003)	**(£0.003)**	(£0.003)		-
Community Equipment - procurement review	HAC		(£0.020)	**(£0.020)**	(£0.020)		-
Community Equipment - Reconfigure out of hours service	HAC		(£0.038)	**(£0.038)**	(£0.038)		-
Telecare - target new customers	HAC		(£0.035)	**(£0.035)**	(£0.035)		-
Telecare - tech first approach	HAC		(£0.030)	**(£0.030)**	(£0.030)		-
Falcon & Griffin - review of rotas	HAC		(£0.015)	**(£0.015)**	(£0.015)		-
Commissioned Services - review of client contribution limit for day services	HAC		(£0.253)	**(£0.253)**	(£0.253)		-
IMPOWER review	HAC		(£0.667)	**(£0.667)**	(£0.667)		-
IMPOWER review	HAC		(£1.000)	**(£1.000)**	(£1.000)		-
Persona Supported living rate review	HAC		(£0.250)	**(£0.250)**	(£0.250)		-
Retender of Neighbourhood housing support contract	HAC		(£0.047)	**(£0.047)**	(£0.047)		-
Reduction of Leisure council subsidy	HAC		(£0.125)	**(£0.125)**	(£0.125)		-

2026/27 Savings Programme	Directorate	Unachieved 2025/26 savings £m	2026/27 Savings Programme £m	Total 2026/27 savings to be delivered £m	Quarter 1 Forecast £m	Mitigations £m	Quarter 1 Forecast Variance (over)/ underachievement £m
Live Well GM Delivery partner - funding for role	HAC		(£0.027)	**(£0.027)**	(£0.027)		-
Live Well restructure	HAC		(£0.100)	**(£0.100)**	(£0.100)		-
HAC Subtotal		**(£0.461)**	**(£4.510)**	**(£4.971)**	**(£4.971)**	**-**	**-**
Therapeutic support team for Children in Care	CYP	(£0.195)		**(£0.195)**	-	(£0.195)	-
Victoria Family Centre delivery model review	CYP		(£0.050)	**(£0.050)**	-	(£0.050)	-
Support at home reduced demand	CYP		(£0.035)	**(£0.035)**	(£0.035)		-
School Improvement Service - reduction due to academisation	CYP		(£0.100)	**(£0.100)**	(£0.100)		-
Governance Support - full recovery from schools	CYP		(£0.109)	**(£0.109)**	(£0.109)		-
Business Support Use of Magic Notes software	CYP		(£0.100)	**(£0.100)**	(£0.100)		-
CSE Team - small restructure	CYP		(£0.035)	**(£0.035)**	-		£0.035
Residential homes / CWD - step down of residential placements	CYP		(£1.000)	**(£1.000)**	(£1.000)		-
Various Building costs	CYP		(£0.100)	**(£0.100)**	-	-	£0.100
Foster Carers	CYP	(£0.180)	(£0.100)	**(£0.280)**	(£0.200)	(£0.080)	-
Family Safeguarding Model	CYP	(£0.100)	(£0.050)	**(£0.150)**	-	(£0.150)	-
Edge of Care	CYP	(£0.494)	(£0.106)	**(£0.600)**	(£0.600)		
Creation of Council-Owned Residential Children's Homes	CYP		(£0.400)	**(£0.400)**	-		£0.400
Reconnect - step down from residential care	CYP	(£0.176)	(£1.892)	**(£2.068)**	(£2.068)		
Progressing the Edge of Care Service Review	CYP	(£0.506)	(£0.694)	**(£1.200)**	-		£1.200
CYP Subtotal		**(£1.651)**	**(£4.771)**	**(£6.422)**	**(£4.212)**	**(£0.475)**	**£1.735**
Temporary Accommodation demand reduction	S&T		(£0.377)	**(£0.377)**	(£0.377)		-
Staffing changes - use of HPG funding	S&T		(£0.053)	**(£0.053)**	(£0.053)		-
HR Staffing savings	S&T		(£0.075)	**(£0.075)**	(£0.075)		-
Review of payroll transactional charges	S&T		(£0.050)	**(£0.050)**	(£0.050)		-
FAIR - invest to save Fraud officer reduce expenditure leakage	S&T		(£0.050)	**(£0.050)**	(£0.050)		-
Law & Democratic services - reduction in external agency staff	S&T		(£0.100)	**(£0.100)**	-		£0.100
Law & Democratic services - burial service fees	S&T		(£0.040)	**(£0.040)**	(£0.040)		-
Strategic Partnerships staffing reduction	S&T		(£0.050)	**(£0.050)**	(£0.024)		£0.026
Strategic Workforce review	S&T		(£2.000)	**(£2.000)**	(£2.000)		-
Reduction in Third party spend	S&T		(£1.000)	**(£1.000)**	(£1.000)		-

2026/27 Savings Programme	Directorate	Unachieved 2025/26 savings £m	2026/27 Savings Programme £m	Total 2026/27 savings to be delivered £m	Quarter 1 Forecast £m	Mitigations £m	Quarter 1 Forecast Variance (over)/ underachievement £m
Strategic Workforce review	S&T		(£1.000)	**(£1.000)**	(£1.000)		-
IT Supplier Review [Digital]	S&T		(£0.050)	**(£0.050)**	(£0.050)		-
IT licence Review [Digital]	S&T		(£0.025)	**(£0.025)**	(£0.025)		-
Unit 4 Reimplementation & Transformation Review	S&T	(£0.100)	(£0.853)	**(£0.953)**	-	(£0.753)	£0.200
Contact Centre Review [Digital]	S&T		(£0.100)	**(£0.100)**	(£0.100)		-
Corporate Core Structures including homelessness and housing options review and integration of communities	S&T		(£0.122)	**(£0.122)**	(£0.122)		-
Strategy & Transformation Subtotal		**(£0.100)**	**(£5.945)**	**(£6.045)**	**(£4.966)**	**(£0.753)**	**£0.326**
Debt refinancing	NSS		(£0.500)	**(£0.500)**	**(£0.500)**		-
Contract Efficiencies	NSS	(£0.400)	(£0.350)	**(£0.750)**	(£0.750)	-	-
Integration of Housing	NSS	(£1.610)		**(£1.610)**	-	(£1.610)	-
Non-Service Specific Subtotal		**(£2.010)**	**(£0.850)**	**(£2.860)**	**(£1.250)**	**(£1.610)**	**-**
Fleet Function Review	Place	(£0.070)		**(£0.070)**	-		£0.070
Organisation Delivery Model Review	Place		(£0.055)	**(£0.055)**	-		£0.055
Stores Function Review	Place		(£0.050)	**(£0.050)**	-		£0.050
Explore Advertising opportunities on highway network	Place		(£0.050)	**(£0.050)**	(£0.050)		-
Car Park Charges Review	Place	(£0.002)	(£0.126)	**(£0.128)**	(£0.147)		(£0.019)
Light Reduction - Trim and Dim	Place		(£0.209)	**(£0.209)**	(£0.100)		£0.109
Place Subtotal		**(£0.072)**	**(£0.490)**	**(£0.562)**	**(£0.297)**	**-**	**£0.265**
TOTAL SAVINGS PROGRAMME		**(£4.294)**	**(£16.566)**	**(£20.860)**	**(£15.696)**	**(£2.838)**	**£2.326**

3. Reserves

3.1. The table below shows the balance on reserves as at 31 March 2026 of £44.106m compared to the forecast year-end balance as at 31 March 2027 of £32.059m. This represents a forecast decrease of £12.047m, equating to a 27.31% reduction in reserves.

Table 4: General Fund Reserves			Balance at 31 March 2026 £m	Forecast Movement 2026/27 £m	Balance at 31 March 2027 £m
General Fund			**(£10.000)**	**-**	**(£10.000)**
Directorate Reserves			**(£2.517)**	**£0.459**	**(£2.058)**
Corporate Reserves	Investment	Invest to Save	(£1.974)	(£0.016)	(£1.990)
Corporate Reserves	Investment	Regeneration	(£0.001)	-	(£0.001)
Corporate Reserves	Investment	Transformation	(£0.838)	£0.601	(£0.237)
Corporate Reserves	Risk	Volatility/Demand	-	-	-
Corporate Reserves	Risk	Insurance	(£1.985)	-	(£1.985)
Corporate Reserves	Risk	DSG	(£4.000)	-	(£4.000)
Corporate Reserves	Stabilisation	Net Budget	(£15.599)	£9.622	(£5.977)
Corporate Reserves	Stabilisation	Funding	(£1.542)	-	(£1.542)
Corporate Reserves			**(£25.939)**	**£10.207**	**(£15.732)**
External Funding			**(£5.650)**	**£1.381**	**(£4.269)**
GF RESERVES TOTAL			**(£44.106)**	**£12.047**	**(£32.059)**

3.2. Following the approved use of £3.977m of reserves to support the 2026/27 budget, the current forecast overspend of £5.691m would leave only £5.977m in the Budget Stabilisation Reserve. This would significantly reduce the Council's financial resilience and its ability to manage future in-year budget pressures or funding shortfalls. The position is unsustainable and highlights the urgent need to deliver planned savings and identify further recurring budget reductions.

3.3. 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. Further management action will be required during the year to reduce the overspend and ensure a balanced year-end position.

3.4. The level of general fund reserves balances held from 31 March 2024 to the forecast for 31 March 2027 can be seen in the table below which clearly demonstrates the rate of depletion of available reserves is not sustainable.

General Fund Reserves		Balance at 31 March 2024 £m	Balance at 31 March 2025 £m	Balance at 31 March 2026 £m	Forecast Balance at 31 March 2027 £m
General Fund		**(£10.000)**	**(£10.000)**	**(£10.000)**	**(£10.000)**
Directorate Reserves		**(£3.225)**	**(£4.013)**	**(£2.517)**	**(£2.058)**
Investment	Invest to Save	(£1.519)	(£1.958)	(£1.974)	(£1.990)
Investment	Regeneration	-	(£0.020)	(£0.001)	(£0.001)
Investment	Transformation	(£0.838)	(£0.838)	(£0.838)	(£0.237)
Risk	Insurance	(£4.664)	(£4.905)	(£1.985)	(£1.985)
Risk	DSG	(£6.000)	(£6.000)	(£4.000)	(£4.000)
Stabilisation Reserves	Net Budget	(£43.341)	(£25.638)	(£15.599)	(£5.977)
Stabilisation Reserves	Funding	(£7.193)	(£1.542)	(£1.542)	(£1.542)
Corporate Reserves		**(£63.555)**	**(£40.901)**	**(£25.939)**	**(£15.732)**
External Funding		**(£13.634)**	**(£8.701)**	**(£5.650)**	**(£4.269)**
GF RESERVES TOTAL		**(£90.414)**	**(£63.615)**	**(£44.106)**	**(£32.059)**
Annual reduction in reserves (£m)		**-**	**£26.799**	**£19.509**	**£12.047**
Annual reduction in reserves (%)		**-**	**29.6%**	**30.7%**	**27.3%**

4. 2026/27 Capital Programme Quarter 1

4.1. The Council's Capital Programme is set on a three-year rolling basis and the programme for 2026/27 to 2028/29 was approved by Budget Council in February 2026, as follows:

2026/27 £110.212m

2027/28 £48.775m

2028/29 £27.549m

4.2. It is recommended that Cabinet approve the carry forward of £17.336m of rephased expenditure from the 2025/26 Capital Programme into the 2026/27 Capital Programme to support the completion of schemes continuing into the current financial year.

4.3. In addition to the rephased expenditure, several other amendments have been made to the 2026/27 Capital Programme since the beginning of April 2026. These changes have resulted in a net increase of £4.892m, as shown in Table 1 below. Overall, the revised 2026/27 Capital Programme stands at £132.440m, of which £36.215m relates to Housing Revenue Account (HRA) schemes. Included within the programme is a proposed additional cost of £1m in relating to a necessary delay in the implementation of the new Unit 4 core system from November 2026 to April 2027. The delay reflects the outcome of a detailed recalibration exercise following the full scale of the issues with the current system, and integrations, having been identified, with unacceptable operational and delivery risks in the November date. The additional cost will be met from the existing Organisational Redesign and Transformation programme and will not represent an additional funding requirement.

4.4. Alongside the rephased expenditure and additional funding set out in Table 1 there is currently an ongoing exercise to refresh the Capital Programme and consequently a revised Capital Programme will be reported at Quarter 2 following a detailed assessment of in-year deliverability.

Table 1 Capital Programme 2026/27 – Quarter 1	Total Council Approved Budget Feb 2026 £m	2025/26 Slippage Recommended for Approval £m	Proposed In-Year Additions / (Slippage) £m	Revised Programme at Qtr1 £m
Capital Expenditure by Theme				
Regeneration and Housing	£19.295	£5.944		£25.239
Schools	£18.656	£1.807	£6.686	£27.149
Highways	£26.195	£2.507	-	£28.702
Environmental & Communities Projects	£3.007	£0.405	(£1.794)	£1.618
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
General Fund Expenditure Subtotal	**£78.951**	**£12.382**	**£4.892**	**£96.225**
HRA Expenditure Subtotal	**£31.261**	**£4.954**	**-**	**£36.215**
Total Council Expenditure	**£110.212**	**£17.336**	**£4.892**	**£132.440**
Financing the Capital Programme				
Prudential Borrowing	£30.361	£7.769	£0.350	£38.480
External Funding	£48.590	£3.855	£4.542	£56.987
Capital Receipts	-	£0.708	-	£0.708
General Fund RCCO	-	£0.050	-	£0.050
General Fund Financing Subtotal	**£78.951**	**£12.382**	**£4.892**	**£96.225**
Prudential Borrowing HRA	£10.474	£4.596	£0.210	£15.280
External Funding HRA	-	£0.150	-	£0.150
Capital Receipts HRA	£3.120	(£0.708)	£0.706	£3.118
Housing Revenue Account DRF/MRR	£17.667	£0.916	(£0.916)	£17.667
HRA Financing Subtotal	**£31.261**	**£4.954**	**-**	**£36.215**
Total Council Financing	**£110.212**	**£17.336**	**£4.892**	**£132.440**

4.5. The Capital Programme has been updated to reflect several additions and rephasing adjustments identified at Quarter 1. The net impact of these changes is an increase of £4.892m, as detailed below:

Recommended additions to the 2026/27 Capital Programme totalling £7.311m:

- **Schools**: £0.350m of prudential borrowing and £0.879m of grant to fund Elmsbank Post16 school, the new Ashgrove Pupil Referral Unit (PRU) school and the Bury Youth Justice Service.
- **Schools**: £5.957m additional High Needs and Best Start Family Hubs grant allocations notified by DfE (Department for Education).
- **Environmental & Communities Projects**: £0.125m external grants for a Heat Network Study in Bury Town Centre and The Met Decarbonisation.

Recommended rephasing to the 2027/28 Capital Programme totalling £2.419m:

- **Environmental & Communities Projects**: re-phasing of £1.919m Electric Vehicle Charging Infrastructure grant allocation from GMCA (Greater Manchester Combined Authority) into 2027/28 due to delays in appointing, in collaboration with TfGM and neighbouring GM authorities, a contractor to deliver the works.
- **Schools**: £0.500m re-phasing of DfE grant for the CYP agreed contribution to the DfE carried out scheme, payable on DfE's request and likely to materialise during 2027/28.

Table 2 **CAPITAL PROGRAMME AMENDMENTS**	**QUARTER 1 – JUNE 2026**	**Total additions / (rephases) at Qtr1** **£m**
Capital Theme	**Capital Scheme**	
Schools	Elms Bank-Post 16 schemes	£0.380
Schools	Ash Grove - Combined PRU	£0.499
Schools	Bury Youth Justice Service	£0.350
Schools	Best Start Family Hubs	£0.077
Schools	High Needs Provision and DFC Capital Allocations	£5.881
Schools	Special Free School-(2nd SEN school)-SEMH	(£0.500)
Environmental & Communities Projects	The Met (Derby Hall) Decarb	£0.025
Environmental & Communities Projects	Heat Network in Bury TC	£0.100
Environmental & Communities Projects	Electric Vehicle Charging Infrastructure	(£1.919)
	TOTAL BUDGET CHANGES AT QTR1	**£4.892**
	Prudential Borrowing	£0.350
	External Funding	£4.542
	TOTAL FINANCING CHANGES AT QTR1	**£4.892**

4.6. This report seeks Cabinet approval to recommend to Council the inclusion of an additional £0.350m of Prudential Borrowing in the 2026/27 Capital Programme (Table 2) to support the Bury Youth Justice Service. It is worth noting the Treasury Management budget at Quarter 1 is forecasting a pressure of £1.015m which is based on the Capital Programme approved in February 2026 (see Section 1.5.1 of this report). The proposed additional borrowing will increase the Council's financing costs and place further pressure on the in-year treasury management budget. Additionally, these additional costs will need to be reflected within the Council's Medium Term Financial Strategy and will increase the 2027/28 budget gap.

4.7. Additionally, the Housing Revenue Account (HRA) is seeking approval for a further £0.210m of prudential borrowing. Although there is no impact on the General Fund, the HRA will need to absorb the associated financing costs. Further details on the HRA's Capital Programme are in Section 6.

2026/27 Capital Programme Delivery

4.8. The revised 2026/27 Capital Programme will form the baseline against which the delivery and performance of capital schemes during 2026/27 will be monitored and reported throughout the year.

4.9. Capital expenditure incurred up to 30 June 2026 totals £18.500m, representing 14% of the revised programme value of £132.440m. This expenditure reflects payments made by the Council for capital related goods, works and services between 1 April 2026 and 30 June 2026. A summary of expenditure to date is set out in Table 3 below.

Table 3	**2026/27 Capital Programme**		**In-Year Performance**	
	Council Approved Programme	**Revised Proposed Programme**	**Actual Spend at P3**	**Actual Spend at P3**
	£m	***£m***	***£m***	***%***
Capital Expenditure by Theme				
Regeneration and Housing	£19.295	**£25.239**	£8.17	32%
Schools	£18.656	**£27.149**	£3.83	14%
Highways	£26.195	**£28.702**	£1.74	6%
Environmental & Communities Projects	£3.007	**£1.618**	£0.05	3%
Corporate Property & Estates	£5.957	**£7.267**	£0.17	2%
Transport Fleet Management	£0.500	**£0.500**	£0.16	32%
ICT & Digital Transformation	£1.500	**£1.500**	£0.47	31%
Organisation Redesign & Transformation	£3.840	**£4.249**	£0.36	8%
SUBTOTAL GF EXPENDITURE	**£78.951**	**£96.225**	**£14.94**	**14%**
SUBTOTAL HOUSING HRA EXPENDITURE	**£31.261**	**£36.215**	**£3.56**	**10%**
TOTAL COUNCIL EXPENDITURE	**£110.212**	**£132.440**	**£18.50**	**14%**
Financing the Capital Programme				
Prudential Borrowing	£30.361	**£38.48**		
External Funding	£48.590	**£56.99**		
Capital Receipts	-	**£0.708**		
General Fund RCCO	-	**£0.050**		

SUBTOTAL GF FINANCING	**£78.951**	**£96.225**	
Prudential Borrowing HRA	£10.474	**£15.28**	
External Funding HRA	-	**£0.150**	
Capital Receipts HRA	£3.120	**£3.120**	
Housing Revenue Account DRF/MRR	£17.667	**£17.667**	
SUBTOTAL HRA FINANCING	**£31.261**	**£36.215**	
TOTAL FINANCING	**£110.212**	**£132.440**	

4.10. The monitoring of the programme throughout the year involves the Council's Finance Team working closely with operational services and respective project managers through monthly monitoring sessions. It is intended that a comprehensive review of the programme proposed spend and outputs will be completed by the end of Quarter 2, by conferring with project managers and business partners on each scheme's planned delivery and spending for the remainder of the year.

4.11. In accordance with the Prudential Code for Capital Finance in Local Authorities, the Council is required to monitor and report performance against its Prudential Indicators on a quarterly basis. An update on the Council's Prudential Indicators as at Quarter 1 is provided in Appendix 1.

5. Collection Fund Outturn Position

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 quarter 1 position on the collection fund is an in-year deficit of £3.924m, with a residual deficit brought forward from 2025/26 of £2.223m (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 £6.148m. The Council's share of the deficit is £5.571m and Greater Manchester Combined Authority's share is £0.577m (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% share of Council Tax, whereas the Council have a 99% share of Business Rates and 84% share of Council Tax.

5.3. The main movements which are resulting in the deficit position of £6.148m (Bury share £5.571m) are shown below.

2026/27 Surplus/(Deficit) on Collection Fund	Council Tax £m	NNDR £m	TOTAL £m
2025/26 Surplus/(Deficit) Balance b/f	**(£2.483)**	**£0.260**	**(£2.223)**
2026/27			
Income	£153.074	£51.579	**£204.654**
Section 31 grants		£20.450	**£20.450**
Contributions towards Previous Year's Deficit:			
Bury MBC	£0.000	£0.000	**£0.000**
Police and Crime Commissioner	£0.000		**£0.000**
General Mayoral - Fire and Rescue Service	£0.000	£0.000	**£0.000**
Total Income	**£153.074**	**£72.030**	**£225.104**
Precepts and Demands on Collection Fund:			
Bury MBC	(£124.224)	(£68.801)	**(£193.025)**
Police and Crime Commissioner	(£16.750)		**(£16.750)**
General Mayoral - Fire and Rescue Service	(£9.038)	(£0.695)	**(£9.733)**
Disregards: Renewable Energy		£0.000	**£0.000**
Cost of Collection		(£0.229)	**(£0.229)**
Transitional Protection Payments		£0.271	**£0.271**
Impairment of Debts/Appeals:			
Write-offs of Uncollectable Amounts	£0.000	£0.000	**£0.000**
(Increase)/Decrease in the Allowance for Impairment of Arrears	(£3.061)	(£1.032)	**(£4.093)**
(Increase)/Decrease in the Allowance for Impairment of Appeals		(£1.545)	**(£1.545)**
Payment of Previous Year's Surplus:			
Bury MBC	(£0.774)	(£2.972)	**(£3.746)**
Police and Crime Commissioner	(£0.103)		**(£0.103)**
General Mayoral - Fire and Rescue Service	(£0.046)	(£0.030)	**(£0.076)**
Total Expenditure	**(£153.997)**	**(£75.031)**	**(£229.028)**

2026-27 In-Year Surplus/(Deficit)	**(£0.923)**	**(£3.002)**	**(£3.924)**
Surplus/(Deficit) as at 31.03.2027	**(£3.406)**	**(£2.742)**	**(£6.148)**

Share of the 2026/27 Surplus/(Deficit)	**Council Tax £m**	**NNDR £m**	**TOTAL £m**
Bury MBC	(£2.856)	(£2.715)	**(£5.571)**
Police and Crime Commissioner	(£0.381)		**(£0.381)**
General Mayoral - Fire and Rescue Service	(£0.168)	(£0.027)	**(£0.195)**
Surplus/(Deficit) as at 31.03.2027	**(£3.406)**	**(£2.742)**	**(£6.148)**

5.4. The £6.148m forecast deficit on the collection fund mainly reflects the impact of the variance created by the payment of the estimated surplus position for 2025/26 of £3.924m (being paid per Regulations in 2026/27) and the actual 2025/26 outturn deficit position of £2.233m brought forward into 2026/27.

5.5. The position also reflects an increase in the allowance for impairment of arrears mostly 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.

5.6. The current in year collection for Council Tax is forecast to fall below the budgeted collection rate of 98%, largely due to the cost-of-living pressures affecting residents.

Collection Rates	**Council Tax %**	**NNDR %**
2026/27 Target collection rate	98.00	98.00
2025/26	95.26	96.87
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

5.7. Despite the in-year collection forecast 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 shows the overall forecast position on the HRA for 2026/27, which is for an underspend of £0.059m.

HRA INCOME AND EXPENDITURE STATEMENT	2026/27 Quarter 1 Revised Budget	2026/27 Quarter 1 Forecast	Variance	Variance
	£m	£m	£m	%
INCOME				
Dwelling Rents	(£38.633)	(£38.406)	£0.228	99.41%
Non-dwelling Rents	(£0.219)	(£0.181)	£0.038	82.65%
Other Charges for Services and Facilities	(£1.126)	(£1.145)	(£0.019)	101.69%
Contributions Towards Expenditure	(£0.005)	(£0.005)	-	100.00%
Total Income	**(£39.983)**	**(£39.737)**	£0.247	**99.38%**
EXPENDITURE				
Repairs and Maintenance	£11.409	£11.359	(£0.050)	99.56%
Supervision and Management	£12.699	£12.412	(£0.287)	97.74%
Special Services	£1.333	£1.365	£0.032	102.40%
Rents, Rates, Taxes, and Other Charges	£0.200	£0.200	-	100.00%
Depreciation of Non-Current Assets	£9.167	£9.167	-	100.00%
Debt Management Expenses	£0.045	£0.045	-	100.00%
Movement in Provision for Bad Debts	£0.565	£0.565	-	100.00%
Total Expenditure	**£35.418**	**£35.113**	**(£0.305)**	**101.43%**
HRA Services' Share of Corporate and Democratic Core	£0.384	£0.384	-	100.00%
Net Income or Expenditure of HRA Services	**(£4.181)**	**(£4.240)**	**(£0.059)**	**101.41%**
Interest Payable and Similar Charges	£5.248	£5.248	-	100.00%
Interest and investment income	(£0.664)	(£0.664)	-	100.00%
(Surplus) or Deficit for the Year on HRA Services	**£0.403**	**£0.344**	**(£0.059)**	**85.36%**

APPROPRIATIONS				
Reversal of Depreciation	(£9.167)	(£9.167)	-	
Transfer to the Major Repairs Reserve	£9.167	£9.167	-	
Repayment of Arranged Loans	£0.178	£0.178	-	100.00%
Capital Expenditure Funded by the HRA	£8.500	£8.500	-	100.00%
Total Appropriations	**£8.678**	**£8.678**	**-**	**100.00%**

6.2. The current forecast position for the HRA will slightly reduce the contribution from the HRA Reserve that was budgeted to be required for 2026/27 by £0.059m. Details of significant variances include:

6.2.1. Dwelling rents – forecast to be £0.228m lower than budget – partial reason for this will be the increased number of Right to Buy (RTB) sales which completed during the first quarter, totalling 28 against a full-year budgeted forecast of 18. If the backlog of RTB cases falls now as anticipated, and there are fewer new applications, then this forecast may improve to an extent. The positive side of this is that the authority will receive a higher level of Capital Receipts than budgeted for, with which to support future HRA development opportunities.

6.2.2. Service Charges and Non-Dwelling Rents – there are swings and roundabouts with service charges currently forecast to out-perform budget slightly by £0.019m, whilst non-dwelling rent income is forecast to under-perform by £0.039m. Service charge analysis continues to be a key area of focus, to ensure that current service charges are being set at the right level, with future aims of examining if there are any areas where we don't raise service charges but could or should.

6.2.3. Repairs and Maintenance – currently showing a small under-spend of circa £0.050m, on a £11.409m budget (0.44%), which although in itself appears favourable masks some significant challenges still within the service:

- Disrepairs – there has been a national trend seeing increasing numbers of disrepair claims being made. The overspend in 2025/26 was £0.276m, and although additional resource was put into the 2026/27 budget this area still needs close monitoring as the number of cases have significantly increased over the past few years.
- Sub-contractor spend – there was a significant increase in the level of sub-contractor spend over the first few months of the year. This has led to some in-depth analysis of that spend to try and understand the key drivers for the increase, and to provide a focus for getting these costs under closer control. Currently forecast to overspend in total by £0.350m.
- Vacancies – to offset some of the sub-contractor spend several permanent vacancies across the service are being held open. At some point this issue will need to be crystallised to understand the impact that directly recruiting more staff could have on the forecast external sub-contractor overspend.

6.2.4. Supervision and Management is forecast to underspend by £0.288m, due to several factors:

- Delays in recruiting staff to vacancies which generates some short-term savings, currently estimated at £0.110m.
- Expected savings in relation to review of Central Support Recharges.

6.2.5. Special Services forecasting small overspend of £0.032m due to some additional revenue compliance costs having to be met.

6.3. The revised HRA Capital Programme including slippage from 2025/26 is £36.215m as detailed in the table below. The final forecast spend currently stands at £31.767m which will require re-programming or re-phasing of £4.448m of programme spend and financing into 2026/27 and beyond.

CAPITAL PROGRAMME	2026/27 Revised Budget	2026/27 Quarter 1 Forecast	Variance	Variance
	£m	£m	£m	%
CAPITAL EXPENDITURE				
Major Works & Imps	£17.175	£13.107	(£4.068)	76.31%
Other Capital Spend	£5.945	£5.945	-	100.00%
New Build Development Costs	£3.118	£3.118	-	100.00%
Disabled Adaptations	£1.598	£1.218	(£0.380)	76.22%
Carbon Reduction Schemes	£8.379	£8.379	-	100.00%
Total Capital Expenditure	**£36.215**	**£31.767**	**(£4.448)**	**87.72%**
CAPITAL FINANCING				
Prudential Borrowing	(£15.280)	(£10.832)	£4.448	61.29%
External Funding	(£0.150)	(£0.150)	-	100.00%
Capital Receipts	(£3.118)	(£3.118)	-	100.00%
HRA Direct Revenue Financing	(£8.500)	(£8.500)	-	100.00%
HRA Major Repairs Reserve	(£9.167)	(£9.167)	-	100.00%
Total Capital Financing	**(£36.215)**	**(£31.767)**	**£4.448**	**87.72%**
Total Capital Programme	**-**	**-**	**-**	

6.4. The HRA Reserve movements are detailed in the table below. When the budget was approved in February 2026, the closing HRA balance was forecast to be £18.386m. However, outturn performance was better than anticipated, resulting in an actual HRA balance of £19.861m as at 31 March 2026.

MOVEMENT on the HRA RESERVE	2026/27 Feb 26 Budget	2026/27 Quarter 1 Forecast	Variance
	£m	£m	£m
Balance on the HRA at the End of the Previous Reporting Period	**(£18.386)**	**(£19.861)**	**(£1.475)**
(Surplus) or Deficit for the Year on the HRA Income and Expenditure Statement	£0.403	£0.344	(£0.059)
Appropriations	£8.678	£8.678	-
Net (Increase) or Decrease before Transfers to or from Reserves	**£9.081**	**£9.022**	**(£1.534)**
Transfers to/(from) Earmarked Reserves	-	-	-
(Increase) or Decrease in Year on the HRA	**£9.081**	**£9.022**	**(£1.534)**
Balance on the HRA at the End of the Current Reporting Period	**(£9.305)**	**(£10.839)**	**(£1.534)**

7. Dedicated Schools Grant Outturn position

7.1. The DSG is broken down into 4 components and Bury's allocations from March 2026 publications before recoupment and deductions for 2026/27 are as follows:

	March 2026 Published Allocation £m	Forecast Variance 2026/27 £m
Schools Block	£176.712	-
Central Services Block	£1.175	-
Early Years Block	£39.465	-
High Needs Block	£53.582	£10.287
Total	**£270.934**	**£10.287**

7.2. The Schools Block and Early Years Block are almost entirely passported to schools and early years providers. The Central Services Block is used to fund central services funded by Bury. 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 Department of Education (DfE) High Needs Funding Guidance, which can be found via this link - High needs funding: 2026 to 2027 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 2026/27 budget and forecast outturn position are shown below:

High Needs Block (HNB)	2026/27 Forecast £m
Specials Schools and Pupil Referral Unit (PRU)	£24.468
Resourced Provision within Mainstream Schools	£2.916
Early Years Funding	£0.275
SEN Funding within Mainstream Funding (EHCP's)	£11.597
Independent (Out Borough) Special Schools	£17.818
Post 16 Commissioned Places	£2.400
Alternative Provision	£4.789
SEN Support Services	£1.087
Total Expenditure	**£65.350**
High Needs Block Allocation	(£53.582)
School Block Transfer	(£0.481)
Health Service Contribution	(£1.000)

Total Income	**(£55.063)**
Balance	£10.287
Deficit b/fwd. from 2025/26	**£20.285**
High Needs Stability Grant estimate 2026/27	**(£19.157)**
Forecast in year deficit	**£10.287**
Estimated deficit c/fwd to 2027/28	**£11.416**

7.5. The DSG overall deficit at the beginning of the 2025/26 financial year brought forward was £20.285m, pre-audited figure. The service continues to work on making savings where possible, whilst continuing to face increasing demand which is a national pressure. The forecast 2026/27 DSG deficit position is £10.287m.

7.6. The formula for Local Authorities for the grant this year is:

High Needs Stability Grant = 90% × Eligible DSG Deficit

7.6.1 Where the **Eligible DSG Deficit** is the DSG deficit in the unusable reserve at 31 March 2026, adjusted for:

- Exclude any ineligible expenditure or charges
- Net off any DSG surpluses
- For former Safety Valve authorities, take account of previous Safety Valve payments and agreed local contributions.

7.6.2 This will be paid on the eligible balance as at 31st March 2026 subject to an approved local SEND reform plan (Bury submitted their plan in June 2026 prior to the deadline and is awaiting outcome).

7.6.3 The estimated grant allocation for Bury is £19.157m, which is included in the above table.

7.7. 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 being increased for the rises in pupil numbers.
- The percentage of pupils with SEN needs has been increasing but has not been reflected within allocations.
- The HNB becoming responsible for 19- to 25-year-olds without any additional funding.
- LA’s 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.

7.8. **Maintained school balances**:

Maintained school balances	School Balances At 31/03/26 £m
Nursery	£0.11
Primary	£0.08
Secondary	£1.17
Special	£0.93
Total	**£2.29**

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

7.10. 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 can't 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.

7.11. 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.

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

Links with the Corporate Priorities:

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:

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.

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:

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:

This report provides Members with details of the quarter one financial position; there are no specific legal considerations in this report.

Financial Implications:

The financial implications are included within the Report.

Appendices: Appendix 1 - Prudential Indicators Quarter 1

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

The Council's Revenue Budget and Medium Term Financial Plan

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

Term	Meaning
CIPFA	Chartered Institute of Public Finance and Accountancy
DfE	Department for Education
DRF	Direct Revenue Financing
DSG	Dedicated Schools Grant
EHCP	Education, Health and Care Plan
GMCA	Greater Manchester Combined Authority
LGFS	Local Government Finance Settlement
MRR	Major Repairs Reserve
MTFS	Medium Term Financial Strategy
NNDR	National Non-Domestic Rates
PRU	Pupil Referral Unit
PSV	Project Safety Valve
RCCO	Revenue Contributions to Capital Outlay
SEN	Special Educational Needs