Classification: Open	Decision Type: Non-Key

Report to:	Cabinet	**Date:** 02 December 2026
Subject:	Finance Update Report – 2026/27 Quarter 2 Position	
Report of	Cabinet Member for Finance and Corporate Services	

Summary

This report provides an update to Cabinet on the council's forecast Quarter 2 position across the General Fund revenue and capital budgets, Housing Revenue Account (HRA) and DSG (Dedicated Schools Grant).

The 2026/27 General Fund is currently forecasting an overspend of £8.218m at Quarter 2, equating to 3.26% of the net revenue budget. This is a £2.527m adverse movement compared to the Quarter 1 forecast overspend of £5.691m. The Quarter 2 forecast is based on the financial position at the end of September and incorporates assumptions relating to current expenditure, anticipated service demand, known cost pressures, service intelligence, and the deliverability of planned savings. Whilst forecasts are more robust at this stage of the financial year, a degree of uncertainty remains, particularly in relation to demand-led services. Sector-wide pressures continue, most notably within Adult and Children's Social Care; however, the Council is committed to identifying and implementing mitigating actions to reduce the forecast overspend and deliver an improved financial position at year-end. Further detail on the forecast position is set out in Section 1.

The 2026/27 budget includes 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 £13.461m (64.5%) is forecast to be delivered through the original savings plans, with a further £5.642m (27.0%) expected to be achieved through in-year mitigations. This leaves a forecast shortfall of £1.757m (8.4%) of which £1.256m (71.5%) 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 £8.218m would reduce the balance on the Budget Stabilisation Reserve to £3.588m. 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. Current actions being undertaken include delays to recruitment to vacant posts where it is assessed as appropriate to do so and additional spend controls in relation to discretionary expenditure. Further detail on the reserves position is provided in Section 3.

At Quarter 2 it is proposed to increase the 2026/27 Capital Programme from £132.440m approved at Quarter 1 to £132.663m. This represents a net increase of £0.223m, comprising of £0.377m rephased into 2027/28 offset by additions of £0.600m. Of the additional schemes, £0.153m 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. There is currently an ongoing exercise to refresh the Capital Programme and consequently a revised Capital Programme will be reported at Quarter 3 following a detailed assessment of in-year deliverability.

The forecast Quarter 2 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 2 position of a £8.218m overspend (3.26%) against a net budget of £252.135m.

- Note the forecast reduction in General Fund and Earmarked Reserves of £14.858m (33.6%) and forecast closing balance at 31 March 2027 of £29.386m.

- Note the total forecast delivery of savings in 2026/27 of £19.103m (91.6%) against a target of £20.860m, including unachieved savings carried forward from 2025/26. This results in a forecast shortfall of £1.757m (8.4%).

- Note a net increase of £0.223m to the 2026/27 Capital Programme, comprising of £0.600m of additional schemes in 2026/27, offset by £0.377m rephased into 2027/28.

- Approval to recommend to Council the inclusion of an additional £0.153m of additional prudential borrowing for 2026/27.

- Note the 2026/27 forecast Quarter 2 position for the Collection Fund.

- Note the 2026/27 forecast Quarter 2 position for the Housing Revenue Account (HRA).

- Note the 2026/27 forecast Quarter 2 position for the Dedicated Schools Grant (DSG).

- Note the Quarter 2 Prudential Indicator position.

Reasons for recommendation(s)

To note the forecast Quarter 2 finance position for 2026/27.

Alternative options considered and rejected
N/A

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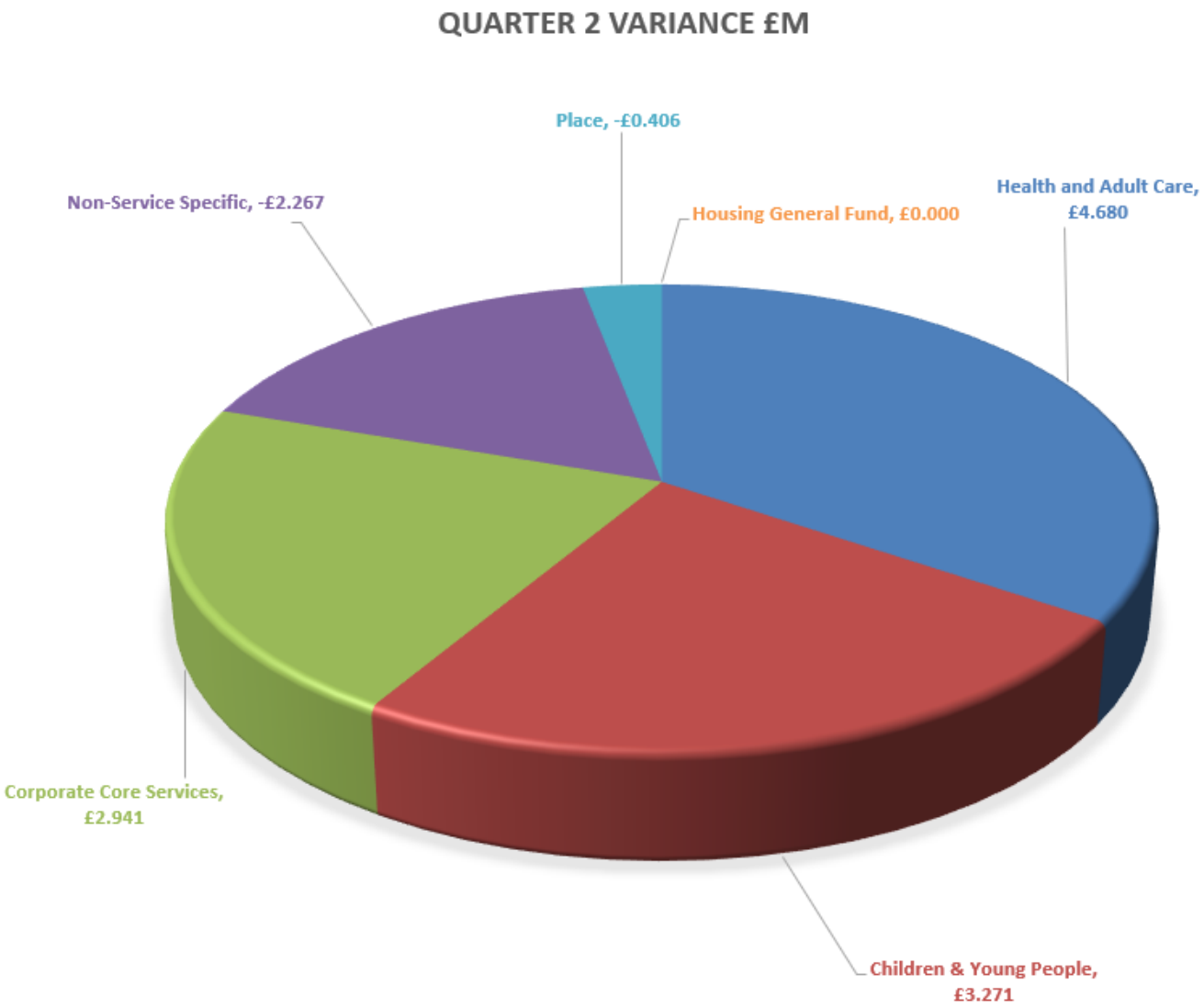
1. 2026/27 Revenue Forecast Quarter 2 Position

1.1. The Quarter 2 General Fund revenue forecast is an adverse variance of £8.218m, equivalent to 3.26% of the net revenue budget of £252.135m and represents an adverse movement of £2.527m from the position reported at Quarter 1. To offset this overspend, a further drawdown of £8.218m from the Budget Stabilisation Reserve would be required, in addition to the £3.977m approved as part of the 2026/27 budget setting process. Further details on the Council's reserve position are provided in Section 3.

2026/27 Quarter 2 Forecast Outturn	Revised Budget £m	Quarter 2 Forecast Outturn £m	Quarter 2 Forecast Variance £m	Forecast Variance %	Quarter 1 Forecast Variance £m	Quarter 1 to Quarter 2 Movement £m
Directorate:						
Health and Adult Care	£101.391	£106.071	£4.680	4.62%	£2.543	£2.137
Children & Young People	£67.229	£70.499	£3.271	4.87%	£2.212	£1.059
Corporate Core	£30.845	£33.786	£2.941	9.53%	£2.131	£0.809
Non-Service Specific	£38.505	£36.238	(£2.267)	-5.89%	(£0.985)	(£1.282)
Place	£14.244	£13.838	(£0.406)	-2.85%	(£0.209)	(£0.197)
Housing General Fund	(£0.080)	(£0.080)	-	0.00%	-	-
NET REVENUE BUDGET	**£252.135**	**£260.353**	**£8.218**	**3.26%**	**£5.691**	**£2.527**
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	**-**	**£8.218**	**£8.218**	**3.26%**	**£5.691**	**£2.527**



Details of the significant variances include:

1.2. **Health and Adult Care** Directorate has a forecast adverse variance of £4.680m (4.62%) representing an adverse movement of £2.137m on the reported Quarter 1 position of £2.543m. The Quarter 2 position is due to:

1.2.1. **Care in the Community** has a £4.735m (7.35%) forecast adverse variance, an adverse movement of £2.111m on the Quarter 1 position, driven by care package costs and increasing complexity of packages across several settings:

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

The forecast pressures on care packages remains an ongoing sector-wide issue with many councils forecasting significant overspends in this area and follows on from a £6m overspend on community care packages in 2025/26.

The increase in the forecast overspend since Quarter 1 is largely due to reduced assumptions on client contribution income and delayed achievement of contract savings. The contract savings are anticipated to be achieved in full in 2027/28. The underlying overspend continues to be driven by demand for community care packages and increasing package complexity, particularly within Supported Living and other high-cost care settings.

Mitigating Actions from Quarter 2 to year end

The directorate continues to actively manage the forecast position. It is pursuing a range of mitigating actions:

- **Direct Payment recoveries** - The Quarter 2 forecast now includes an additional £0.500m of Direct Payment recoveries in line with in-year trends. Further review of direct payment managed accounts is being undertaken to identify possible additional recoveries

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- **Vacancy management** - Vacancy controls remain in place and are reflected in the Quarter 2 forecast position. Further opportunities to manage vacancies will be considered where this can be achieved without impacting statutory service delivery.

- **Demand management** - Robust scrutiny of care package growth continues through existing approval and Peer Verification processes. From November on-wards focus is being applied to Supported Living packages, where demand and package costs continue to increase.

- **Delivery of savings** - The Quarter 2 forecast assumes current care package commitments will reduce by £2.438m between Quarter 2 and year end. The forecast also assumes further demographic growth of £0.964m, including transition costs, during the remainder of the year. This means the forecasted position already assumes ContrOCC expenditure commitment will reduce by a net of £1.474m before year end. Delivery of savings will continue to be closely monitored alongside emerging demand pressures.

1.2.2. **Wellness** has forecast a £0.676m (31.29%) adverse variance, a favourable movement of £0.105m from the reported Quarter 1 position. The variance is largely driven by higher than anticipated costs resulting from the delayed re-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 £0.192m (6.87%) forecast adverse variance, an adverse movement of £0.036m on the position reported at Quarter 1. The Quarter 2 position is driven by legal costs charged to the Improvement and Delivery service (£0.161m).

1.2.4. **Commissioning & Procurement** has a £0.229m (2.17%) forecast adverse variance; an adverse movement of £0.072m from the Quarter 1 position 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.
- Pressure in the Persona Contract of £0.172m (2.98%) due to an uplift in the contract value of 5%, which was agreed in July, compared to 1% uplift estimated in the Medium-Term Financial Strategy (MTFS)
- Strategic Safeguarding team pressures of £0.079m (15.67%), primarily in relation to an increased contribution to the Business Intelligence and Safeguarding Partnership.

1.2.5. **Adult Social Care Operations** has a £1.114m (13.09%) forecast favourable variance which is largely in line with the position reported at Quarter 1. The Quarter 2 position is 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 are forecast to be achieved in year but are not currently sufficient to fully offset the rising demand for, and cost of, care packages.

1.3. **Children and Young People Directorate** has a forecast £3.271m (4.87%) adverse variance against budget, an increased pressure of £1.060m from Quarter 1, due to:

1.3.1. **Children's residential placements** including Children with Disabilities has a forecast adverse variance of £1.815m (11.2%), a favourable movement of £0.097m from the position reported at Quarter 1. The projected overspend is largely driven by an estimated £1.706m increase in costs in relation to increased average prices against budget and £0.052m due to placement numbers being one higher than budgeted for.

Increased Mother & Baby placements have a forecast £0.057m adverse variance.

1.3.2. Within the Quarter 1 forecast was an assumed demand increase in residential placements of one additional average cost placement per month (£1.412m). The service has placed 5 new residential placements in the past month, a far greater number than compared to recent trends which has effectively utilised £0.716m of this forecast assumed demand increase. This has resulted in a remaining forecast of £0.696m for assumed demand increases for the remainder of the year which equates to 3.8 average cost placements for 6 months. If new placements exceed this level, it will result in an adverse variance and worsen the overall forecast position.

1.3.3. Overall though, the service has successfully stabilised the high-risk volatility in residential placements during Quarter 2, absorbing five critical new entries with acute needs whilst maintaining both the volume and financial forecast from Quarter 1. Planned and phased step downs from residential settings have been key activities which have enabled the stable forecast position. This does leave a significant challenge for the remainder of the year where the service will need to keep demand requirements to a minimum where operationally possible.

1.3.4. 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 continues to 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. Despite these obvious pressures this is still £0.097m improvement on the Quarter 1 report.

1.3.5. 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 support analysing other market opportunities, 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. The service and directorate are reviewing potential opportunities of contributions from partner agencies where relevant to placements.

1.3.6. **Independent Fostering Agency placements** has a forecast adverse variance of £1.156m (27.1%) an adverse movement of £0.130m on the reported Quarter 1 position. This is due to the average number of placements being forecasted at over 12 higher, on average, than the 78 budgeted across 2026/27 (£0.700m) and average prices have significantly increased (£0.456m). 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.

1.3.7. **In-house fostering**, friends & family and Staying Put placements are forecasting a £0.401m combined adverse variance (10.6%), an adverse movement of £0.213m from the reported Quarter 1 position. Primarily due to an increase in average placement fees and allowances. This is due to price increases (£0.252m) and demand being 168 placements against a budget of 160 (£0.149m). 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 placements. 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.

1.3.8. **Legal services** required for children and young people and their families are forecasting a pressure of £0.349m (29.4%), a favourable movement of £0.070m from the reported Quarter 1 position. 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.

1.3.9. **Property charges** within CYP directorate are forecasting an adverse variance of £0.132m and adverse movement of £0.043m from the reported Quarter 1 position. This is primarily due to historical challenges in the sale of one property that is incurring security and other costs.

1.3.10. **Children with Disabilities (CWD) service** is forecasting an adverse variance of £0.121m (3.2%), an adverse movement of £0.035m from the reported Quarter 1 position. This is due to increased demand of 29 placements on average over budget of 210 (£0.463m) offset by lower-than-average budgeted costs of (£0.317m). This service is undergoing audit reviews across both support packages and direct payments.

1.3.11. **Education and Inclusion services** are forecasting favourable variances of £0.357m (3.2%) due to over achievement of vacancy factors due to temporary staffing, non-recurrent changes across the service thus improving the forecast for the current year. The Directorate are forecasting that the majority of these variations are one-off in nature.

1.3.12. **The Adoption service** is forecasting a favourable variance of £0.149m (11.6%) a favourable movement of £0.049m from Quarter 1 report due to a further reduction of placement numbers and the respective allowances paid out. This includes contribution to our lead partner authority, Bolton.

1.3.13. **The Through Care service** is forecasting a favourable variance of £0.099m (4.7%). This is an adverse movement of £0.189m from the Quarter 1 reported figure due to numbers increasing above budgeted levels. On average the forecast demand is 2 placements higher than budget levels (pressure of £0.156m) offset by the estimated current average price being lower than budget due to reducing prices from placements including implementation of block bed contract (saving £0.256m).

1.3.14. **The Emergency Duty team service** is forecasting a favourable variance of £0.079m, a reduction of £0.059m from the Q1 reported position. The overall position is due to a forecast reduction on staffing costs linked to changes in the service delivery model.

1.4. **Corporate Core Directorate** has a forecast £2.941m (9.53%) adverse variance which is an adverse movement of £0.809m from the position reported and Quarter 1. The variance is due to:

1.4.1. **Finance** is reporting a forecast adverse variance of £0.810m, (19.1%), an adverse movement of £0.800m from the position reported at Quarter 1. The variance is due to a delay in implementing a planned restructure, resulting in the continued use of agency staff for longer than originally planned. Implementation of the restructure and related permanent recruitment will be undertaken in quarter 3.

1.4.2. **People and Inclusion** are reporting a forecast adverse variance of £0.735m (33.0%), which is a favourable movement of £0.066m from the position reported at Quarter 1. The variance is due to a loss of income of £0.431m resulting from schools converting into academies and an overall overspend of staff and agency costs of £0.274m which accrued earlier in the year pending the appointment of the permanent Assistant Director and whilst an associated restructure was being embedded. The service will continue to review staffing costs and income generation opportunities throughout the year to help reduce the forecast overspend. There are other small offsetting overspends of £0.030m.

1.4.3. The **Corporate Collection and Support Service** has a forecast adverse variance of £0.734m (31.5%), an adverse movement of £0.253m from the position reported at Quarter 1. Both the variance and movement from Quarter 1 are largely due to £0.280m in staffing, £0.245m in printing and postage, £0.243m in licensing and software, which is offset by some minor underspends £0.034m. The service is working hard to find improvements through AI and other technologies to minimise overspends and improve income collection which will help the council's overall financial position.

1.4.4. **Legal and Democratic** is a forecast adverse variance of £0.377m (6.5%); largely unchanged from the Quarter 1 forecast. 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 £0.381m;

- Democratic service has a favourable variance of £0.206m, largely due to underspends on members' expenses;
- Elections and governance service is reporting an adverse variance of £0.194m 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 November;
- The Registrar's service is reporting an adverse variance of £0.146m. This consists of staffing pressures of £0.040m, additional spend on suppliers and services due to cemetery supplies and out-of-hours labour costs £0.128m but somewhat offset by additional income of £0.025m.

1.4.5. **Emergency Response and resilience** has a forecast £0.282m (47.3%) favourable variance, a favourable movement of £0.179m from the position reported at Quarter 1. This is due to additional income being achieved.

1.4.6. **Fraud, Audit, Insurance & Risk (FAIR)** has a forecast adverse variance of £0.217m (5.5%), an adverse movement of £0.156m from the position reported at Quarter 1 which is largely due to an unavoidable increase in insurance premiums.

1.4.7. **Housing Options & Needs** is a forecast favourable variance of £0.159m (5.6%), an adverse movement of £0.073m from the position reported at Quarter 1 which is driven by the expected benefits of a number of initiatives currently being implemented across the service.

1.4.8. **Procurement** has a forecast adverse variance of £0.156m (30.3%), an adverse movement of £0.054m from the position reported at Quarter 1. 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.

1.4.9. **Senior Management** is forecasting an adverse variance of £0.136m (149.1%), largely unchanged from the position reported at Quarter 1 due to staffing costs and reduction in costs charged to the Housing Revenue Account as a result in the change of responsibilities.

1.4.10. **Health & Environmental Protection** is a forecast adverse variance of £0.115m (9.2%), due to a mixture of small variances consisting of staffing related pressures (£0.025m), additional CIVICA license cost and professional fees (£0.075m) and other minor variances (£0.015m).

1.4.11. There are several other areas with minor favourable variances totalling £0.112m.

1.5. **Non-Service Specific Directorate** is forecasting a favourable variance of £2.267m (5.89%) which is a favourable movement of £1.282m from the position reported at Quarter 1. The variance is arising from the following:

1.5.1. Reflected within the Non-Service Specific forecast is an estimated remaining financial benefit of £1.333m arising from introducing a short delay in the recruitment process where it is assessed as being appropriate to do so. This has been reduced by 1/3 from the £2.000m expected at Quarter 1 as the initial associated savings are being 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 primarily reflects unavoidable refinancing of maturing loans during 2026/27 at higher interest rates, driven by the prevailing interest rate environment. In addition, the further borrowing to support delivery of the approved capital programme has increased financing costs due to borrowing rates being higher than were assumed in the budget and are contributing to the forecast overspend. A reduction in interest rates prior to future refinancing, together with any additional slippage in borrowing funded capital projects into 2027/28, would reduce this pressure.

1.5.3. A favourable movement of £0.709m in comparison to Quarter 1 has been identified following a review of various charges levied by GMCA/AGMA such as, the Transport Levy.

1.5.4. The 3.3% NJC pay award for 2026/27 agreed in August resulted in a favourable variance to budget of £0.463m.

1.5.5. 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 review of general fund costs that are legitimately charged to the Housing Revenue Account. Since Quarter 1, a further detailed review has been undertaken to identify additional efficiencies across HRA and General Fund services; however, no further opportunities have been identified. Consequently, the remaining undelivered saving of £1.610m is not considered achievable and has therefore been removed from the 2027/28 Draft Budget approved by Cabinet on 14 October 2026.
- 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, with the saving now expected to be delivered in 2027/28

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1.6. The **Place Directorate** has a £0.406m (2.85%) favourable variance which is a further improvement on the £0.209m (1.52%) favourable variance reported at Quarter 1. The variance is due to:

1.6.1. **Waste, Transport and Stores** has a forecast adverse variance of £0.259m (4.6%) within a minimal movement of £0.015m from Quarter 1

forecasts primarily due to several vacant posts being filled by agency staff, leading to increased staffing costs.

1.6.2. **Economic Regeneration and Capital Growth** has a forecast adverse variance of £0.259m (691.1%), a £0.131m favourable movement from the reported position in Quarter 1 largely due to a reforecast in expected staffing costs to deliver the FAP project. The variance is due to Future Assets Plan (FAP) costs which are not currently funded within the budget.

1.6.3. **Street Scene Maintenance** has a forecast favourable variance of £0.236m (4.6%), a favourable movement of £0.070m from the reported position in Quarter 1 mainly attributable to the HRA Grounds Maintenance contract, alongside more efficient waste removal arrangements. The variance relates to staffing and street lighting energy due to reductions in unit price and efficiency savings.

1.6.4. **Commercial Services** has a forecast favourable variance of £0.149m (16.2%) 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 £0.366m (47.9%) in **Engineers.** The additional favourable variance of £0.255m in addition to the forecast of £0.111m reported at Quarter 1 is primarily due to several vacant posts within the traffic management structure (£0.020m), a decrease in the forecasted expenditure on the parking contract (£0.060m), and an increase in income on departmental parking permits (£0.097m) and PCNs (£0.067m).

1.6.6. A forecast favourable variance of £0.191m (5.2%) in **Facilities Management.** The adverse movement of £0.263m from last Quarter is made up of a favourable movement of £0.102m in Admin Buildings mainly in relation to reducing central recharge costs from other departments due to building closures, and a £0.365m adverse movement in Design and Project Management from re-forecasting capital recharges reflecting a lower number of capital schemes being delivered (£0.136m) and increased expenditure in Supplies and Services (£0.188m) in direct correlation to the reduction in capital scheme delivery.

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 £107.909m includes a savings target of £6.506m 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 £6.017m against the staffing budget. Of this, £1.333m 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 £6.017m favourable variance on staffing budgets is offset by a significant forecast overspend on agency costs of £8.318m, resulting in a net adverse variance of £2.301m, an increase of £2.336m from the position reported at Quarter 1 across both staffing and agency budgets.

1.7.3. The main variances from Quarter 1 to Quarter 2 lie predominantly with Corporate Core and Adults Social Care:

- Within Health and Adult Care, the favourable movement is due to the realignment of Radcliffe Leisure Centre's budget. The delayed re-opening of the site has led to staffing underspends; however, this underspend is offset with a forecast underachievement in income.
- Within Corporate Core, agency engagement has been extended across various services from September to March due to delays in implementing restructures.

1.7.4. Recognising that the council's forecast overspend is being impacted by increasing spend on agency staff and the resulting premium often then paid above council salary levels, officers are currently undertaking a detailed review of all agency staff engagements that will focus on actions to reduce the level of agency staff spend built into the current forecast and improve the council's in-year financial position. The financial implications of the Voluntary Severance Scheme are also in the process of being finalised and will be factored into, and improve, the Q3 financial position to be reported to a future Cabinet meeting.

2026/27 Month 6 Forecast	Staffing Budget £m	Staffing forecast £m	Q2 Staffing Variance £m	Q1 Staffing Variance £m	Q1-Q2 Movement £m	Vacancy / leave savings target achieved £m
Directorate:						
Health and Adult Care	£29.749	£27.570	(£2.180)	(£0.975)	(£1.205)	(£1.870)
Children & Young People	£26.352	£25.619	(£0.733)	(£1.524)	£0.791	(£0.953)
Corporate Core	£29.137	£28.475	(£0.662)	(£0.694)	£0.031	(£1.962)
Non-Service Specific	£0.463	(£1.333)	(£1.796)	(£2.000)	£0.204	-
Place	£22.208	£21.563	(£0.645)	(£0.704)	£0.059	(£1.721)

Housing General Fund	-	-	-	-	-	-
NET REVENUE BUDGET	**£107.909**	**£101.892**	**(£6.017)**	**(£5.897)**	**(£0.120)**	**(£6.506)**

2026/27 Month 6 Forecast	**Agency Budget** **£m**	**Agency Forecast** **£m**	**Q2 Agency Variance** **£m**	**Q1 Agency Variance** **£m**	**Q1-Q2 Movement** **£m**	**Net Staffing/ Agency Variance** **£m**
Directorate:						
Health and Adult Care	£0.786	£1.407	£0.621	£0.709	(£0.088)	(£1.559)
Children & Young People	£0.229	£2.177	£1.948	£1.069	£0.879	£1.215
Corporate Core	£0.220	£5.003	£4.783	£3.324	£1.459	£4.121
Non-Service Specific	-	-	-	-	-	(£1.796)
Place	£0.731	£1.696	£0.965	£0.759	£0.206	£0.320
Housing General Fund	-	-	-	-	-	-
NET REVENUE BUDGET	**£1.966**	**£10.283**	**£8.318**	**£5.862**	**£2.456**	**£2.301**

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 £8.218m. 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 urgent 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 at Quarter 1, management implemented 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. However, despite these measures the forecast overspend has increased from Quarter 1 by £2.527m. Consequently, the Council will identify further in-year mitigating actions to reduce the in-year pressure and will report the impact of these measures at Quarter 3. These include reducing agency spend, the outcome of the Voluntary Severance Scheme and working with Directorate Management Teams to identify and implement additional cost saving measures over the remaining financial year. Given the proportion of the budget that supports Adults and Children's Social Care and their contribution to the forecast overspend position, both areas will also remain under detailed financial scrutiny.

1.10. Since Quarter 1 significant progress has been made in developing the Council's financial strategy for 2027/28 and beyond. The key assumptions underpinning the Medium-Term Financial Strategy (MTFS) have been refreshed and a draft MTFS was approved by Cabinet in October 2026. In recognition of the scale of the financial pressures facing the Council, opportunities for Exceptional Financial Support (EFS) from MHCLG are being actively explored. These actions represent important steps towards restoring financial sustainability and strengthening the Council's longer-term resilience.

1.11. Further work is continuing across the organisation to identify and deliver recurring savings, improve operational efficiency and reduce expenditure. All budgets remain under review, with services expected to challenge existing spending assumptions, identify opportunities for transformation and ensure resources are directed towards the Council's key priorities. This work will continue throughout the remainder of the financial year and will inform future iterations of the MTFS.

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 2 it is forecast that £13.461m (64.5%) of savings will be delivered from the original saving proposals and a further £5.642m (27.0%) from mitigations. Total savings delivery is therefore forecast at £19.103m (91.6%) against the overall target of £20.860m, leaving a shortfall of £1.757m (8.4%). This is a favourable movement of £0.569m from Quarter 1. This shortfall contributes to the overall Quarter 2 revenue pressure of £8.218m, 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 £1.757m, £1.256m (71.5%) relates to Children and Young People. 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 2 Forecast £m	Mitigations £m	Quarter 2 Forecast Variance (over)/ underachievement £m	Quarter 1 Variance £m	Q1-Q2 Movement £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)	-	-	-	-

2026/27 Savings Programme	Directorate	Unachieved 2025/26 Savings £m	2026/27 Savings Programme £m	Total 2026/27 savings to be delivered £m	Quarter 2 Forecast £m	Mitigations £m	Quarter 2 Forecast Variance (over)/ underachievement £m	Quarter 1 Variance £m	Q1-Q2 Movement £m
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)	-	-	-	-
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)**	(£0.014)		£0.021	£0.035	(£0.014)
Residential homes / CWD - step down of residential placements	CYP	-	(£1.000)	**(£1.000)**	(£1.000)	(£0.900)	(£0.900)	-	(£0.900)
Various Building costs	CYP	-	(£0.100)	**(£0.100)**	-		£0.100	£0.100	-
Foster Carers	CYP	(£0.180)	(£0.100)	**(£0.280)**		(£0.180)	£0.100	-	£0.100
Family Safeguarding Model	CYP	(£0.100)	(£0.050)	**(£0.150)**	-	(£0.100)	£0.050	-	£0.050

2026/27 Savings Programme	Directorate	Unachieved 2025/26 Savings £m	2026/27 Savings Programme £m	Total 2026/27 savings to be delivered £m	Quarter 2 Forecast £m	Mitigations £m	Quarter 2 Forecast Variance (over)/ underachievement £m	Quarter 1 Variance £m	Q1-Q2 Movement £m
Edge of Care	CYP	(£0.494)	(£0.106)	**(£0.600)**		(£0.494)	£0.106	-	£0.106
Creation of Council-Owned Residential Children's Homes	CYP		(£0.400)	**(£0.400)**	-	(£0.400)	-	£0.400	(£0.400)
Reconnect - step down from residential care	CYP	(£0.176)	(£1.892)	**(£2.068)**	(£0.807)	(£0.176)	£1.085	-	£1.085
Progressing the Edge of Care Service Review	CYP	(£0.506)	(£0.694)	**(£1.200)**		(£0.506)	£0.694	£1.200	(£0.506)
CYP Subtotal		**(£1.651)**	**(£4.771)**	**(£6.422)**	**(£2.006)**	**(£3.160)**	**£1.256**	**£1.735**	**(£0.479)**
Temporary Accommodation demand reduction	CCS	-	(£0.377)	**(£0.377)**	(£0.377)	-	-	-	-
Staffing changes - use of HPG funding	CCS	-	(£0.053)	**(£0.053)**	(£0.053)	-	-	-	-
HR Staffing savings	CCS	-	(£0.075)	**(£0.075)**	(£0.075)	-	-	-	-
Review of payroll transactional charges	CCS	-	(£0.050)	**(£0.050)**	(£0.050)	-	-	-	-
FAIR - invest to save Fraud officer reduce expenditure leakage	CCS	-	(£0.050)	**(£0.050)**	(£0.050)	-	-	-	-
Law & Democratic services - reduction in external agency staff	CCS	-	(£0.100)	**(£0.100)**		-	£0.100	£0.100	-
Law & Democratic services - burial service fees	CCS	-	(£0.040)	**(£0.040)**	(£0.040)	-	-	-	-
Strategic Partnerships staffing reduction	CCS	-	(£0.050)	**(£0.050)**	(£0.024)	-	£0.026	£0.026	-
Strategic Workforce review	CCS	-	(£2.000)	**(£2.000)**	(£2.000)	-	-	-	-
Reduction in Third party spend	CCS	-	(£1.000)	**(£1.000)**	(£1.000)	-	-	-	-
Strategic Workforce review	CCS	-	(£1.000)	**(£1.000)**	(£1.000)	-	-	-	-
IT Supplier Review [Digital]	CCS	-	(£0.050)	**(£0.050)**	(£0.050)	-	-	-	-
IT licence Review [Digital]	CCS	-	(£0.025)	**(£0.025)**	(£0.025)	-	-	-	-
Unit 4 Reimplementation & Transformation Review	CCS	(£0.100)	(£0.853)	**(£0.953)**	-	(£0.753)	£0.200	£0.200	-
Contact Centre Review [Digital]	CCS	-	(£0.100)	**(£0.100)**	(£0.100)	-	-	-	-

2026/27 Savings Programme	Directorate	Unachieved 2025/26 Savings £m	2026/27 Savings Programme £m	Total 2026/27 savings to be delivered £m	Quarter 2 Forecast £m	Mitigations £m	Quarter 2 Forecast Variance (over)/ underachievement £m	Quarter 1 Variance £m	Q1-Q2 Movement £m
Corporate Core Structures including homelessness and housing options review and integration of communities	CCS	-	(£0.122)	**(£0.122)**	(£0.122)	-	-	-	-
Corporate Core Subtotal		**(£0.100)**	**(£5.945)**	**(£6.045)**	**(£4.966)**	**(£0.753)**	**£0.326**	**£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)	-	-	-
NSS Subtotal		**(£2.010)**	**(£0.850)**	**(£2.860)**	**(£1.250)**	**(£1.610)**	**-**	**-**	**-**
Fleet Function Review	PLA	(£0.070)		**(£0.070)**	-	-	£0.070	£0.070	-
Organisation Delivery Model Review	PLA	-	(£0.055)	**(£0.055)**	-	-	£0.055	£0.055	-
Stores Function Review	PLA	-	(£0.050)	**(£0.050)**	-	-	£0.050	£0.050	-
Explore Advertising opportunities on highway network	PLA	-	(£0.050)	**(£0.050)**	(£0.050)	-	-	-	-
Car Park Charges Review	PLA	(£0.002)	(£0.126)	**(£0.128)**	(£0.118)	(£0.010)	-	(£0.019)	£0.019
Light Reduction - Trim and Dim	PLA	-	(£0.209)	**(£0.209)**	(£0.100)	(£0.109)	-	£0.109	(£0.109)
PLACE Subtotal		**(£0.072)**	**(£0.490)**	**(£0.562)**	**(£0.268)**	**(£0.119)**	**£0.175**	**£0.265**	**(£0.090)**
TOTAL SAVINGS PROGRAMME		**(£4.294)**	**(£16.566)**	**(£20.860)**	**(£13.461)**	**(£5.642)**	**£1.757**	**£2.326**	**(£0.569)**

3. Reserves

3.1. The table below shows the balance on reserves as at 31 March 2026 of £44.244m compared to the forecast year-end balance as at 31 March 2027 of £29.386m as at Quarter 2. This represents a forecast decrease of £14.858m, equating to a 33.7% 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)	-	(£1.974)
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	(£15.737)	£12.149	(£3.588)
Corporate Reserves	Stabilisation	Funding	(£1.542)	-	(£1.542)
Corporate Reserves			**(£26.077)**	**£12.750**	**(£13.327)**
External Funding			**(£5.650)**	**£1.649**	**(£4.001)**
GF RESERVES TOTAL			**(£44.244)**	**£14.858**	**(£29.386)**

*Opening balance increase by £0.138m to reflect a retrospective 2025/26 accounting adjustment.

3.2. Following the approved use of £3.977m of reserves to support the 2026/27 budget, the current forecast overspend of £8.218m would leave only £3.588m 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)	(£1.974)
Investment	Regeneration	-	(£0.020)	(£0.001)	(£0.001)
Investment	Transformation	(£0.838)	(£0.838)	(£0.838)	(£0.237)
Risk	Volatility/Demand	-	-	-	-
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)	(£15.737)	(£3.588)
Stabilisation Reserves	Funding	(£7.193)	(£1.542)	(£1.542)	(£1.542)
Corporate Reserves		**(£63.555)**	**(£40.901)**	**(£26.077)**	**(£13.327)**
External Funding		**(£13.634)**	**(£8.701)**	**(£5.650)**	**(£4.001)**
GF RESERVES TOTAL		**(£90.414)**	**(£63.615)**	**(£44.244)**	**(£29.386)**
Annual Reduction in reserves (£m)		**-**	**£26.799**	**£19.371**	**£14.858**
Annual reduction in reserves (%)		**-**	**29.6%**	**30.5%**	**33.6%**

4. 2026/27 Capital Programme Quarter 2

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. The September Cabinet meeting agreed a net increase of £22.228m to the 2026/27 Capital budget resulting in a revised Capital Programme at Quarter 1 of £132.440m.

4.3. The Capital Programme has been further updated to reflect several additions and rephasing adjustments identified at Quarter 2. The revisions to the Capital budget are detailed below and as follows:

Regeneration & Housing

Prestwich Travel Hub – In July 2026 Cabinet approved £0.153m of prudential borrowing to complete the Prestwich Travel Hub.

Homeless Accommodation Scheme – Receipt of £0.447m Ministry of Housing, Communities and Local Government (MHCLG) grant to fund the Homeless Accommodation Scheme.

Corporate Property & Estates

Bury Art Gallery & Museum – Progress on the roof replacement project has been impacted by design development and planning delays. As a result, expenditure funded by the Arts Council grant has been reprofiled, with £0.377m now expected to be incurred in 2027/28. This reflects a revised delivery timetable for the scheme and ensures that external grant funding remains aligned to the updated project schedule.

4.4. The net impact of these changes is an increase of £0.223m, Table 1 below summarises the net increase and the associated funding.

Capital Programme Amendments – Quarter 2		**Total additions / (re-phases) at Quarter 2 (£m)**
Capital Theme	**Capital Scheme**	
Regeneration	Prestwich Travel Hub	£0.153
Regeneration	Homeless Accommodation Scheme	£0.447
Corporate Property and Estates	Bury Art Gallery and Museum roof replacement	(£0.377)
Increase/(Decrease) Net to Capital budget		**£0.223**
Prudential Borrowing – Prestwich Travel Hub		£0.153

External Funding – Homeless Accommodation Scheme	£0.447
External Funding – Bury Art Gallery & Museum	(0.377)
Increase/(Decrease) to Funding	**£0.223**

4.5. Table 2 details the revised £132.663m 2026/27 Capital Programme at Quarter 2, the General Fund and Housing Revenue Account split is analysed as follows:

- £96.448m relates to General Fund Capital Programme schemes
- £36.215m relates to Housing Revenue Account (HRA) schemes.

4.6. 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 3 following a detailed assessment of in-year deliverability.

Capital Programme Summary – Quarter 2	**Approved Quarter 1 Programme Revised £m**	**Proposed Quarter 2 Programme Updates £m**	**Proposed Revised Programme at Quarter 2 £m**
Capital Expenditure by Theme			
Regeneration and Housing	25.239	0.600	25.839
Schools	27.149		27.149
Highways	28.702		28.702
Environmental & Communities Projects	1.618		1.618
Corporate Property & Estates	7.267	(0.377)	6.890
Transport Fleet Management	0.500		0.500
ICT & Digital Transformation	1.500		1.500
Organisation Redesign & Transformation	4.249		4.249
General Fund Expenditure Subtotal	**96.225**	**0.223**	**96.448**
HRA Expenditure Subtotal	**36.215**	**-**	**36.215**
Total Council Expenditure	**132.440**	**0.223**	**132.663**
Financing the Capital Programme			
Prudential Borrowing	38.480	0.153	38.633
External Funding	56.987	0.070	57.057
Capital Receipts	0.708		0.708
General Fund RCCO	0.050		0.050
General Fund Financing Subtotal	**96.225**	**0.223**	**96.448**
Prudential Borrowing HRA	15.280		15.280
External Funding HRA	0.150		0.150
Capital Receipts HRA	3.118		3.118
Housing Revenue Account DRF/MRR	17.667		17.667
HRA Financing Subtotal	**36.215**	**0.000**	**36.215**
Total Council Expenditure	**132.440**	**0.223**	**132.663**

4.7. This report seeks Cabinet approval to recommend to Council the inclusion of an additional £0.153m of Prudential borrowing (approved at July 2026 Cabinet) to support the Prestwich Travel Hub, and its implications for the 2026/27 revenue budget that arise from financing costs and an increased Minimum Revenue Provision

4.8. The Treasury Management budget in Quarter 2 is forecasting a pressure of £1.015m and consequently the additional borrowing approved will increase the Council's financing costs and place further pressure on the in-year treasury management budget. Any additional costs will need to be reflected within the Council's Medium Term Financial Strategy and will increase the 2027/28 budget gap.

2026/27 Capital Programme Delivery

4.9. The monitoring of the Capital Programme is undertaken throughout the year by the Council's Finance Team, working closely with operational services and respective project managers through monthly monitoring sessions.

4.10. Capital expenditure incurred up to 30 September 2026 totals £40.559m, representing 31% of the revised programme value of £132.663m. This expenditure reflects payments made by the Council for capital related goods, works and services between 1 April 2026 and 30 September 2026. A summary of expenditure to date is set out in Table 3 below.

Table 3 **Description**	**2026/27 Capital Programme**		**In-Year Performance**	
	Approved Quarter 1 Programme	**Revised Programme at Quarter 2**	**Actual Spend at Quarter 2**	**Actual Spend at Quarter 2**
	£m	***£m***	***£m***	***%***
Capital Expenditure by Theme				
Regeneration and Housing	£25.239	**£25.839**	£13.729	53%
Schools	£27.149	**£27.149**	£7.894	29%
Highways	£28.702	**£28.702**	£8.542	30%
Environmental & Communities Projects	£1.618	**£1.618**	£0.304	19%
Corporate Property & Estates	£7.267	**£6.890**	£0.238	3%
Transport Fleet Management	£0.500	**£0.500**	£0.411	82%
ICT & Digital Transformation	£1.500	**£1.500**	£0.850	57%
Organisation Redesign & Transformation	£4.249	**£4.249**	£0.770	18%
Subtotal General Fund Expenditure	**£96.225**	**£96.448**	**£32.748**	**34%**
Subtotal Housing Revenue Account Expenditure	**£36.215**	**£36.215**	**£7.811**	**22%**
Total Council Expenditure	**£132.440**	**£132.663**	**£40.559**	**31%**

Financing the Capital Programme			
Prudential Borrowing	£30.480	**£38.633**	
External Funding	£48.590	**£57.057**	
Capital Receipts	£0.708	**£0.708**	
General Fund RCCO	£0.050	**£0.050**	
General Fund Financing Subtotal	**£96.225**	**£96.448**	
Prudential Borrowing HRA	£15.280	**£15.280**	
External Funding HRA	£0.150	**£0.150**	
Capital Receipts HRA	£3.118	**£3.118**	
Housing Revenue Account DRF/MRR	£17.667	**£17.667**	
HRA Financing Subtotal	**£36.215**	**£36.215**	
Total Council Financing	**£132.440**	**£132.663**	

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 2 position on the collection fund is an in-year deficit of £2.597m, 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 £4.821m. The Council's share of the deficit is £4.546m and Greater Manchester Combined Authority's share is £0.274m (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 £4.821m (Bury share £4.546m) 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	£150.795	£51.173	**£201.967**
Section 31 grants		£16.367	**£16.367**
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	**£150.795**	**£67.540**	**£218.334**
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		£2.625	**£2.625**
Impairment of Debts/Appeals:			
Write-offs of Uncollectable Amounts	(£0.125)	(£0.050)	**(£0.174)**

(Increase)/Decrease in the Allowance for Impairment of Arrears	£1.254	£0.570	**£1.824**
(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	**(£149.806)**	**(£71.126)**	**(£220.932)**
2026-27 In-Year Surplus/(Deficit)	**£0.988**	**(£3.586)**	**(£2.597)**
Surplus/(Deficit) as at 31.03.2027	**(£1.495)**	**(£3.326)**	**(£4.821)**

Share of the 2026/27 Surplus/(Deficit)	**Council Tax £m**	**NNDR £m**	**TOTAL £m**
Bury MBC	(£1.253)	(£3.293)	**(£4.546)**
Police and Crime Commissioner	(£0.167)		**(£0.167)**
General Mayoral - Fire and Rescue Service	(£0.074)	(£0.033)	**(£0.107)**
Surplus/(Deficit) as at 31.03.2027	**(£1.495)**	**(£3.326)**	**(£4.821)**

5.4. The £4.821m 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 £2.223m brought forward into 2026/27.

5.5. The position also reflects a decrease in the allowance for impairment of 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 Quarter 2 forecast position on the HRA for 2026/27, which is an adverse variance of £0.076m, this represents an adverse movement of £0.135m from the (£0.059m) reported at Quarter 1.

HRA INCOME AND EXPENDITURE STATEMENT	2026/27 Revised Budget	2026/27 Quarter 2 Forecast	2026/27 Quarter 2 Variance	2026/27 Quarter 1 Variance	Q1 - Q2 Movement
	£m	£m	£m	£m	£m
INCOME					
Dwelling Rents	(£38.634)	(£38.363)	£0.271	£0.228	£0.043
Non-dwelling Rents	(£0.219)	(£0.164)	£0.055	£0.038	£0.017
Other Charges for Services and Facilities	(£1.126)	(£1.129)	(£0.003)	(£0.019)	£0.016
Contributions Towards Expenditure	(£0.005)	£0.001	£0.006	-	£0.006
Total Income	**(£39.984)**	**(£39.655)**	**£0.329**	**£0.247**	**£0.082**
EXPENDITURE					
Repairs and Maintenance	£11.409	£12.176	£0.766	(£0.050)	£0.816
Supervision and Management	£12.699	£11.636	(£1.064)	(£0.287)	(£0.777)
Special Services	£1.333	£1.366	£0.033	£0.032	£0.001
Rents, Rates, Taxes, and Other Charges	£0.200	£0.200	-	-	-
Depreciation of Non-Current Assets	£9.167	£9.167	-	-	-
Debt Management Expenses	£0.045	£0.045	£0.000	-	£0.000
Movement in Provision for Bad Debts	£0.565	£0.565	-	-	-
Total Expenditure	**£35.419**	**£35.154**	**(£0.264)**	**(£0.305)**	**£0.041**
HRA Services' Share of Corporate and Democratic Core	£0.384	£0.395	£0.011	-	£0.011
Net Income or Expenditure of HRA Services	**(£4.181)**	**(£4.106)**	**£0.076**	**(£0.059)**	**£0.135**
Interest Payable and Similar Charges	£5.248	£5.248	-	-	-
Interest and investment income	(£0.664)	(£0.664)	-	-	-
(Surplus) or Deficit for the Year on HRA Services	**£0.403**	**£0.478**	**£0.076**	**(£0.059)**	**£0.135**
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	-	-	-
Capital Expenditure Funded by the HRA	£8.500	£8.500	-	-	-
Total Appropriations	**£8.678**	**£8.678**	**-**	**-**	**-**

6.2. The current forecast position for the HRA will slightly increase the contribution from the HRA Reserve that was budgeted to be required for 2026/27 by £0.076m.

Details of significant variances include:

6.2.1. Supervision and Management has a forecast favourable variance of £1.064m (8.4%), a favourable movement of £0.776m from the variance reported at Quarter 1. Several factors are affecting the variance from budget including:

- Delays in recruiting staff to vacancies which generates some short-term savings, currently estimated at £0.216m.
- Expected savings of £0.874m in relation to review of central and other internal recharges.

6.2.2. Repairs and Maintenance – is forecasting an adverse variance of £0.766m (6.7%) an increase of £0.816m on the favourable variance reported at Quarter 1. The main causes of the overspend and adverse movement are:

- Disrepair costs – there has been a national trend seeing increasing numbers of disrepair claims being made. The adverse variance in 2025/26 was £0.276m, and although additional resources were put into the 2026/27 budget, the number of claims and resulting legal costs over the past 12 months is unprecedented. Current forecast adverse variance of £0.257m in total against Disrepair budgets (73.8%).
- Vacancies – the service are having trouble recruiting to established posts due to shortages in certain specialisms resulting in premiums being paid for agency staff. In addition, some specialisms, which are currently in demand, cannot be carried out by in house staff and must be covered by sub-contractors. Current favourable variance on salary costs of £0.905m (19.3%). This is partially offset by use of agency staffing forecasting an adverse variance of £0.400m for the year.
- Sub-contractor spend – The challenges associated with maintaining adequate in-house staffing levels have resulted in significant underspends; however, they have also increased reliance on outsourced subcontractors, giving rise to additional cost pressures. Analysis and mitigation activity undertaken during the first few months of the year has not yet delivered any significant financial improvements. Nevertheless, this work remains ongoing, and it is anticipated that further variances can be contained as the year progresses. Current forecast is for an adverse variance of £0.977m on sub-contractor budgets (58.0%).

6.2.3. Dwelling rents – At this stage there is a forecast adverse variance of £0.271m (0.74%) an increase of £0.228m on the forecast reported variance at Quarter 1. The main reason for this is the increased number of Right to Buy (RTB) sales which completed during the first half of the year, total 36 against a full-year budgeted forecast of 18, leaving less rent available for collection. The upside however is that the authority will receive a higher level of Capital Receipts than budgeted for, with which to support future HRA development opportunities.

6.2.4. Service Charges are forecasting to be on budget however work is

continuing to ensure the HRA are levying the right level of charges across the service.

6.2.5. Non-Dwelling Rents are currently forecasting an adverse variance of £0.055m (25%), further work is required to determine whether this variance is a short-term pressure or indicative of a longer-term budget issue.

6.2.6. 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. At Quarter 2 the forecast spend is a favourable variance of £4.587m, an increase of £0.139m from the £4.448m reported at Quarter 1.

2026/27 HRA CAPITAL PROGRAMME	2026/27 Revised Budget	2026/27 Quarter 2 Forecast	2026/27 Quarter 2 Variance	2026/27 Quarter 1 Variance	Q1 - Q2 Movement
	£m	£m	£m	£m	£m
CAPITAL EXPENDITURE					
Major Works & Improvements	£17.175	£12.792	(£4.383)	(£4.068)	(£0.315)
Other Capital Spend	£5.945	£6.253	£0.308	-	£0.308
New Build Development Costs	£3.118	£3.118	-	-	-
Disabled Adaptations	£1.598	£1.635	£0.037	(£0.380)	£0.417
Carbon Reduction Schemes	£8.379	£7.830	(£0.549)	-	(£0.549)
Total Capital Expenditure	**£36.215**	**£31.628**	**(£4.587)**	**(£4.448)**	**(£0.139)**
CAPITAL FINANCING					
Prudential Borrowing	(£15.280)	(£10.693)	£4.587	£4.448	£0.139
External Funding	(£0.150)	(£0.150)	-	-	-
Capital Receipts	(£3.118)	(£3.118)	-	-	-
HRA Direct Revenue Financing	(£8.500)	(£8.500)	-	-	-
HRA Major Repairs Reserve	(£9.167)	(£9.167)	-	-	-
Total Capital Financing	**(£36.215)**	**(£31.628)**	**£4.587**	**£4.448**	**£0.139**

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 2 Forecast	2026/27 Quarter 2 Variance	2026/27 Quarter 1 Variance	Q1 - Q2 Movement
	£m	£m	£m	£m	£m
Balance on the HRA at the End of the Previous Reporting Period	**(£18.386)**	**(£19.861)**	**(£1.475)**	**(£1.475)**	**-**
(Surplus) or Deficit for the Year on the HRA Income and Expenditure Statement	£0.403	£0.478	£0.076	(£0.059)	£0.135
Appropriations	£8.678	£8.678	-	-	-
Net (Increase) or Decrease before Transfers to or from Reserves	**£9.080**	**£9.156**	**(£1.399)**	**(£1.534)**	**£0.135**
Transfers to/(from) Earmarked Reserves	-	-	-	-	-
(Increase) or Decrease in Year on the HRA	**£9.080**	**£9.156**	**(£1.399)**	**(£1.534)**	**£0.135**
Balance on the HRA at the End of the Current Reporting Period	**(£9.306)**	**(£10.705)**	**(£1.399)**	**(£1.534)**	**£0.135**

7. Dedicated Schools Grant Forecast Outturn

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:

Quarter 2 DSG Monitoring	Budget (£m)	Q2 Forecast (£m)	Q2 Variance (£m)	Q1 Variance (£m)	Q1 - Q2 Movement (£m)
High Needs Block	£45.926	£58.150	£12.224	£10.287	£1.937
Early Years Block	£39.465	£39.465	-	-	-
Schools Block	£177.333	£177.333	-	-	-
Central School Services Block	£1.175	£1.160	(£0.015)	-	(£0.015)
Early Years Block DSG Adj 2025/26	-	£0.882	£0.882	-	£0.882
Total	**£263.898**	**£276.989**	**£13.091**	**£10.287**	**£2.804**

7.2. The main reasons for variance between Quarter 1 and Quarter 2 is primarily due to an increases in the cost and demand for Independent (Out Borough) Special Schools.

7.3. Due to DfE funding mechanisms, an Early Years DSG funding deduction of £0.882m also occurred in July 2026, which relates to the underspend reported as part of the Council's 2025/26 outturn report, and balances over the two financial years.

7.4. 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.

7.5. The major risk to the Council is the High Needs Block (HNB) with 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

7.6. The HNB covers Special Educational Needs (SEN) funding for pupils aged 0 to 25 irrespective of which setting they attend. There remains significant ongoing financial pressure facing the HNB block as the demand and costs continue to rise as the number of children and young people with EHCPs continues to grow, but the HNB funding from DfE has not kept pace and increased in line with this growth, creating DSG deficits across many Councils. The broad headings for the HNB 2026/27 budget and forecast outturn position are shown below

	2026/27

High Needs Block (HNB)	Forecast £m
Specials Schools and Pupil Referral Unit (PRU)	18.254
Resourced Provision within Mainstream Schools	2.228
Early Years Funding	0.365
SEN Funding within Mainstream Funding (EHCP's)	11.659
Independent (Out Borough) Special Schools	17.210
Post 16 Commissioned Places	2.400
Alternative Provision	4.333
SEN Support Services	1.702
Total Expenditure	**58.150**
High Needs Block Allocation	(45.576)
School Block Transfer	(0.350)
Total Income	**(45.926)**
Balance	12.224
Deficit b/fwd. from 2025/26	**20.285**
High Needs Stability Grant 2026/27	**(18.356)**
Forecast in year deficit	**13.091**
Estimated deficit c/fwd to 2027/28	**15.019**

7.7. In February 2026, the DfE announced the introduction of the High Needs Stability Grant (HNSG) for Autumn 2026, which will fund 90% of the DSG Unusable Reserve at the end of 2025/26, subject to an approval local SEND reform plan. Currently there is a DSG statutory override, which is a temporary accounting rule in England that allows local authorities to separate DSG deficits from their main revenue budgets. This protection prevents councils from breaching their legal duty to set a balanced budget.

7.8. The council recently received approval from the DfE of our Local SEND reform plan, and £18.356m of HNSG will be received by 30 November 2026 to contribute to the historic DSG deficit.

7.9. Whilst the HNSG is welcome, the pressure upon SEND and the HNB remains a national issue with funding reform is required due to the significant in year overspend within the HNB forecast. Maintaining the current level of funding and anticipating future demand pressures, a draft DSG forecast has been provided to show the projected impact of demand far exceeding resourcing inclusive of the 90% HNSG funding.

Year	Opening Deficit Balance	In Year Deficit	90% HNSG	Total DSG Deficit
	£m	£m	£m	£m
2026/27	20.285	13.091	-18.356	15.019
2027/28	15.015	17.407	-13.517	18.905
2028/29	18.909	23.217	-17.015	25.111

7.10. The overall DSG deficit at the beginning of the 2026/27 financial year was

£20.285m. 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 in year DSG deficit position is £13.091m, with a total DSG deficit of £15.019m (including HNSG allocation).

7.11. Many local authorities continue to face serious budgetary pressures and deficits which have been building over several 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 capacity meaning there is more reliance on expensive independent special school's fees.
- Inflationary pressures being greater than the increase in HNB funding

Appendix 1: Prudential Indicators Quarter 2 2026/27

The Authority measures and manages its capital expenditure, borrowing and commercial and service investments (where applicable) with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure: The Authority has undertaken and is planning capital expenditure as summarised below:

Table 1: Capital Expenditure

Description	2025/26 actual	2026/27	2027/28	2028/29

General Fund services	81.240	96.448	28.028	11.080
Council housing (HRA)	19.174	36.215	23.056	16.549
Non-Financial Investments	0.000	0.000	0.000	0.000
Total	**100.413**	**132.663**	**51.084**	**27.629**

The original forecast for 2026/27 approved as part of the Capital Strategy 2026/27-2028/29 on 25 February 2026 was £110.212.

Capital Financing Requirement: The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP), Loan Repayments and capital receipts used to replace debt.

Table 2: Capital Financing Requirement

Description	31.3.2026 actual	31.3.2027 forecast	31.3.2028 forecast	31.3.2029 forecast
General Fund services	244.564	283.507	287,791	291.869
Council housing (HRA)	127.324	137.902	142.766	149.590
Non-Financial Investments	65.683	63.519	62.986	62.437
Other Debt Liabilities	9.958	9.129	8.258	7.344
Capital Financing Requirement	**447.529**	**494.056**	**501.801**	**511.239**

Gross Debt and the Capital Financing Requirement: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Table 3: Gross Debt and Capital Financing Requirement

Description	31.3.2026 actual	31.3.2027 forecast	31.3.2028 forecast	31.3.2029 forecast
Debt (incl. PFI & leases)	365.671	374.148	307.076	267.553
Capital Financing Requirement	447.529	494.056	501.801	511.239

Debt and the Authorised Limit and Operational Boundary: The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach

the limit.

Table 4: Debt and the Authorised Limit and Operational Boundary

Description	Debt at 30.09.26	Maximum debt Q2 2026/27	2026/27 Authorised Limit	2026/27 Operational Boundary	Complied With Y/N
Borrowing	393.910	439.303	495.523	485.523	
PFI and Finance Leases	9.958	9.958	10.129	9.129	
Total debt	**403.868**	**449.261**	**505.652**	**494.652**	**Yes**

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Proportion of Financing Costs to Net Revenue Stream: Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP/Loan Repayments are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 5: Proportion of Financing Costs to Net Revenue Stream

Description	2025/26 actual	2026/27 forecast	2027/28 forecast	2028/29 forecast
Proportion of net revenue stream (General Fund)	2.41%	3.81%	2.34%	2.63%
Proportion of net revenue stream (HRA)	9.99%	11.82%	13.63%	13.92%

Treasury Management Indicators:

Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Table 6 Maturity Structure of fixed rate borrowing

Maturity structure of fixed rate borrowing	30/09/26 £m	31/09/26 %	31/03/27 Forecast £m	31/03/27 Forecast %
Under 12 months	**35.500**	9%	**47.000**	13%
12 months and within 24 months	**22.000**	6%	**35.000**	9%
24 months and within 5 years	**90.000**	23%	**98.000**	26%
5 years and within 10 years	**128.785**	33%	**104.342**	28%
10 years and Over	**117.575**	30%	**89.256**	24%
Total Debt	**£393.910**	**100.00%**	**£373.598**	**100.00%**

Liability Benchmark: This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

Table 7 Liability Benchmark:

Description	31-Mar-2026 Actual £m	31-Mar-2027 Forecast £m	31-Mar-2028 Forecast £m
Loans CFR	£437.200	£502.300	£517.200
Less: Balance sheet resources	(£86.100)	(£86.100)	(£86.100)
Net loans requirement	**£351.100**	**£416.200**	**£431.100**
Plus: Liquidity allowance	£10.000	£10.000	£10.000
Liability benchmark	**£361.100**	**£426.200**	**£441.100**
Existing borrowing	**£365.671**	**£373.600**	**£307.100**

Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £53.996m in 26/27 followed by £13.364m in 27/28 and £15.324m in 28/29 ~~£15m a year in 27/28 and 28/29,~~

Minimum Revenue Provision on new capital expenditure is based on a 25-year asset life. Income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below.

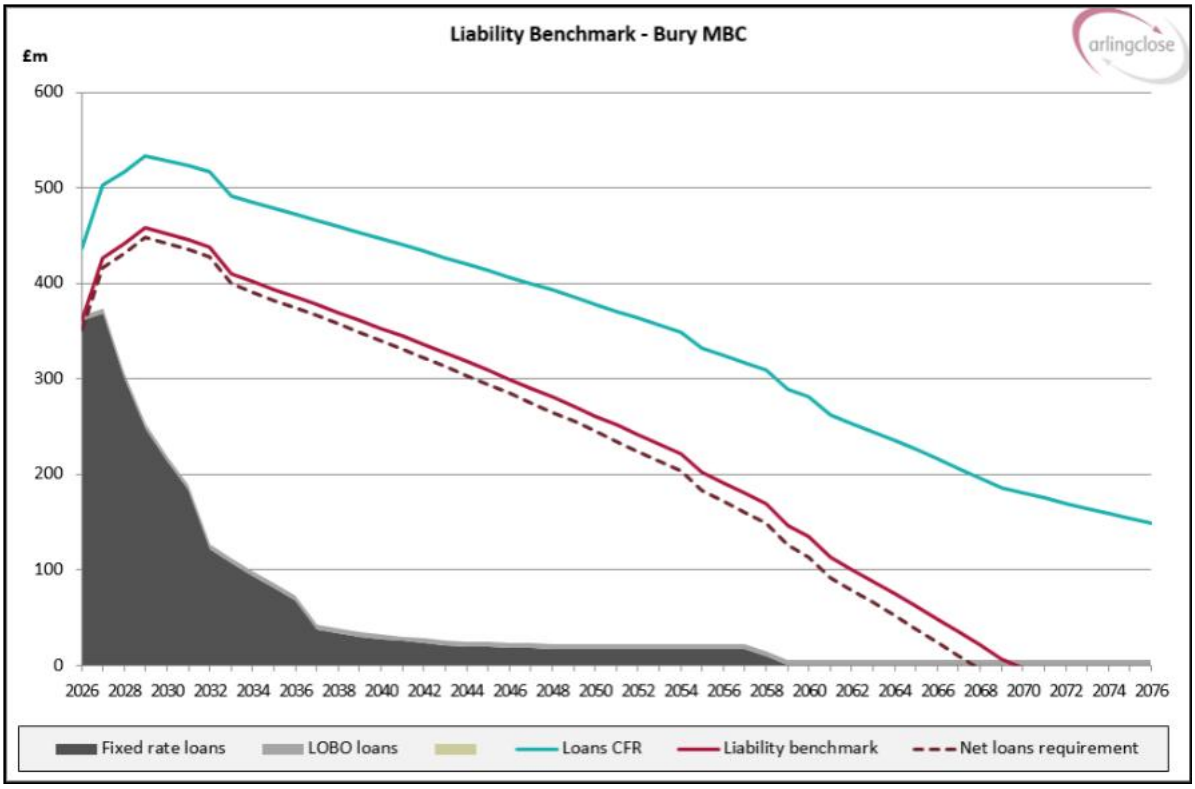

Chart Key:

Fixed rate loans - The grey shaded area represents the Council's existing loans and shows their current maturity profile.

Loans CFR - The blue line is calculated in accordance with the loans CFR definition in the Prudential Code and represents the Council's underlying need to borrow for capital spending that has not yet been financed by other means.

Net Loans Requirement - The dotted red line is based upon the CFR but factors in other balance sheet resources, such as cash-backed reserves and working capital. These balances improve the Council's cash position and enable it to maintain an under-borrowed position by not externally borrowing up to the full CFR, thus saving on interest costs. Should these resources decrease (for example if reserves are used up) then this line will be raised closer to the loans CFR suggesting that more borrowing is needed.

Liability Benchmark - The solid red line is the Council's net loans requirement plus short-term liquidity allowance (a notional buffer of £10m) for cashflow purposes. This is the level of borrowing the Council will need in order to maintain this desired cash position.

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 two 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 2

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
Finance Update Report - 2026/27 Quarter 1 Position

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