Report to the Overview Scrutiny and Management Commission – 12 December 2025
Cabinet – 15 December 2025

Wards: ALL

Revenue Budget Monitoring 2025-26 – Third Formal Report

Report of the Executive Director of Corporate Resources (Section 151 Officer)

Report Status:
This item is not exempt
Therefore exempt reasons are not applicable

This is a non-key decision.

1. Purpose of the Report and Summary

1.1 To update Members on the revenue budget monitoring position as at Period 7 (October 2025), explanations for material variances from Budget, year-end projections, and the management actions being taken where appropriate.

1.2 The report sets out the General Fund revenue budget monitoring position and also those for the Dedicated Schools Grant (DSG) and the Housing Revenue Account (HRA), with further details provided in the accompanying Appendices.

General Fund

1.3 Although at this stage of the financial year there continues to be a degree of uncertainty regarding the likely year end position with the budget affected by both national and local pressures; however, the current projections would indicate a projected overspend of £6.5m. This is the result of additional pressures in Adult and Children Social Care. Given the ongoing inflationary pressures in the economy and the demand on Council services, cost control by Directors and Assistant Directors continues to be critical to bring the spending within the budget envelope.

1.4 The main factors influencing the projected Adult Social Care pressures are a higher than budgeted number of individuals been placed in residential care and supported living, alongside the average weekly cost of placements now increasing. Adult Social Care are also seeing an increasing number of high

costs placements approved at short notice through the Transforming Care Programme.

1.5 The projected pressures in Children and Young People and Family Services are the results of both costs and numbers increases in Children Looked After placements. There are also continued financial pressures on our internal children's homes, which are more affordable than external provision but are an increasing budget pressure.

1.6 The Directorates have also highlighted the potential risk of some pressures above the level reflected in the figures presented in this report. These will be monitored during the remainder of the financial year, with a view of mitigating the ones that will materialise, through savings within the Directorate or at Corporate level.

1.7 It is essential that services continue to control costs for the remainder of the financial year to minimise the projected service deficits. There is an expectation that the efficiencies (carried forward from 2024/25 and the 2025/26 combined) will return £5.6m of savings across the service areas. However, as noted in the Directorate projections, there are some risks to delivery for some of those savings at this stage of the monitoring process, details are reported in the individual Directorate Appendices.

DSG

1.8 The overall projected position on the DSG is an in year deficit of £12.8m, an increase of £2.5m compared to previous estimate at Period 5. This would lead to a cumulative deficit of £20m at the end of 2025-2026. Further details are provided in the Children's services appendix (B). The national context for DSG remains unsustainable with a projected funding shortfall leading to a deficit over £5bn across all Councils. In Hull, our DSG deficit position is now deteriorating and remains challenging in terms of demand. Following the announcement of the Fair Funding 2.0 consultation, nationally Government is proposed to further extend the DSG override until March 2028 and further details of specific underpinning policy and legislation changes to support this are anticipated later this year.

HRA

1.9 The HRA forecast is in line with a balanced budget for 2025-26. However, there are some variances across individual budget lines. Further details are available in the Legal Services and Partnerships appendix (C).

2. Recommendations

2.1 That members note the projected overall overspend position.

2.2 That Directorates continue to minimise costs throughout the year, in line with recommendations contained within the MTFP Update presented at July 25

Cabinet and further MTFP updates contained within the December 25 Cabinet agenda.

2.3 That members note the forecast in year deficit of £12.8m for the DSG, and the requirement for actions/mitigations and future funding to bring the cumulative position into balance in the medium term.

2.4 That members note the balanced position reported for the HRA.

3. Reasons for Recommendations

3.1. The Council needs to ensure that it is managing its resources effectively while ensuring that the public receive the benefits from the functions that it provides itself or commissions from other service providers.

4. Impact on other Executive Committees (including Area Committees) and decision makers:

4.1. Impact on other Executive Committees (including Area Committees) and decision makers
There is no impact upon other committees.

4.2. Contribution to the delivery of the Community Plan, the Council Plan and/or Area Plans
The overall sustainable financial position of the Council is integral to the key organisational strategies such as the Community Plan, Council Plan and Area Plans.

4.3. Impact on other key strategies/business plans
The overall sustainable financial position of the Council is integral to the key organisational strategies such as the Community Plan, Council Plan and Area Plans.

4.4. Equalities Impact Information
There is no equality impacts identified as a result of this report.

5. Consultation

5.1. Directors and Assistant Directors, working in conjunction with Finance Business Partners and the Director of Corporate Resources (S151), produce the associated financial forecast outturn and individual service area appendices outlined within this report. This report is the presented to individual service area and the overview scrutiny commission.

6. Background

6.1 The third formal revenue budget monitoring round for 2025/26 has been undertaken by Head of Services, Assistant Directors and Directors and results in projected outturn positions.

7. Issues for Consideration

Finance Summary of the General Fund Year End Position

7.1 Table 1 below summarises the forecasted outturn positions for each directorate which are included in the appendices A-E to this report and scheduled for reporting to the relevant Scrutiny Commissions.

Table 1 – Projected Financial Outturn Position up to 31 March 2026 for the General Fund

25/26 Projected Position	Full Year Budget	Year End Forecast	Projected Variance	Projected Variance second formal report	Variation Between Periods
	£'000	£'000	£'000	£'000	£'000
Adults Social Care	127,706	130,335	2,629	2,182	447
Public Health	22,961	22,961	0	0	0
City Safe	2,644	2,644	0	0	0
Total Public Health and Adults Services	**153,311**	**155,940**	**2,629**	**2,182**	**447**
Children Safeguarding	73,866	78,466	4,600	3,476	1,124
Learning and Skills	10,164	11,439	1,275	1,354	-79
Early Help Partnerships and Performance	9,822	10,063	241	85	156
Total Children's Services	**93,852**	**99,968**	**6,116**	**4,915**	**1,201**
Economic Development and Regeneration	6,039	6,039	0	0	0
Property & Assets	12,313	12,313	0	0	0
Culture, Space and City Centre	3,402	3,402	0	0	0
Chief Executive	1,055	1,055	0	0	0
Major Projects	5,119	4,961	-158	0	-158
Streetscene	38,851	40,011	1,160	903	257
Total Regeneration	**66,779**	**67,781**	**1,002**	**903**	**99**
Town Clerk	8,041	8,041	0	-102	102
Customer Services	3,332	3,822	490	593	-103
Human Resources	3,651	3,503	-148	-152	4
Neighbourhoods & Housing	6,750	8,382	1,632	1,365	267
Total Legal Services and Partnerships	**21,774**	**23,748**	**1,974**	**1,704**	**270**
Corporate Finance	9,499	9,230	-269	-75	-194
Digital and ICT	7,917	7,917	0	0	0
Leisure Commissioning	5,459	6,059	600	600	0
Total Finance and Transformation	**22,875**	**23,206**	**331**	**525**	**-194**
Total of all Service Areas	**358,591**	**370,643**	**12,052**	**10,229**	**1,823**
Corporate items					
Corporate Expenditure	23,310	23,825	515	2,062	-1,547
Contingencies	11,089	6,469	-4,620	-5,758	1,138
Grants	-153,929	-154,867	-938	-938	0
Reserves	0	0	0	0	0
Council Tax/Business Rates	-239,061	-239,520	-459	0	-459
Total Corporate Items	**-358,591**	**-364,093**	**-5,502**	**-4,634**	**-868**
General Fund Total	**0**	**6,550**	**6,550**	**5,595**	**955**

Corporate Budgets

7.2 Corporate Budgets contingencies were created at the beginning of the year to off-set the anticipated cost increases arising during the year. The projections assume the current £4.6m non pay contingency is held against the forecast pressures pending confirmation of actual costs later in the year.

7.3 The corporate expenditure forecast overspend is mainly the result of anticipated pressures in historical pension costs and capital financing costs as interest rates continue to remain high. This has been mitigated now by better than anticipated interest and dividends receipts. The projected figures represent the best estimates at this time but the position for these items remains uncertain and carry an element of risk as is affected by a number of external factors, whose movements are currently difficult to predict.

8. Options and Risk Assessment

8.1 At this stage of the year the main risk is that in the remaining months there are unforeseen variations in the level of cost and demand, and hence net expenditure, falling on the Council, resulting in the forecast position proving to be understated. This is particularly the case regarding contractual inflation, pay inflation and social care, where ongoing pressures on volumes and significant unit costs can mean that a relatively low number of additional cases may add substantial new spending requirements.

8.2 Future Revenue Budget Monitoring Reports will identify and address any issues arising from the above risks. Reports relating to the Council's MTFP and 2026/27 Budget will need to reflect the 2025/26 forecast outturn position.

9. Comments of the Monitoring Officer (Town Clerk)

9.1 The continuing pressure on the Revenue budget is noted, in particular in relation to Children's Safeguarding and Homelessness, observed in the Neighbourhoods and Housing budget. Measures are under way that are having an immediate impact upon Homelessness spend and should result in an improving position by the end of the current financial year. [IA]

10. Comments of the Section 151 Officer (Executive Director of Corporate Resources)

10.1. The Section 151 Officer is the author of this report.

11. Comments of the Assistant Director OD & HR and compliance with the Equality Duty

11.1. There are no staffing or equality issues arising from this report. KH

12. Comments of Overview and Scrutiny

This report will be considered by the Overview and Scrutiny Management Committee at its meeting on the 12th December 2025. Any comments or recommendations agreed by the Committee will be submitted to Cabinet for consideration alongside the final report. Ref: Sc9059 [PT]

12 Comments of the Portfolio Holder – Councillor Dad

12.1 I note the latest year end forecasts which recognise the on-going pressures faced by the Council. It is vital that any year end impact is minimised recognising the need to protect Council reserves in this and future years.

14 Conclusions of the Section 151 Officer and Implications on the MTFP

14.1 The third formal revenue monitoring cycle has been a valuable process and the outcome from it is available, in order to aid the assessment of the Council's financial position. Although the 2025/26 year end projection remains very uncertain, the latest forecast indicates a projected overspend of £6.5m. Sound cost control will be needed to bring the spend within the budget envelope and work to recover the financial deficit position will continue to be a priority.

14.2 Significant risk of cost pressures have been identified in relation to care provision and general inflation, which will be reflected in future MTFP updates.

14.3 The review work relating to the DSG is a Council priority and remains a key area of risk to local government. The policy update later this year and associated financial implications will inform any additional action required and plans continue to be worked through with the service. The risk that any unresolved balance remains for the Council to have to accommodate cannot be allowed to crystallise as there are no resources to absorb such costs. Therefore, the proposed extension of the DSG override to March 2028 is welcomed but close financial monitoring will be required to mitigate potential pressures in the medium term.

14.4 The HRA is projecting a balanced financial outturn for the year end, however, it is acknowledged this is an early stage within the financial year. This balanced position is a reflection of the wider approach to service delivery and capital investment programme for the HRA.

David Bell

Executive Director of Corporate Resources (Section 151 Officer)

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Officer Interests: None Background Documents: - None

Implications Matrix

This section must be completed and you must ensure that you have fully considered all potential implications

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant Director/Assistant Director	Yes
I have included any procurement/commercial issues/implications within the report	N/A
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	N/A
Any human rights implications are included within the report	N/A

I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	N/A
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	N/A
I have considered how the decision may contribute or impact on culture and heritage within the city.	Yes
I have included information about how this report contributes to the Community Plan/ Area priorities within the report	Yes
I have considered the impact on air quality, carried out an appropriate assessment and included any resulting actions or opportunities necessary to improve air quality in the report.	N/A