Appendix 2

Financial Performance to June 2026 Q1

1. Introduction

This report includes a summary update on financial performance in respect of employee expenses (including salaries and agency costs), income (including fees and charges) and the capital programme as at 30 June 2026.

2. Employee Position

The summary position for employee budgets on 30 June 2026 is shown below. The original budgets assumed 3% pay inflation in 2026/27. The budget figures shown do not include the vacancy rate target set when the original budget was approved. The total vacancy saving for the General Fund and the Housing Revenue Account (HRA) in 2025/26 are targets of £800k and £450k respectively and the total underspends will need to meet these targets.

Department	Total Budget £'000	**Pro-rata Budget £'000**	**Actual £'000**	Variance £'000
Chief Executive	976	**244**	**232**	(12)
Deputy Chief Executive	5,013	**1,253**	**1,065**	(189)
Dir. Environment & Leisure	5,606	**1,401**	**1,282**	(120)
Dir. Housing, Env Health & Communities	3,337	**834**	**764**	(71)
Dir. Planning & Economic Development	1,726	**431**	**435**	4
Dir. Legal & Democratic Services (MO)	971	**243**	**229**	(14)
General Fund Total	17,629	**4,407**	**4,006**	**(401)**
HRA Total	6,002	**1,500**	**1,324**	**(176)**
Grand Total	23,631	**5,908**	**5,331**	**(577)**

There is an underspend of £577k on salaries and agency costs as at 30 June 2026. This position needs to be adjusted and is considered further below.

a. General Fund

The General Fund underspend is £401k. This figure is notionally adjusted to allow for the budgeted 3% pay award that has not yet been agreed. This reduces the variance by £108k. Estimated overtime and agency still to be paid in arrears further reduces the saving by £51k. **The adjusted position for the General Fund is an underspend of £242k.** This compares favourably with the annual vacancy rate of £800k, which pro-rata to 30 June 2026 is a target of £200k.

b. Housing Revenue Account (HRA)

The HRA underspend is £176k. Again, this is notionally adjusted to allow for the budgeted 3% pay award that has not yet been agreed. This reduces the variance by £38k. Estimated overtime and agency still to be paid in arrears would further reduce the saving by £4k in total. **The adjusted position for the HRA is an underspend of £134k.** This compares favourably with the annual vacancy rate of £450k, which pro-rata to 30 June 2026 is a target of £112k.

c. Pay Awards – Further Pay Inflation Pressure

The salary budget for 2026/27 was calculated with an assumption of a 3% uplift for the pay award. On 2 June 2026, the National Employers made an offer for the 2026/27 pay award as a 3.3% uplift on all NJC pay points from 2 to 43 (equivalent to Grade 2 to 15. This pay offer has not yet been accepted by the Unions. The Chief Executive’s pay award has similarly not yet been agreed. The pay award for Chief Officers (Grades CO1 to CO4) has been agreed at 3.3%. If this pay award is accepted later, the overall impact on the budget for the year would be around £67k.

3. Income Budgets

The position to 30 June 2026 in respect of the most significant variable income budgets is as follows:

Income	Annual Budget £’000	Ledger Income to 30/06/26 £’000	Latest Projection £’000	Projected Variance to Budget £’000
Planning Fees	(525)	(172)	(600)	(75)
Pre-Planning and History Fees	(20)	(9)	(25)	(5)
Industrial Units Rents	(217)	(173)	(224)	(7)
Scargill Walk Rents	(6)	(3)	(7)	(1)
Craft Workshop Rents	(29)	(10)	(34)	(5)
Markets	(15)	(5)	(16)	(1)
Garden Waste Income	(1,090)	(1,037)	(1,090)	-
Trade Refuse Income	(625)	(559)	(625)	-
Recycling Credits - Glass	(135)	-	(135)	-
Sale of Glass	(72)	(22)	(72)	-
Sale of Wheeled Bins	(40)	(11)	(40)	-
Special Collections Income	(70)	(17)	(70)	-
Parking Income (Pay and Display)	(402)	(98)	(402)	-
Off-Street PCN Income	(25)	-	(25)	-

Income	Annual Budget £'000	Ledger Income to 30/06/26 £'000	Latest Projection £'000	Projected Variance to Budget £'000
Cemeteries	(251)	(44)	(251)	-
Parks	(61)	(26)	(61)	-
Miscellaneous Legal Charges	(20)	(8)	(20)	-
Land Charges Income	(40)	(14)	(40)	-
Licensing Income	(140)	(29)	(140)	-
Interest on Investments	(450)	(178)	(450)	-
Beeston Square Rent	(997)	(474)	(1,050)	(53)
Council Offices	(45)	(10)	(45)	-
Durban House	(43)	(11)	(43)	-
Stapleford House	(5)	-	(5)	-
Stapleford Hub	(9)	(2)	(9)	-
Total	**(5,332)**	**(2,912)**	**(5,479)**	**(147)**

The current projection is for net **increased** income of £147k.

Notes

The status relates to income billed rather than wholly collected income. Most of the current annual projections are pro-rata based upon activity to 30 June 2026 and these forecasts will be further refined as the financial year develops.

i) Income from planning fees is higher than 2024/25, but lower than 2025/26 where larger applications were received which resulted in an over-achievement of income. This demonstrates the potential volatility with income from planning fees being skewed towards the larger development schemes.

ii) Rents from industrial units will be adjusted at year end as tenants are billed in advance i.e. accruals, receipts in advance and provision for non-payments.

iii) Garden Waste income subscriptions are currently at 21,407 compared to 21,850 in 2025/26. Up to June, the Council is up by 121 subscriptions and income received in Q1 is 1.1% higher than this time last year. Trade Refuse income has seen a reduction in customers, but the pricing structure has changed, with a charge added for the recycling collections. Income received in Q1 is £559k compared to £484k received last year.

iv) Income from off-street parking Penalty Charge Notice (PCN) is received from Nottinghamshire County Council at the end of the financial year.

v) Cemeteries income is broadly in line with budget except for grave purchases which consistently remain below budget for last three years.

vi) Parks income received to date is achieving against budget to date although one invoice (£10k) is raised in advance for the full year.

vii) Legal Services are permitted to charge when instructed on certain matters, with the level of income being dependent on the number of instructions received. The service achieved over its fees target for 2025/26 and is similarly achieving against budget to date.

viii) Land Charges income is achieving against budget.

ix) Licencing income is currently at a deficit of £7k against budget to date.

x) Interest from long-term investments is fully transferred out of the interest holding account at the end of the financial year. The interest over three months stands at £178k. Overall benefit will be shared with HRA through the ‘Item 8 Calculation’ which is completed at the financial year-end.

xi) Beeston Square rents are made up of income from both phase 1 and phase 2 units and includes allowances for any vacant units.

4. <u>Capital Programme</u>

Capital expenditure to 30 June 2026 is summarised as follows:

	Approved Budget 2026/27 £’000	**Actual Spend to 30/06/26 £’000**	**Proportion of Budget Spent**
General Fund (GF)	30,370	823	3%
GF – Stapleford Towns Fund	5,713	1,255	22%
GF – Kimberley Means Business	4,596	379	8%
Housing Revenue Account (HRA)	14,368	1,663	12%
Housing Delivery Plan (HRA)	11,790	399	3%
TOTAL	**66,838**	**4,518**	**7%**

The table includes all schemes brought forward from 2025/26, approved by Cabinet on 30 June 2026, in addition to any other budget changes made up to 30 June 2026. No account has been taken of any invoices received but not yet paid or work that has taken place, but where no invoices have yet been received.

The most significant schemes with regards to spend are as follows:

Scheme	Budget 2026/27 £'000	Spend to 30/06/26 £'000	Comments
GENERAL FUND			
Disabled Facilities Grants	1,623	123	Ongoing with further grants committed.
Replacement Vehicles and Plant	1,449	184	Orders raised for vehicles in the replacement programme.
Implementation of Food Waste Collection	1,662	-	Containers ordered and vehicles orders are on track. Trial goes live in September 2026.
Pride in Parks	367	15	Schemes in progress at design and procurement stage.
Chilwell Quarry Stabilisation Works	245	-	Initial stabilisation works now complete; management of site to be transferred to a specialist third-party.
Bramcote Quarry Improvement Scheme	107	-	External funding being sought to complement scheme; works at design stage.
Stapleford Cemetery Extension	150	-	Scheme delayed.
Refurbishment of Brinsley Headstocks	137	-	Final stage of procurement underway, costs are likely to exceed budget.
New Replacement Bramcote Leisure Centre	21,434	-	In progress, with budget approved and contracts due to be signed; work anticipated to commence in August 2026
Padel Canopy - Stapleford Community Pavillion	200	-	Tender currently live for canopy works; planning submission will follow the tender process.
Gym Equipment Replacement	650	-	Contract to be tendered in Q3
Council Offices - Fire Safety Works	161	85	Work to complete in July 2026
Beeston Square Capital Works	130	-	No further work required.
ICT Replacement and Development Programme	227	98	Budget provision for new back-up solution; replacement of 85 laptops; and for new tablets and smartphones in areas where business cases are approved.

Scheme	Budget 2026/27 £'000	Spend to 30/06/26 £'000	Comments
ICT Technical Infrastructure Architecture	255	-	Budget for replacement of network infrastructure, including new Core and all Edge switch infrastructure and switches related to CCTV infrastructure.
ICT E-facilities Initiatives (Digital by Design)	113	3	Budget to introduce new digital systems to promote self-service, automation, Gen AI and system integration. Some budget assigned towards new in-cab units for the waste vehicles.
STAPLEFORD TOWNS FUND			
Stapleford Towns Fund (STF)	5,713	See below	In progress with budget allocated across project strands.
STF – Community Pavilion	Included above	8	Pavilion complete with snagging being addressed. Cricket pitch works onsite and to complete October 2026. Cricket pavilion submitted to planning.
STF – Town Centre Traffic Management 'Street Improvement Scheme'	Included above	1	Project designs underway; next stage of public consultation in September. Project to complete early 2027, although budget remains a risk until completion.
STF – Cycle Network 'Active Travel/Associated Infrastructure'	Included above	-	Skatepark and cycle training track completed; Pasture Road/ Albany School crossing work to complete by September. Works on Pasture Road Rec. Ground to complete by December.
STF – Town Centre Enterprise Management 'Pencil Works'	Included above	1,249	Main works continue and on track. Building works due to be completed September 2026.
KIMBERLEY MEANS BUSINESS			
Kimberley Means Business (KMB)	4,596	See below	In progress with budget allocated across project strands.
KMB – Bennerley Viaduct Project	Included above	172	Project due to complete July 2026, with final works underway.
KMB – Cycle Routes	Included above	-	Active travel routes scaled back with funding reassigned to other KMB projects as agreed with Strategic Board.

Scheme	Budget 2026/27 £'000	Spend to 30/06/26 £'000	Comments
KMB – Industrial Units	Included above	154	Bennerley units completed; in planning phase for Giltway units.
KMB – New Sports Facility	Included above	40	Stag Pavilion completed; further ground and drainage work nearing completion.
KMB – Business Grants	Included above	12	Business grants completed.
KMB – Kimberley Hub	Included above	-	Build underway with November completion date.
HOUSING REVENUE ACCOUNT (HRA)			
Heating Replacement and Energy Efficiency Works	898	171	In progress.
Housing Modernisation Programme	2,845	237	Work underway; no concerns with contractor performing well. Finished kitchen product after snags is good, with tenant satisfaction over 95%. Some additional roofing identified that will utilise budget
Social Housing Decarbonisation - Energy Efficiency	2,700	74	In progress with no concerns. Spend to date on surveys and assessments. Major works to start September.
Aids and Adaptations – Disabled Persons	525	78	In progress with no concerns. Contractor performing well.
Electrical Periodic Improvement Works	350	69	In progress.
Fire Safety Assessment and Remedial Works	2,586	475	In progress.
Window and Door Replacement	495	186	In progress.
Damp Proofing Works	150	75	In progress. Some risks with half of budget already spent.
Structural Remedial Repairs	200	56	In progress. Some risk with budget due to number of cases and legacy issues.
Major Relets	450	22	Works progressing; reactive budget; recent large voids works estimated at £150k in total.

Scheme	Budget 2026/27 £'000	Spend to 30/06/26 £'000	Comments
Asbestos Surveys and Remedial Works	820	105	In progress.
Speech Call Units and Lifeline Services	214	11	After initial delays project now progressing well.
Decent Neighbourhood	800	134	Pilot at Ribblesdale Court being designed through consultants; works onsite to start September.
HOUSING DELIVERY			
Acquisition of Properties	1,400	30	In progress. Further opportunities expected to progress to completion
Property Acquisition and New Build – Pamela Cottage	944	1	Initial feasibility undertaken; two accessible bungalow options being considered; land purchase agreed; detailed design and tenders will be required.
Property Acquisition - Church Street, Stapleford	1,900	-	In progress.
Property Acquisition – Nottingham Road, Eastwood	1,245	-	Scheme to progress to planning and construction this year.
New Build – Farm Cottage	648	-	Scheme to progress to planning and construction this year.
New Build – Inham Nook Development	350	-	Scheme completed. Budget for defects and retention payment under the terms of contract.
New Build – Hemlock Gate (Land at Crematorium)	3,309	452	Scheme on target for spend in 2026/27, subject to developer advancing works on-site beyond scheduled programme.
Acquisition and Development of 84 Church Street, Eastwood	959	4	In progress.
New Build Housing Feasibility Costs	250	22	In progress.
New Build – Chilwell Garage Sites	100	-	Scheme completed. Budget for defects and retention payment under the terms of contract.
New Build – Watnall Garage Sites	128	-	Scheme completed. Budget for defects and retention payment under the terms of contract.

Scheme	Budget 2026/27 £'000	Spend to 30/06/26 £'000	Comments
New Build – Field Farm	198	-	Scheme completed. Budget for defects and retention payment under the terms of contract.

* Budget figures include all approved changes up to 30 June 2026 and capital budgets brought forward from 2025/26 (approved by Cabinet on 30 June 2026). Subsequent budget changes will be reflected in the Q2 report.