

2.0 REVENUE BUDGET 2025/26

2.1 BACKGROUND AND SUMMARY

- 2.1.1 This section of the report presents details of the Council's forecast revenue outturn for the 2025/26 financial year. The 2025/26 net budget is £640,918k.
- 2.1.2 Since Q1, there has been a significant increase in overspends within people-related services which are partially offset by underspends in other directorates. Despite growth of £12.0m in the 2025/26 Children & Young People's Service budget, there is a significant forecasted gross overspend of £17.0m. A number of funding sources (some of which are one-off in nature) are being applied to reduce the forecast overspend from £17.0m to £12.8m.
- 2.1.3 As a reminder, the current cumulative deficit for the Council is forecast to increase to £34,419k by the end of 2027/28 based on the MTFs report that was approved by Council in February 2025. This will, of course, be updated when the Council considers its new Budget and MTFs on 13 February.

	25/26	26/27	27/28
Cumulative Shortfall	-4,899	-17,852	-34,419
Cumulative use of reserves	-4,899	-22,751	-57,170

- 2.1.4 At the end of Q3, the Council is reporting an overspend of £4,602k (0.72%) against operational budgets. Further detail is provided in **section 2.2**.

2.2 GENERAL FUND - OPERATIONAL BUDGETS

- 2.2.1 The following table identifies the operational budgets for each of the Directorates in 2025/26 to give an overall view for the Council.

Directorate	Budget (£k)	Forecast Outturn (£k)	Variance (£k)	Q2 Forecast Outturn Variance (£k)
Health and Adult Services Directorate	265,157	268,593	+3,436	+2,498
Children and Young People Services (CYPS) Gross	119,889	133,066	+13,177	+11,371
LA Provision for High Needs*	9,800	9,400	-400	-400
CYPS Net	129,689	142,466	+12,777	+10,971
Community Development Directorate	35,324	31,254	-4,070	-3,384
Environment Directorate	116,834	117,874	+1,040	+1,115
Resources, Central Services and Corporate Miscellaneous	93,915	85,333	-8,581	-3,351
Total	640,918	645,520	+4,602	+7,849

* Provision established to ensure an equal and opposite mirror reserve to the High Needs Deficit as under temporary funding regulations LA budget cannot be used to fund Dedicated Schools Grant Deficits.

2.2.2 A summary of the overall **Health and Adult Services** (HAS) position across public health and adult social care (ASC) is outlined in **Appendix B** and shows a forecasted overspend against budget of £3.4m for the 2025/26 financial year, an increase of £0.9m since Q2. In summary, the main drivers behind the increase in quarter are:

- £1.4m increase in the net costs of providing long term residential & nursing care
- £0.4m of one-off care costs relating to casework from previous years

These increases are partially offset by underspends elsewhere. There have been small underlying increases in some areas across Care & Support since Q2, driven by variations in volume and cost. The Q2 outturn estimate included assumptions around expected Winter Pressures, although not yet through the winter period these assumptions have broadly been in line with activity. However, this remains a particular risk should these pressures turn out to be more acute than expected in the coming weeks.

As detailed below, the budget continues to face significant financial pressures due to increasing activity, care market costs for acuity of care and high levels of hospital/NHS-related costs which are being passed on to the Council.

A significant amount of work has been undertaken as part of the Directorate's cost recovery programme in response to the increasing costs pressures. Whilst there are still underlying pressures (detailed further below), this work continues to lead to a stabilising of costs. This is an ongoing programme which will continue throughout 2025/26 and beyond.

Care and Support - £6.4m overspend

The pressures in ASC can be seen within Care and Support, in particular, which is showing a pressure of £6.4m against budget reflecting cost increases in the external market and showing an underlying increase in the quarter of £1.5m.

The primary driver behind this increase is within permanent residential and nursing placements (£1.4m), being offset by reductions in other costs (£0.3m) of which homecare is the primary source seeing a reduction of (£0.7m) from Q2.

In addition, the forecast recognises some one-off individual care costs in the quarter, particularly within residential and nursing and supported living, some of which relate to prior years (£0.4m) as mentioned above. Work is being undertaken by the directorate to review all prior year one off-costs and to mitigate this risk reoccurring in the future. Work is also underway to try and anticipate any future such scenarios.

The following reasons contribute to the overall position for care costs this year:

- **Activity levels.** The cost of permanent residential and nursing placements continues to be a major pressure point for social care provision. Activity levels have steadily increased throughout the year mirroring those seen in previous years. Containing such costs is one of the Directorate's key financial priorities over the next few years, as well as ensuring that we receive the right level of NHS funding when care costs cover both health and social care needs. Permanent residential and nursing packages within the quarter (2,900) increased between quarters, up 3.3% from 2,807, and this has been a key driver of the related cost increase.
- **Increased Hospital Discharge Costs.** We continue to see very high levels of hospital discharge activity with costs exceeding the additional grant from central government. Hospital discharge activity averaged 16.0 discharges per day during Q3 compared with 16.3 per day recorded for Q2. For the year to date (Apr-Dec), total discharges are down by 102 or 2.3%, and activity so far this year has been running at broadly similar levels to those experienced during 2024/25.

These pressures are a contributing factor to the short stay beds cost reductions being behind target at this stage. Additional senior management capacity has been moved to focus on the short stay pathways and targets. The number of people receiving short term care during the quarter decreased from 409 in Q2 to 359 for Q3. Work is ongoing with the NHS to review a fair apportionment of costs between agencies, which has led to some additional one-off funding being received in year.

Mental Health Services - £0.4m underspend

Mental Health Services are forecasting an underspend against budget of £0.4m mainly resulting from staffing vacancies being held across the service, partially offset by overspends in care costs. This underspend has increased by £0.1m since Q2.

Prevention - £0.4m overspend

The Prevention Service is forecasting an overspend of £0.4m, an increase of £0.1m in the quarter. This is due to increased assistive technology costs and realignment of contingencies in line with the major staffing restructure in HAS.

Assistant Director/ Cross-area Budgets - £0.7m underspend

Assistant Director/ Cross-area budgets is reporting a forecast underspend of £0.7m against budget, an improvement of £1.4m from Q2. £1m relates to the reallocation of delays in the achievement of savings relating to short term stays as noted within the

Care & Support details. Further savings in the quarter are mainly due to reductions in staffing costs and additional income into the service.

Whilst the following areas remain stable between quarters, they continue to cause variances to budget:

Care Provider Services - £2.2m underspend

In-house Care Provider Services is forecasting an underspend of £2.2m against budget, an increase of £0.6m from last quarter. This reduction is mainly driven by further staffing underspends (£0.3m) together with the realignment of budgets with Service Development (£0.25m). A further realignment of budgets will be undertaken for 2026/27 to reflect where care is sourced and as part of the restructure which was implemented from January 2026.

Public Health - break even

Public Health has, as planned, used an additional £0.4m of the earmarked reserve on agreed investments and projects while the service reduces costs to match the grant allocation. Public Health is fully grant funded, so this does not impact on the directorate's overall net position.

- 2.2.3 A summary of the revenue outturn for **Children and Young People's Services** (CYPS) is available within **Appendix C** and shows a projected net overspend position of £12.8m for the 2025/26 financial year. The main variances of the forecast compared to budget are:

Children and Families – Child Placement – £10.1m overspend

At Q3 the forecast outturn for Child Placement is a net overspend of £10.1m compared to budget, an increase of £2.2m from Q2. There are currently 603 children in our care compared with 568 at the start of the financial year and 593 at Q2. Within this context, there are more children presenting with multiple vulnerabilities and high-cost care arrangements are expected to result in a £8.6m financial pressure. Since Q2, 9 new packages of care that started post-September have added additional costs of £1.35m with further changes in existing packages of care resulting in £219k additional pressures.

Children and Families – In House Residential – £252k overspend

Staffing pressures (£400k) within the Hubs to meet demand are partially mitigated by savings in Speech and Language Therapy of £200k.

Children and Families – Operational Delivery – £1m overspend

Projected travel cost pressures have grown by £100k since Q2 in line with the increase in the number of children in care and now sit at £1m over budget.

The projected overspend on direct payments (£200k) has reduced by £100k since Q2. Savings relating to contracted health input (£100k) and one-off savings from the current Young People's Accommodation Pathway contracts (£200k) remain the same as at Q2. Non-recurring savings in Leaving Care Delivery (£100k) reduce, in part, the overall financial pressure.

Pooled Budget – £1.3m overspend

The forecasted overspend reflects a number of very high-cost external residential placements and alternative care solutions for young people with multiple vulnerabilities and intensive support packages. Demand in the market is much higher

than supply and reflects national accommodation pressures. Changes around care requirements for several complex cases since Q2 have seen the forecasted overspend reduce from £1.65m to £1.3m at Q3.

Disabled Children's Service (DCS) – £243k underspend

Spending is forecast to be £243k lower than budget, a reduction from Q2's projected overspend of £12k. Key financial pressures within DCS arise from staffing demands in Children's Resource Centres (£1.5m, Q2 £1.4m) and Direct Payments (£1.3m, Q2 £1.04m). Direct Payments are adversely affected by reduced Short Break availability; however, a projected underspend in Short Breaks (£489k, Q2 £309k) partially offsets the increases in Direct Payment spend. Increases in Health and Pooled Budget funding £1.98m at Q3 compared to £1.58m at Q2 have reduced the projected net spending.

Home to School Transport – £1.27m overspend

The assessment of spending indicates a projected overspend of £1,266k (2.41%) compared to a budget of £52,525k - an increase of £322k compared with Q2. The projected overspend is largely driven by increases in SEN transport costs associated with an increase in the number of children and young people assessed as requiring an Education Health and Care Plan (EHCP).

Inclusion – £103k overspend

The demand for statutory educational psychology assessments is driving significant costs arising from the use of agency workers. This represents an underlying overspend of £1.4m compared to budget offset by a non-recurring contribution from reserve in 2025/26. Provision has been made in the Budget proposals for 2026/27 as management action to build in-house capacity within the team is underway to mitigate these cost pressures.

Occupational Therapy assessments leading to an increased need for equipment are anticipated to create a financial pressure of c.£322k to budget with further pressures arising from the cost of complaint remedies (£90k over budget), which is a reduction to prior years. Vacancies within the SEND team are expected to mitigate some of these pressures (£368k under budget).

School Improvement – £401k underspend

An underspend of £401k to budget is primarily being driven by a net underspend on staffing funded by core LA budget.

High Needs Block Funding (HN) - £9.4m DSG overspend, £400k lower in LA funding to create mirror reserve.

- As previously reported, the unprecedented demand for financial support for children assessed as requiring an Education Health and Care Plan (EHCP) within the High Needs Block has continued throughout the system with pressures in SEN Assessments, Educational Psychology and SEN Transport. There are now over 6,200 plans.
- Within the High Needs Block of the Dedicated Schools Grant (DSG), insufficient funding from the Department for Education (DfE) continues to place pressure on the LA and schools to be able to meet demand. The overspend on the High Needs Block is expected to be c.£9.4m (in line with the forecast at Q2) following a faster-than-expected clearing of the backlog of plans. Higher demand has been seen across all provisions. Although the average cost per place is lower than

budgeted there has been a significant rise in numbers that have driven the cost increases for the new academic year. The medium-term outlook continues to show demand increases and inflationary pressures outstripping likely DfE funding increases which will increase the accumulated deficit position.

- Although the local authority is prohibited from using LA funds to meet the cost of the deficit, an equal and opposite reserve has been established as a prudent and responsible financial management approach. As a result of the predicted reduction in overspend on High Needs the decision has been made this year to transfer £0.4m less than the budgeted requirement to the LA reserve provision.

Attention should be drawn to the fact that this forecast is based upon a number of one-off transactions this year. The table below outlines these transactions:

Projected Gross Overspend as at Q3	£17.0m
Planned Adjustments (use of one-off grant & reserve funding):	(£4.2m)
Revised Projected Overspend as at Q2	£12.8m

2.2.4 **Appendix D** includes details of the variance within the **Environment** Directorate and includes a net forecast overspend at Q3 of £1,040k for 2025/26 – a decrease of £75k since Q2. Areas of significant variance are:

Highways & Transportation – £1,235k underspend. The position has improved by £715k since Q2. The areas of significant variance are:

- **Highway Maintenance – £3,632k overspend.** This position has worsened by £568k since Q2 and continues to be a significant pressure for the budget, mainly resulting from repairing potholes and network deterioration spend. The budget is being managed and monitored to ensure works are ordered and undertaken in-line with the Council's Highway Safety Inspection Manual and delivered efficiently. Works are currently ordered in-line with the National Schedule of Rates (NSOR); NY Highways costs are monitored throughout the year against the NSOR's and where works are delivered at a cost lower than the NSOR's an efficiency saving is calculated.
- **NY Highways Rebate – £850k underspend.** NYC are working with its wholly owned company, NY Highways, to develop processes to support efficient ways of working, and this has resulted in a forecast rebate of £1,500k, exceeding budget by £850k. This is an improved position of £250k since Q2 and will continue to be monitored for the remainder of the year.
- **Staffing – £1,171k underspend.** In-year vacancies across Highways & Transportation teams have led to an underspend of £1,171k, compared to an £733k underspend at Q2.
- **Street Lighting Energy – £2,458k underspend.** Energy prices are forecast to be lower than budgeted, resulting in a forecast underspend of £2,458k for the year which has improved by £250k since the Q2 forecast.
- **Winter & Weather – £300k underspend.** A milder winter than budgeted has resulted in a forecast underspend at Q3.
- **Highways Fees & Charges – £408k underspend.** Income from streetworks is overachieving by £408k, which is an increase of £31k compared to Q2.

Parks & Grounds – £456k overspend. The overall position has improved by £120k since Q2 which is due to forecast underspends in expenditure budgets including

maintenance and equipment. There continues to be pressures within staffing budgets of £409k with work ongoing to review staffing budgets against post LGR structure changes, and also identify methods of income recovery for work being carried out on behalf of other service areas which are currently not budgeted for. Income from markets is forecast to underachieve its target by £206k due to lost market traders. Of the market income pressure, £74k relates to Northallerton and Thirsk markets, £52k to Scarborough market and £63k to Ripon and Knaresborough markets.

Parking Services – £1,679k overspend. The overall overspend has increased by £344k since Q2, which is mainly driven by pressures on income. The forecast income pressure of £1,497k has increased by £366k since Q2 due to the MTFS saving of £850k relating to the review of countywide parking policies being delayed to 2026/27. This has resulted in the saving not being achieved in-year and an increased pressure of £250k since Q2 when part year implementation was assumed. There is also an expected shortfall in income of £191k, which has increased by £116k since Q2. Alongside these income pressures, there are also continued pressures in the costs of running/maintaining car parks and their machines of £508k.

Public Conveniences – £299k overspend. The position has worsened since Q2 by £37k, due to delays in implementing a new operating model, however income is now expected to meet budget.

Sustainability – £244k overspend. There is an overspend on salaries within the Sustainability team compared to budget. Work is ongoing on a proposed new structure that will be managed within the funding available in 2026/27.

Waste Services – £2,477k underspend. The underspend has increased by £135k since Q2, with the main areas of variance being:

- **Allerton Waste Recovery Park (AWRP) – £1,522k underspend.** The forecast has improved by £123k since Q2, due to contractual recycling performance deductions associated with AWRP increasing by £198k. This will continue to be reviewed in-line with performance against the contract at Q4.
- **Contract Prices for Waste Disposal – £449k underspend.** Annual increases in contract prices for disposal of waste were lower than the inflationary increase assumed in the budget leading to an underspend of £449k, which is consistent with the Q2 forecast.
- **Staffing – £550k underspend.** Additional work has been required to resume waste collections to their usual schedules leading to an increase in costs of £71k.

Integrated Passenger Transport – £542k underspend. Passenger numbers continue to remain lower than budgeted resulting in lower costs for concessionary tickets driving a forecast underspend of £867k, which is in-line with Q2. There is a pressure of £317k relating to a £1,000k unachieved MTFS saving that is being temporarily offset by a one-off grant in 2025/26 of £757k.

Licensing – £267k overspend. The overspend within Licensing is due to increased staffing costs of £143k and a shortfall of income against budget of £125k. Fees have been increased where possible, but a large proportion are subject to a statutory maximum and cannot be inflated annually. The budgets need to be reviewed to make sure that they are in line with achievable levels of income rather than being subject to inflation annually.

Harbour Services – £347k overspend. The pressure within Harbours reflects the net budget position following the movement of harbours income and associated costs to the Harbours Account. It is mainly attributable to an underachievement of income.

Regulatory Services – £717k overspend. The majority of this overspend relates to staffing pressures within Waste Enforcement of £520k, however further work is ongoing to align budgets. Pest Control is also underachieving on its income targets by £100k.

Bereavement Services – £769k overspend. Lower than budgeted number of cremations and building works at Skipton Crematorium (that has reduced its capacity) have led to a forecast underachievement of income of £437k – £233k worse than that reported at Q2. There are forecast overspends in staffing of £113k, cremator maintenance of £114k and medical examiner fees of £65k, but overall these remain in-line with the figures reported at Q2.

Coroners Services – £336k overspend. The overspend has increased by £77k since Q2. There have been inquest and legal fees of £89k that have increased by £55k since Q2, and increased spend on post-mortems and forensic testing of £15k. Coroners' salaries which are set by the Chief Coroner are not fully covered by the current budget resulting in a forecast overspend of £212k which is in-line with Q2.

Harbours – Following the court judgement (North Yorkshire Council v Boyce & Anor [2025] EWHC 611 (KB) (14 March 2025)), quarterly financial monitoring for harbours will be reported separately in a ringfenced account.

- 2.2.5 A summary of the forecast revenue outturn for the **Community Development** Directorate is available within **Appendix E** and shows a forecast underspend of £4,070k against budget for 2025/26 financial year (£3,384k at Q2), an improvement of £686k. The main variances compared to budget are:

Culture, Arts, Libraries, Museums, Archives, Key Venues and Leisure – £397k overspend, a reduction of £311k against Q2 forecast of £708k overspend.

- **Key Venues forecast overspend £327k.** The overall forecast at Q3 has improved by £84k. The majority of services remain broadly in line with their Q2 positions, with the improvement largely driven by income corrections and non-staffing savings across several areas. A key positive movement relates to the Open Air Theatre, where the inclusion of the North Bay Railway income has substantially strengthened the position from £124k overspend, to £13k. Scarborough Spa continues to perform strongly, with a £48k net underspend. There are pressures within Beach Management of £115k, linked to capital repayments and income shortfalls, Whitby Pavilion of £76k, Peasholm Park Attractions of £70k and Caravan Parks of £45k, all of which relate to a combination of staffing and income pressures.
- **Culture and Archives forecast overspend £210k,** an adverse movement of £107k compared to Q2 forecast of £103k. A shortfall in rental income of £84k is expected due to a tenant vacating Skipton Town Hall during 2024/25. Alternative use opportunities are currently under review with support from Property Services. There is a forecast overspend of £54k linked to High Street Heritage Action Zone due to UKSPF funding coming to an end. Property maintenance costs for the Mercer Gallery are forecast to overspend by £39k due to legacy reserve funding ending. These are all factors contributing to the movement from Q2, with the exception of rental income at Skipton Town Hall, although this has increased by £20k.

- **Sport and Active Wellbeing Operations forecast underspend £141k**, an improvement of £228k compared to Q2. This includes £143k underspend within pay budgets across various sites as a result of vacancies. An underspend of £322k is forecast in relation to non-pay expenses, of which £291k is attributable to Richmond Pool contingency. A £324k income shortfall is expected linked to the following main variances, Richmond and Northallerton pool closures £324k and £167k respectively, this is offset by income exceeding target by £200k across other Leisure sites. Whilst improved, Turkish baths admissions and new product launch have generated an upturn in income, income forecasts are £243k below target, which has been adversely affected by staff absences. Little Explorers Day Nursery remains on track to achieve income of £183k following fee increases and changes to government funded placements.
Whilst there has been a number of movements across the service following an in-depth review of estimates, the major contributing factor to the £228k improved position relates to assumed underspends within non-pay expenditure such as marketing, consultancy fees and planned maintenance of £95k, along with salary underspends linked to Turkish Baths vacancies £50k and Selby and Tadcaster Leisure centres £62k as a result of staff levels running under establishment.
- **Sport and Active Wellbeing Development forecast overspend £54k**, compared to £94k at Q2. This is due to expected £94k compensation payments relating to the 3G pitch in Scarborough, now offset with a number of smaller salary savings.

Economic Development, Regeneration, Tourism and Skills – £399k underspend, a favourable movement of £253k against the Q2 forecasted underspend of £146k.

There is a forecast net service saving of £399k. The net savings are mainly made up of salary savings (£196k), recharging staff time to capital projects (£74k) and the recognition of the Trailblazer grant to fund some existing salaries (£50k). There are anticipated shortfalls in income for Tourism (£53k), Spa Water income (£30k), and in Regeneration (£35k). Reduced grant expenditure (£87k) and various other general fund expenses (£110k) have also contributed to the underspend.

The movement from the forecasted £146k underspend at Q2 can be attributed to additional capital salary recharges and unanticipated grant, as well as increased savings in general expenditure. This has been slightly offset by further income shortfalls within Tourism and Regeneration. The forecast reflects the use of the P4G reserve to support salary costs within EDRTS.

Housing (excluding HRA) – £538k underspend, an improvement of (£52k) against Q2.

Grant support and contributions towards revenue costs across the whole service have resulted in underspends, including Housing Renewals (£154k) relating to the Warm Homes Scheme and Disabled Facilities Grant, Delivery and Partnerships funding from S106 commuted sums and rural housing enabling (£188k), Housing Needs (£80k) towards staffing costs plus a net (£120k) saving from Rough Sleepers Prevention and Recovery Grant for costs that would have been funded from the base budget. Further salary underspends are expected within Housing Delivery (£127k) and Housing Renewals (£108k) as a result of vacancies. Underspends within Housing Renewals are being utilised to fund the residual contribution of £234k towards essential replacement of Lifeline units and connectivity after available reserve contributions have been drawn upon.

The main movements from Q2 estimates relate to on-going staff vacancies, contribution from Rough Sleepers Prevention and Recovery grant, offset by costs linked to lifeline equipment replacements.

Planning – £3,164k underspend, a reduced underspend of £80k against Q2.

Much of the underspend is attributable to the expected additional fees and charges income across the whole service (£3,310k). The planning application income is forecast to be £4,009k, £190k lower than Q2, however the other income streams within the service are forecasting a net improvement from Q2, of £124k.

There are forecasted underspends in salary costs, net of agency usage of £100k. There are also expected reduced Car Allowance payments, mainly in Building Control (£81k), savings in professional fees (£26k), the use of hypothecated Neighbourhood planning grant (£28k), and several other savings (£90k). These savings are offset by provision for potential legal costs in Development Management of £123k, increased use of consultants of £48k, and unachievable income from recharges to capital of £126k.

The reported forecast underspend also reflects the use of £250k reserve funding to partly offset the shortfall in Building Control income and a cost of £424k from not drawing down budgeted reserve funding to support the service.

There have been several factors that have resulted in the change in the forecast from the £3,244k underspend at Q2. The most significant adverse movements are the increased use of consultants (£74k) and increased anticipated legal costs estimated at Q2, rising by £38k to £123k. There was also a reduction in the anticipated savings in general expenditure of £73k. The income movement was made up of a decrease in planning application income of £190k, but an improved forecast in pre-planning advice (£26k), street naming and numbering (£24k) and other planning income (£74k).

Harrogate Convention Centre - £7k overspend, a decrease of £148k from the Q2 forecast of £155k.

There is currently a forecast shortfall in lettings income of £129k. This has resulted in an associated reduction in Technical and Commissioning income of £91k and a net overspend in catering of £82k. These overspends are partly offset by hotel rent review income of an additional £127k, salary savings (excluding catering) of £131k. There has also been a decrease in other expenditure of £37k.

The forecasted position at Q2 was £155k. The current forecasted overspend reduced significantly mainly due to the improved lettings and catering income positions, of £96k and £54k respectively. There were also some improvements to the Stewarding expenditure (£52k), but these have been slightly offset by reduced savings in employee costs (£27k) and decreased expected technical income (£27k).

Senior Leadership – £373k underspend, an increase of (£2k) from the Q2 forecast of £371k.

There are Assistant Director forecasted savings of £158k, due mainly to the reorganisation of the Place Shaping & Growth Services management structure. There has also been an increase in the expected recharges for both Capital and HRA of £186k. Other smaller savings of £29k.

The slight increase in the underspend is down to small adjustments to the expected recharges and savings.

2.2.6 A summary of the forecast revenue outturn for **Resources, Central Services and Corporate Miscellaneous** is available within **Appendix F** and shows a net forecast underspend position of £8,581k compared to £3,351k at Q2. The main variances to budget are as follows:

Legal and Democratic - £263k underspend, largely driven by underspends from vacancies across the service (£122k), in addition to housekeeping savings (£142k) and additional grant income (£34k). This is partially offset by an overspend in Legal Expenses (£197k) due to complex cases.

Dividends & Interest Earned - £3,969k underspend, driven by the delay in Bank of England rates decreasing, compared to budgeted assumptions, resulting in greater returns. In addition, invested cash balances are higher than anticipated due to rephasing within the capital plan, for example.

The following factors outlined at Q2, continue to contribute to the reported position:

- **Property Services – £1,403k overspend.** The forecast overspend is a worsened position compared to the £1,079k overspend reported at Q2. This is driven by an increase in repairs, maintenance and compliance costs (£2,839k), increase in business rates (£422k) and reduced rental income (£384k) in addition to other variances including vacant properties (£500k) and Alpamare Waterpark (£200k). This is partially offset by savings on utilities (£2,936k) and staff costs (£715k).
- **Procurement – £607k underspend.** Vacancies in the first part of the year and additional income for Procurement support have led to an underspend of £607k, compared to a £287k underspend at Q2. Vacant posts have since been recruited to.
- **Financial Services – £1,013k underspend.** Largely due to lower insurance premiums and will be able to contribute towards further MTFs savings in 2026/27.
- **Customer – £118k overspend.** This is driven by staffing pressures. The overspend has decreased compared to Q2 (£258k) due to the Service holding vacancies for the remainder of the year.
- **Revenue and Benefits – £331k underspend.** Due to vacancies (£714k), additional grant income (£127k) and underspends on debt recovery (£43k) and fees (£68k). This is partially offset by the underachievement of court fee income (£680k).
- **Business Support and HR – £184k underspend.** This is an improved position from the £676k overspend reported at Q2. Largely driven by additional recharge income (£550k) and underspends on IT licences (£88k), venues (£135k) and contracts (£82k). This is partially offset by staffing pressures across several teams, including £163k pressure for additional support within SEN, as well as pressure on postage budgets (£184k).
- **General Provisions – £4,246k underspend.** The Council holds a contingency budget in recognition of the need to resolve budgetary issues following the convergence of services and realignment of budgets. Given the pressures in CYPS, £1.5m has been released from unused inflation and pay contingencies to support the budget position in CYPS.
- **Other Corporate Budgets – £1,086k overspend.** This includes a legacy shortfall following budget convergence on apprenticeship levy budget (£418k). There is a current shortfall of £200k on the commercial target as well as a budget pressure on support service recharges (£533k).

- **Other Corporate Funding** – forecast pressure on traded service overhead recharge which is scheduled for review following the formation of the new Council (£611k).

2.2.7 The forecast outturn statement for the Council's **NYES** traded service is also attached at **Appendix G** for information. NYES is projected to realise a gross profit of £2,507k in 2025/26, which is offset by operating expenses totalling £1,863k (comprising hub costs of £916k and overheads of £947k). Consequently, the forecast net profit stands at £644k. The forecast exceeds the net profit target of £500k by £144k. Services that are projecting a higher profit include Cleaning, Financial Management Service and HR Advisory Service.

2.2.8 These services are mainly provided to schools in North Yorkshire and the figures reported do not have any further impact on those in the above table because, where relevant, the charges are already incorporated in Directorate forecast budget outturn positions.

2.3 HOUSING REVENUE ACCOUNT (HRA)

2.3.1 A summary of the **HRA** forecast outturn position can be found in **Appendix H**. As at the end of Q3 there is a forecast overspend of £4,431k (£4,437k at Q2). The main variances are as follows:

Income

Dwelling Rents - £1.924m shortfall (£1.801m Q2). The shortfall is primarily linked to void losses whilst major repairs works are being carried out ahead of relets (£1.5m), with the average rate running approximately 3% above budget assumption (increased by 1% from Q2). Approximately £500k is linked to slower than anticipated stock growth and higher than usual Right to Buy (RTB) disposals, this will be reprofiled in line with expected delivery timescales as part of the 30-year business plan refresh. This is partly offset (£200k) by a reduction in the bad debt provision.

Investment Income – £214k surplus (£234k Q2). Additional investment income based on forecast balances and a higher rate of return than budgeted.

Other Income – £136k surplus (£10k at Q2). £85k relates to RTB disposal fees, this is offset within expenditure relating to surveys and legal support.

Expenditure

Repairs and Maintenance – £3.865m overspend, (£3.769m Q2). Anticipated pressures within Housing Safety linked to stock condition surveys of £1.154m (this has reduced from £1.406m at Q2 based on expected delivery within 25/26), £415k relating to new Damp and Mould contracts and electrical inspections £433k which are additional activity measures put in place to meet regulatory requirements.

Responsive repairs are forecast to overspend by £976k (materials and external contractor costs). Current reporting indicates that there has been a 30% increase in repair jobs being completed, however, due to the known issues around data and systems across housing repairs it isn't possible to accurately calculate whether the overspend is entirely driven by increased activity or whether cost inflation is running above expectations. Going forwards, with the development of the single repairs system, reportable data is being developed and refined to support regulatory reporting requirements and undertake financial analysis of costs and evidence-based

forecasting. Overspends are forecast against Grounds Maintenance of £96k and Legal costs £149k. Additional Business Support resource of £514k to support processes whilst new systems are being developed. An additional overspend of £133k has emerged in Q3 relating to Fleet hire and repair costs, partly as a result of increased trades capacity.

Supervision and Management – £885k underspend, (£688k Q2). Underspend of £273k assumes remaining capacity funding budgeted under Supervision and Management is held to fund pressures within Repairs and Maintenance. There is a reduced recharge forecast relating to vacancies within Housing Development (£96k). An underspend of £500k is estimated for utilities across the whole estate, this is largely due to historical inflation uplifts which have not been adjusted until there was greater assurance that bills were accurate and recharged fully.

Interest Payments – £214k underspend, (£214k Q2). Reflects reduced borrowing costs relating to the forecast capital financing requirement following re-phasing of the Housing Delivery Programme.

2.4 BUDGET / MTFS SAVINGS TARGETS

2.4.1 The 2025/26 revenue budgets include budget savings of £34,323k. As at the end of Q3, the following savings have been assessed as at risk, including savings not achieved from prior years. It should be noted that the impact of these delays are already incorporated into the forecast outturn position in paragraph 2.2.1.

Delayed Achievement of Savings		£000's
Current Year	HAS07 – Short Stay	1,000
	HAS08 – Contract Saving	290
	ENV06 – Lane Rental Saving	500
	ENV08 – Review of Countywide Parking Policies	850
	ENV16 – Transport Responsibilities	1,000
	ENV21 – HWRC Policy Review	150
	ENV27 – Fleet Commercialisation – MOT Testing	50
	ENV29 – Reduced costs on medical examiners	80
	CD02 – Exploring new income opportunities (Venues and Attractions)	175
	CD07 – Income growth from membership expansion and other opportunities (Tourism)	45
	CD12 – Plans Processing Team Saving	75
	CD13 – Building Control Market & Fee Increase	50

Prior Year	Health and Adult Services – Background Support	250
	Environment – Moving Traffic Offenses	100
	Environment – Harmonise Pest Control Service	50
	Community Development – Reduce use of Agency Staff	250
	Resources & Central Services – Reduce Postal Costs	30
	Resources & Central Services – Review of Estates Function	100
	Resources & Central Services – Establish Single Asset Management Solution	50
	Resources & Central Services – Migration of Sundry Debt & AUDDIS Compliant Direct Debts	200
	Resources & Central Services – Review of Support & Charges to NYPF	100
	Resources & Central Services – Review of Current Storage Requirement	20
	TOTAL	5,415

2.5 RESERVES

2.5.1 To remind Members, a fund of £38m was created in order to provide for the costs of implementing Local Government Reorganisation (LGR) and the subsequent Transformation Programme. As at 1 April 2025, the LGR reserve balance stood at £20,557k with a further £11,549k approved spend, resulting in a forecast balance of £9,008k.

2.6 PROPOSED INVESTMENT

Prevention Plus

- 2.6.1 North Yorkshire has a strong track-record of investing in prevention, including through its long-standing Stronger Communities and Extra Care Housing programmes and in its Living Well service, as well as commissioned/partnership services with voluntary and community sector organisations. The Council is now looking to develop the next step change in this approach, working with VCSE and NHS partners.
- 2.6.2 It is proposed that from April 2026, a total of up to £3.6m over three years will be allocated equally from the Stronger Communities, internal NYC reserves and external funding streams, for the financial years 2026/27, 2027/28 and 2028/29 to test out an enhanced prevention programme called Prevention Plus. This test and learn pilot will work with up to 10 community organisations during this period, focusing on keeping people independent and well at home, with a focus on older and disabled people, people with mental health issues and unpaid carers, where they are:

- At/on the cusp of Care Act eligibility
- Not Care Act eligible but may need more support at home and in the community due to issues such as long-term health issues, major changes in life circumstances (including bereavement) and/or experiencing loneliness and isolation

2.6.3 The participating organisations will be well-established in their local communities and will use the pilot funding to embed a caseworker model to pro-actively support people to continue living at home, without the need for long-term care and support. As part of the model, the Council's adult social care teams will embed named practitioners within the pilot sites, to create a voluntary sector/public sector partnership. As the programme develops, consideration will be given to the development of closer links with other Council departments as part of the model.

2.6.4 Discussions are ongoing with NHS partners and, it is anticipated, if NHS funding becomes available as part of the investment package, then this approach will also address specific NHS frailty programmes. In the event of such funding not coming forward then delegated authority is sought for the Corporate Director, Resources in consultation with the Corporate Director, Health and Adult Services and the Executive Members for Finance and HAS to reframe the approach including the overall funding (up to a maximum of £3.6m over three years).

2.6.5 Test and learn pilot sites will be selected through a competitive process which sets out criteria for selection and which takes account of:

- Data around future needs of older and disabled adults and scope to prevent, reduce and delay more people needing long-term care and support
- Geographical spread, including a mix of urban and rural locations
- Maturity and local track-record of participating organisations
- A minimum of one pilot site in each of the 5 NHS footprints (Craven plus the 4 Humber/North Yorkshire Local Care Partnerships) in North Yorkshire

2.6.6 The test and learn programme will be evaluated to identify impact and to inform future service models and investment from 2029 onwards. It will be sponsored by the Corporate Director, Health and Adult Services and will be led by the Head of Localities, with active involvement from key managers in Adult Social Care, Localities, Public Health, Procurement and the NHS – with potential to include other Council teams as the model develops. These proposals will sit as part of a broader set of new prevention and demand management initiatives within the Medium Term Financial Strategy, including already agreed investment in Care and Support Hubs and new extra care and supported housing schemes and forthcoming proposals on preparing for adulthood and enablement for working age adults.

2.7 RECOMMENDATION

That the Executive

- (i) notes the forecast outturn position against the 2025/26 Revenue Budget, as summarised in **paragraph 2.2.1**.
- (ii) approves up to £3.6m over a three year period to fund a programme of Prevention Plus as set out in **section 2.6** and delegates authority to the Corporate Director, Resources in consultation with the Corporate Director, HAS and the Executive Members for Finance and HAS to reframe the approach including the overall funding (up to a maximum of £3.6m over three years) in the event that NHS partners do not provide sufficient contribution to the overall funding.

REVENUE BUDGET APPENDICES

A	2025/26 Latest NYC Revenue Budgets
B	Health and Adult Services
C	Children and Young Peoples' Service
D	Environment Directorate
E	Community Development Directorate
F	Resources, Central Services and Corporate Miscellaneous
G	North Yorkshire Education Services (NYES)
H	Housing Revenue Account

2025-26 REVISED ESTIMATE REVENUE BUDGETS AT 31 DECEMBER 2025

	Start Budgets £000s	Other agreed transfers and adjustments £000s	Latest Revised Budgets £000s
Children & Young Peoples' Service	128,046	1,643	129,689
Environmental Services	114,174	2,660	116,834
Health & Adult Services	259,223	5,934	265,157
Resources, Central Services Directorate & Corporate Miscellaneous	117,319	(23,404)	93,915
Community Development	22,157	13,167	35,324
NYES	-	-	-
Total Directorate Spending (Net Expenditure Budget)	640,918	-	640,918
Contribution From (-) General Working Balances	(4,899)	-	(4,899)
Net Revenue Budget	636,019	(0)	636,019
Business Rates	141,814		141,814
Precept Income	494,205		494,205
=Net Budget Requirement	636,019	-	636,019

HEALTH AND ADULT SERVICES
Appendix B

2025-26 REVENUE BUDGET OUTTURN REPORT

BUDGET HEAD	BUDGET 2025-26 £000	FORECAST OUTTURN 2025-26 £000	VARIANCE (-) = saving £000	COMMENTS
Care & Support - Area Budgets				
Care & Support - Hambleton & Richmond	31,075	32,386	1,311	The outturn position for Care and Support shows continued increasing pressures impacting the service. This is mainly as a result of increased activity levels and one-off costs, particularly within supported living, residential and nursing care and homecare. The Directorate continues to ensure that we receive all NHS funds due for such packages. Discharge costs continue to exceed the additional grant funding from central government, the directorate continues to work with the NHS on this issue.
Care & Support - Harrogate	69,207	71,405	2,198	
Care & Support - Craven	18,631	19,817	1,186	
Care & Support - Vale of York	53,525	55,513	1,988	
Care & Support - Scarborough & Whitby	58,574	59,664	1,090	
Care & Support - Intermediate Care	8,482	7,961	(521)	
CHC Income and Other Budgets	(1,986)	(2,258)	(272)	
Growth Funding	549	-	(549)	
Area Budgets	238,056	244,488	6,432	
Provider Services & EC/PCAH	23,906	21,746	(2,161)	Underspends on energy costs, staffing due to vacancies across the service, in particular within day services, future EPH savings achieved in advance and increases in income into the service.
Mental Health Services	10,862	10,470	(392)	Underspends largely as a result of staffing vacancies being held across the service. Partially offset by overspends in care costs, particularly within residential and nursing.
Assistant Director/Cross-area budgets	(15,147)	(15,892)	(745)	Underspends on staffing across the service and additional income into the service.
Prevention	6,835	7,281	446	Overspends on staffing across the service and assistive technology contracts. Partially offset by underspends in community equipment.
Service Development	(1,950)	(1,969)	(19)	Underspends on staffing and contingencies in the service. Partially offset by unachieved savings relating to assistive technology and background support income.
Quality	1,258	1,178	(80)	Underspends due to staffing.
Area Budgets Total	263,820	267,301	3,482	
Public Health - Spend	26,436	26,882	447	Overspend as a result of planned use of reserves to fund specific schemes.
- Income	(26,436)	(26,882)	(447)	
Involvement & Governance	1,115	1,050	(65)	Underspend due to reduced contract costs and activity levels within the service.
Director & Cross-Directorate	222	242	20	
TOTAL	265,157	268,593	3,436	

CHILDREN & YOUNG PEOPLE'S SERVICES
Appendix C

2025-26 REVENUE BUDGET OUTTURN REPORT

BUDGET HEAD	BUDGET 2025-26 £000	FORECAST OUTTURN 2025-26 £000	VARIANCE (-) = saving £000	COMMENTS
<u>Local Authority</u>				
Director's Unit	33	58	24	
Inclusion	4,648	4,751	103	Sustained demand for statutory educational psychology assessments is projected to lead to significant costs arising from the use of agency workers. This represents an underlying overspend of £1.4m compared to budget offset by a non-recurring contribution from reserve. Provision has been made within the budget proposals for 2026/27 as management action to build in-house capacity within the team is underway to mitigate these cost pressures. Occupational Therapy assessments have led to an increased need for equipment resulting in a financial pressure of c.£322k. The financial pressure associated with complaint remedies is expected to be £90k, with further pressures in locality hubs (£110k) and locality leads (£23k). Staffing vacancies within the SEND team (£368k) partially offset some of these pressures.
Alternative Provision	99	100	1	
Strategic Planning Team	57	62	5	
CYPS Commissioning	765	699	(65)	
SEND - Special Education Needs & Disabilities				
High Needs Commissioning	9,800	9,400	(400)	LA provision to mirror anticipated in-year high needs deficits.
Home to School Transport	52,525	53,791	1,266	Projected overspend of £1.27m (2.41%) compared to a budget of £52,525k. This is largely driven by an increase in SEN transport costs reflecting an increase in the number of eligible children assessed as requiring an Education Health and Care Plan (EHCP). Overall, spending on home to school travel equates to £284k per day (i.e. £1.4m per week).
Children & Families				
Children & Families	29,203	30,236	1,034	Financial pressures resulting from additional staffing costs to meet increased demand are expected to generate a £200k overspend to budget. In addition, there are further financial pressures of c.£1m resulting from client and staff transport costs. These are partially offset by non-recurring savings arising from contracted services (£200k).
In-House Residential	2,559	2,810	252	The projected overspend is largely driven by staffing pressures to meet demand.
Child Placement	12,297	22,422	10,125	As at Q3 there are 603 children (excluding UASC) in our care compared with 588 at the start of the financial year and 593 at Q2. Within this context, there are a relatively small number of children with multiple vulnerabilities requiring very expensive care arrangements. Management action to mitigate the demand pressure is underway consistent with the practice model - this will be a systemic, multi-faceted approach.
CYPS Pooled Budgets	7,414	8,709	1,295	The forecasted overspend reflects a number of very high cost external residential placements and alternative care solutions for young people with multiple vulnerabilities and intensive support packages. Demand in the market is much higher than supply and reflects national accommodation pressures.
Disabled Children's Services	7,560	7,317	(243)	Financial pressures arising from staffing costs in Children's Resource Centres (£1.4m) offset by contributions from Pooled Budget and Health (£1.35m). In addition, there has been an increase in the overall cost of direct payments (£1.3m) driven by additional demand - this overspend is mitigated, in part, by lower spend on short breaks (£489k). Additional temporary budget allocation helps to mitigate the position. However, this will reduce by £250k in 26/27 and again by £250k in 27/28.
Education & Skills				
Education & Skills Other	87	3	(84)	
School Improvement	687	287	(401)	Primarily due to lower than anticipated core staffing costs.
Music Service	-	42	42	
Outdoor Learning Service	-	96	96	The Outdoor Learning Service is projecting a net deficit of £96k. The position has improved by £30k from Q2 due to additional income from Adventures Away from Home.
Adult Learning Service	0	0	(0)	
Finance & Management Support				
Finance & Management Support	373	234	(139)	
School Redundancies & Employment Related Costs	1,061	887	(174)	
Safeguarding Unit	523	562	40	
LA TOTAL	129,689	142,466	12,777	
<u>DSG</u>				
Director's Unit	207	207	-	
Inclusion	5,953	5,129	(824)	Primarily driven by lower than anticipated staffing in the Inclusion Hubs.
Alternative Provision	1,743	1,431	(311)	Primarily driven by lower than anticipated staffing.
Strategic Planning Team	767	802	36	
Children & Families				
Children & Families	809	809	-	
SEND - Special Education Needs & Disabilities				
High Needs Commissioning	65,474	76,265	10,791	The sustained increase in the number of children and young people assessed as requiring Education Health and Care Plans has led to higher overall costs to fund appropriate provision. The service have developed a transformation programme to deliver improved services and mitigate cost pressures.
CYPS Pooled Budgets	3,328	2,784	(545)	
Education & Skills				
Education & Skills Other	16	16	-	
School Improvement	1,727	1,626	(101)	Team concentrating on roll out of Early Years and Wraparound Care programme which has been funded by additional grant income leading to reduced call on DSG funding.
Music Service	158	158	-	
Outdoor Learning Service	111	111	-	
Adult Learning Service	40	40	-	
Finance & Management Support				
Finance & Management Support	(80,445)	(80,440)	5	
School Redundancies & Employment Related Costs	114	114	-	
DSG TOTAL	-	9,051	9,051	
DSG Net overspend funded by DSG reserve	-	(9,051)	(9,051)	
TOTAL	129,689	142,466	12,777	

ENVIRONMENT
Appendix D

2025-26 REVENUE BUDGET OUTTURN REPORT

BUDGET HEAD	BUDGET 2025-26 £000	FORECAST OUTTURN 2025-26 £000	VARIANCE (-) = saving £000	COMMENTS
Highways and Transportation	34,166	32,931	(1,235)	There is a forecast overspend in Highways Operations of £3,632k, mainly as a result of increased network deterioration - the increased spend is in line with policy and the highways inspection manual. The roll-out of the Lane Rental scheme has been delayed due to the DfT approvals not being granted in the timescales assumed at budget setting, leading to an income pressure of £516k. This overspend is offset by staffing vacancies within Highways & Transportation Teams of £1,171k, a rebate from NY Highways due to efficiencies in highways operations exceeding budget by £850k and energy pricing for road lighting remaining lower than budgeted (£2,458k). Highways fees & charges are due to overachieve income targets by £408k, as well as Winter & Weather events expecting to underspend by £300k.
Parks & Grounds	5,549	6,005	456	The pressure within Parks & Grounds of £456k includes a staffing overspend of £409k, and an income pressure of £206k within Markets.
Parking Services	(16,335)	(14,656)	1,679	The overspend is due to additional costs for printing, bank charges, contractors and security for multistorey carparks (£502k), income pressures as a result of delayed review of countywide parking policies (£850k) and net income adjustment relating to harbours (£456k). This is partially offset by in year staffing savings of £320k.
Environmental Services excl. waste	1,384	1,928	544	The overspend relates to a £299k pressure in Public Conveniences, driven by cleaning contract costs. There are also budget pressures within Sustainability of £244k.
Waste Services	61,693	59,217	(2,476)	There are underspends in the following areas: additional income due to increased tonnages of commercial waste (£1,165k), benefits from contract prices increasing less than inflation (£449k), contractual recycling performance payments (£428k), and vacancies across teams (£550k).
Integrated Passenger Transport	26,010	25,468	(542)	The underspend is due to lower customer numbers for the concessionary fares scheme (£867k) and an in year staffing underspend (£84k). This is partially offset by unachieved saving of £317k.
Licensing Services	(573)	(306)	267	Overspend due to increased staffing costs and an underachievement of income by £125k against budget.
Public Rights of Way	1,254	1,250	(3)	
Harbour Services	(50)	297	347	The overspend reflects the net budget position following the movement of harbours income and associated costs to the Harbours Account, with the main pressure being an underachievement of income.
Regulatory Services	6,410	7,128	718	The staffing pressure in Waste Enforcement of £520k is in line with Q2, and work is ongoing to align budgets. Income pressure in Pest Control remains at £100k.
Bereavement Services	(3,799)	(3,030)	769	The service is forecasting an underachievement of income of £436k. Lower income predictions are linked to lower death rates, building works at Skipton Crematorium, plus restricted services at Maple Park due to staff shortages. There are also predicted overspends in areas such as: staffing £113k, maintenance £114k and medical fees £65k.
Registration Services	(654)	(472)	181	
Coroners Service	897	1,233	336	Overspend due to forecasted increased spend on salaries (£212k), post-mortems, forensic testing and use of mortuaries (£44k), plus £50k pressure from inquest costs and £40k from legal costs.
Environment Service Management	882	882	-	
TOTAL	116,834	117,874	1,040	

HARBOURS ACCOUNT	OPENING BALANCE 2025-26 £000	TRANSFER (TO) / FROM 2025-26 £000	CLOSING BALANCE (-) = saving £000	COMMENTS
Scarborough Harbour	(3,500)	(385)	(3,885)	The expected transfer to the Harbours account is the net position of forecast income and costs associated with assets within the Whitby and Scarborough Harbours.
Whitby Harbour	(18,500)	(737)	(19,237)	
TOTAL	(22,000)	(1,122)	(23,122)	

COMMUNITY DEVELOPMENT
Appendix E

2025-26 REVENUE BUDGET OUTTURN REPORT

BUDGET HEAD	BUDGET 2025-26 £000	FORECAST OUTTURN 2025-26 £000	VARIANCE (-) = saving £000	COMMENTS
Culture, Arts, Libraries, Museums, Archives, Key Venues and Leisure	8,308	8,705	397	Sport & Active Wellbeing Ops underspend (£257k) , including pay underspends (£143k), non-pay underspends (£322k). Partially offset by income shortfall (£324k), primarily Richmond and Northallerton pool closures. Sport & Active Wellbeing Dev overspend (£54k) , linked to 3G pitch closure, partially offset by salary savings. Key Venues overspend (£327k) includes pressures within Beaches of £115k linked to repayment of capital works and rental income as well as Whitby Pavilion (£76k) and Peasholm Park and Cafe (£70k) overspends across expenses and income. Libraries underspend (£71k) relating to income and non-pay expenditure savings. Culture & Archives overspend (£210k) , £84 relating to rental income at Skipton Town Hall, £54k for HAZ funding coming to an end plus £39k for property costs at the Mercer Gallery.
Economic Development, Regeneration, Tourism and Skills	3,512	3,113	(399)	There is a forecast net service saving of £399k arising from salary savings net of staff admin charges (£196k), additional salary recharges to capital/projects (£74k), expected Trailblazer grant funding for existing salaries (£50k), net income shortfalls (£122k), savings in grants expenditure (£87k) and net savings on all other movements (£114k). This forecast reflects the drawdown of funds from the P4G reserve to support salary costs.
Housing (excluding HRA)	17,639	17,100	(538)	Housing Renewal underspend (£33k), including savings from salaries and grant funding, offset by Lifeline replacement costs. Housing Delivery & Partnerships underspend (£315k) relating to staffing and RHE income. Housing Needs underspend (£200k) relating to additional grant income.
Planning	5,586	2,422	(3,164)	There is a forecast net service underspend of £3,338k. This is due to forecast additional income (£3,310k), savings in salaries net of agency use (£100k), car allowances (£81k) and other expenditure (£96k). Partly offset by provision for potential legal costs (£123k) and unachievable recharge to capital income (£126k). £4,009k of the additional income is forecast from planning applications. This is offset by a forecast shortfall of £597k in Building Control fee income and a net shortfall of £102k in other income. The final forecast underspend of £3,164k also reflects the use of reserve funding (£250k) to partly offset the shortfall in Building Control income and a cost of £424k in not drawing funds from the P4G Reserve to support salary costs.
Harrogate Convention Centre	(616)	(608)	7	Shortfall in lettings income (£129k), due to a shortfall in association/corporate bookings to date in 25/26 partly due to the economic situation and northern rotations not taking place. As a result, forecast net overspend in catering (£82k) and other income (£91k). Future years are looking strong. To a large extent this is offset by hotel rent review income (£127k), salary savings (excluding catering) (£131k) and a net saving (£37k) resulting from all other expenditure variances.
Senior Leadership	895	522	(373)	Forecast salary savings (£158k) mainly due to vacant AD Planning post plus forecast recharge to HRA (£180k), recharge to capital (£6k), other expenditure savings (£29k).
TOTAL	35,324	31,254	(4,070)	

RESOURCES & CENTRAL SERVICES
Appendix F

2025-26 REVENUE BUDGET OUTTURN REPORT

BUDGET HEAD	BUDGET 2025-26 £000	FORECAST OUTTURN 2025-26 £000	VARIANCE (-) = saving £000	COMMENTS
Resources				
Technology	28,116	28,115	(0)	Forecasting to budget, with the forecast including temporary LGR funding for staffing and systems.
Transformation	5,938	5,938	(0)	Utilising approved reserve funding to fund shortfall on staffing due to scale of the current transformation programme.
Property	34,924	36,327	1,403	Forecasting an overspend due to reductions in income of £384k, mainly relating to rental income for units at Langcliffe Enterprise Centre (£151k) and Tenement house (£70k), increases in business rates of £422k, increases of £2,389k relating to repairs and maintenance and other variances including costs for vacant properties (£500k) and Alpamare Waterpark (£200k). This is partially offset by a £2,936k underspend forecast for utilities and £715k for salaries.
Procurement	2,448	1,842	(607)	Underspend due to vacancies in the year (now fully staffed) and additional income from providing Procurement support.
Commercial	452	387	(65)	
Health and Safety	1,109	935	(174)	
Financial Services	16,028	15,015	(1,013)	Largely driven by Insurance Premiums (£1,000k), in addition to £7k for increased recharge income and £6k for reduced expenditure on debt agencies.
Customer	7,832	7,950	118	Forecasting an overspend driven by staffing, in particular for the Out of Hours team. The Service are holding vacancies to mitigate the overspend.
Revenue and Benefits	8,206	7,875	(331)	Forecasting an underspend due to vacancies (£741k), additional grant income (£127k) and underspends on debt recovery costs (£43k) and fees (£68k). Partially offset by underachievement of court fee income (£680k) due to backlog from implementing the Benefits system and availability of court dates.
Central Services				
Business Support and HR	30,771	30,587	(184)	Business Support is forecasting an underspend of £118k due to additional recharge income (£550k) and underspend on IT licences (£88k), venues (£135k) and contracts (£82k). Partially offset by staffing pressures, including unfunded SEN salary costs (£163k), and postage (£184k). HR is forecasting an underspend of £66k, driven by lower than forecast number of checks completed by the Disclosure & Barring Service due to implementation of the new system.
Local Engagement	11,961	10,930	(1,031)	Forecasting an underspend largely driven by NYLAF (£700k) and vacancies across the Service.
Legal and Democratic Services	10,138	9,875	(263)	Forecasting an underspend driven by vacancies in Legal Services (£18k), Democratic Services (£94k) and Members Services (£10k), in addition to housekeeping savings (£142k) and grant income (£34k). This is partially offset by a pressure of £197k for Legal Expenses due to the increase in complex cases.
Senior Leadership	496	497	0	
Resources & Central Services Total	158,419	156,272	(2,146)	

NORTH YORKSHIRE EDUCATION SERVICES
Appendix G

2025-26 REVENUE BUDGET OUTTURN REPORT

BUDGET HEAD	BUDGET	FORECAST Profit	VARIANCE	COMMENTS
	Profit(-) / Loss(+)	(-) / Loss (+)	Increase(-) / Decrease (+)	
	2025-26 £000	2025-26 £000	£000	
TRADED SERVICES PROFIT & LOSS SUMMARY				
Cleaning Service	(550)	(686)	(136)	NYES Cleaning continues to have a number of vacancies through natural staff turnover. This is covered by costed mobile teams which impacts on unit level pay budgets. Machinery and consumable spend has seen a reduction in spend against budget. Customer retention rates in 2025 was greater than budgeted, therefore the service is carrying additional income.
County Caterers Service	(450)	(300)	150	The Catering service is seeing a lower-than-expected meal uptake which has impacted upon income overall. Additionally, the costing of mobile catering teams was led by anticipated uptake; however, this lower uptake has contributed to lower cost recovery within the mobile team overhead. Previous customer losses were mitigated by changes to the management and support structure however these savings are yet to be fully realised.
Grounds Maintenance Service	(20)	(29)	(9)	
Health and Safety Service (HandS)	(4)	(11)	(7)	
Health and Safety Commercial	(146)	(155)	(9)	
Energy Traded Service	(20)	(38)	(18)	
Maintenance and Servicing Scheme	(180)	(162)	18	
Property & Facilities	(1,370)	(1,382)	(12)	
School Improvement Service	(25)	(2)	23	
LA Clerking Service	(60)	(49)	11	
Education Psychology & STS	(10)	-	10	
Education & Skills	(95)	(51)	44	
Employment Support Service - Traded	(170)	(185)	(15)	
Financial Management Services	(210)	(322)	(112)	At the end of Q2 we were reporting a year end surplus of £276k, this has increased to £322k. This is largely due to staffing savings (£35k) and small savings on mileage and training budgets (£10k). Overall the position has improved by £45k.
Health and Wellbeing Service	(160)	(204)	(44)	Forecasting an increase in income (£15k) and salary underspends due to vacancies (£37k). Partially offset by additional agency fees (£12k).
HR Advisory Service	(70)	(132)	(62)	The Q3 forecast has remained consistent with Q2. There is £13k savings on staff costs, this is partly due to a member of staff being seconded for 10 months (this was originally estimated as 9 months). The service is forecast to achieve an additional £5k of commissioned income over their target of £80k, due to additional ad-hoc work. There is also additional income than budgeted on Multi Academy Trusts £42k and non NY Schools of £6k.
Legal Services Traded	(35)	(13)	22	
Schools ICT Service	(100)	(109)	(9)	
Training and Learning	(70)	(50)	20	
Professional Support Services	(815)	(1,015)	(200)	
SUBTOTAL	(2,280)	(2,447)	(167)	
Central Traded Establishment	1,370	1,387	17	
North Yorkshire Education Solutions (NYES)	910	916	6	
TOTAL	-	(144)	(144)	

HOUSING REVENUE ACCOUNT

Appendix H

2025-26 REVENUE BUDGET OUTTURN REPORT

BUDGET HEAD	BUDGET 2025-26 £000	FORECAST OUTTURN 2025-26 £000	VARIANCE (-) = saving £000	COMMENTS
Income				
Rents (Council Dwellings & Hostels)	(43,207)	(41,283)	1,924	Influx of RTB disposals resulting in net property reduction of 48 over the course of the year, business plan assumed growth of 64 resulting in circa £500k income shortfall. Remainder relates to on-going increased levels of void properties as a result of various improvement measures on lettable standards and repairs.
Non-dwelling rents	(423)	(413)	11	
Charges for services and facilities	(1,222)	(1,185)	37	
Other Income	(151)	(287)	(136)	£85k relates to RTB disposal fees, this is offset with expenditure relating to surveys and legal support.
Investment Income	(566)	(780)	(214)	Forecast returns based on estimated working balance and improved rate of return (4.3% v 3.5% budget).
Total Income	(45,569)	(43,948)	1,621	
Expenditure				
Repairs and Maintenance	15,103	18,968	3,865	Significant pressures arising from responsive repairs (£976k) (specifically material costs and external contractor costs), £1,154k linked to stock condition surveys and £149k linked to increased legal costs in Housing Safety. £415k linked to Damp and Mould contract and £433k linked to new electrical contract. £514k overspend relating to additional Business Support resource to support improvement programme. £96k increased costs linked to Grounds Maintenance charges. £133k pressure linked to fleet hire and repair costs.
Supervision, Management and Admin	9,326	8,442	(885)	Underspend due to unallocated Capacity funding (£273k), an underspend on utilities across whole estate linked to historical inflation and move to corporate contracts (£500k), and reduced recharge linked to Housing Delivery team vacancies (£96k).
Interest Payments	4,059	3,845	(214)	Reduced borrowing costs based on forecast Capital Financing.
Debt Repayment	1,200	1,200	-	
Depreciation charge to major repairs	9,393	9,393	-	
Capital Expenditure funded from revenue	10,492	10,492	-	
Total Expenditure	49,573	52,340	2,767	
Unallocated	-	43	43	
Drawdown from Working Balance	(4,004)	(4,004)	-	
Net (Surplus) / Deficit	-	4,431	4,431	