

## **Foreword**

*As Leader of Herefordshire Council, I am proud to set out the progress and decisions we have made since we last met. My administration's collective ambition to deliver the best for Herefordshire in everything we do is evident throughout my report, which I am pleased to present to you today.*

*We continue to see strong delivery right across the county – in transport, highways, education, community safety, the environment and public services.*

*We are making good progress against our key priorities in our 2025/26 delivery plan, with 206 out of 240 key performance indicators (85.8%) either completed or on track for delivery by year-end. These milestones, which reflect our core objectives: People, Place, Growth and Transformation, demonstrating broad progress in areas like social care, environmental protection, economic development and internal efficiencies. We have already delivered £1.6 million (40%) of this year's savings targets, with the remaining £2.3 million on track, and continue to address £11.9 million in brought-forward savings, of which over half (£6.4 million) are now achieved.*

*Our Budget Resilience Reserve stands at £7.0 million to buffer demand volatility, while expenditure controls and strengthened cashflow forecasting support our capital programme, now revised to £115.1 million with a forecast spend of £112.1 million. However, Our Dedicated Schools Grant is forecast to reach a cumulative deficit of £37.5 million by March 2026. This gap has persisted over time as costs of delivering statutory education services (especially SEND provision) exceed the level of funding provided by central government. The statutory override, now extended to 2028, allows this to remain ring-fenced while we implement our Deficit Management Plan.*

*Our refreshed Risk Management Strategy has been approved, with no new corporate risks identified in the Quarter 2 review of our nine key areas, ensuring we remain focused and resilient. This overall performance underscores our commitment to financial discipline and effective service delivery amidst challenging conditions, while pursuing value for money for Herefordshire residents.*

*Building on this strong foundation of financial resilience and strategic planning enables us to bolster future infrastructure, growth and connectivity. On 20 November Cabinet endorsed the new draft Local Transport Plan (LTP 5) which will come to full Council today for adoption. This ambitious strategy, covering 2025-2041, replaces our outdated 2016 policy and brings us into line with latest national goals and targets, while offering more travel choices. By approving LTP 5 we seek to maximise our chances of securing multi-year capital grants from the Department for Transport; help provide the strategic case for major projects such as the Hereford Bypass, while ensuring that every pound of future transport investment – whether for walking, cycling, buses or roads – is pursuing growth, accessibility and improved health outcomes.*

*In October, we hosted an Employment & Skills Conference that drew together local employers, training providers, schools and young people. Workshops, keynote talks and success stories filled the day and highlighted career paths in engineering, digital technology, green construction and health care. At the close, the council launched the Herefordshire Apprenticeship Awards, a new annual event to recognise outstanding apprentices and the employers who support them. The conference and the awards*

*reinforce partnerships, raise the status of apprenticeships and signal that Herefordshire intends to build its skilled workforce from the talent already here. I would like to thank Cllr Biggs and the Economic Development team for their great work.*

*In November, Cllr Hurcomb, Cabinet Member for Local Engagement and Community Resilience approved the drawdown of £1.54 million to fund additional winter maintenance vehicles and an internal fleet for the new Public Realm Service. This provision supports the transfer of around 60 posts to the council, with 23 roles requiring vehicles. The fleet strategy prioritises electric cars with range extenders, telematics, council branding and a five-year or 100,000-mile lifespan. Vehicles will be procured through compliant frameworks to meet delivery timelines, and maintenance will be managed by the contractor under the new operating model.*

*Work is well underway on the Holme Lacy Road improvement scheme, which will widen carriageways, upgrade junctions and introduce new cycling and pedestrian facilities, making a vital eastern route into Hereford far safer and smoother.*

*Our extensive 2025/26 roads resurfacing programme has already treated dozens of miles of carriageway, with schemes completed on time and to a high standard. Responding directly to community concerns, we have reviewed speed limits in priority areas and introduced a temporary 40 mph limit on the A465 at Locks Garage Crossroads, pending the design and delivery of longer-term safety improvements.*

*Investment in our public rights of way continues: the popular Weobley-to-Dilwyn footpath has reopened with a brand-new bridge, restoring an important rural link and encouraging more people to enjoy our beautiful countryside on foot or by bike.*

*I was delighted the council hosted the Third Rivers Conference in Hereford in November, bringing together farmers, landowners, environmental organisations, academics and government agencies to address the ongoing nutrient challenges affecting the River Wye and its tributaries. The day-long event featured updates on local restoration projects, national research findings, and practical pilot schemes aimed at reducing phosphate levels through sustainable land management and innovative farming practices. Widely regarded as the most focused and solution-oriented gathering to date, the conference reinforced Herefordshire's position as a leader in collaborative river recovery efforts across the UK. I am grateful to Cllr Swinglehurst and officers for their hard work and dedication to help bring and keep this partnership together.*

*Protecting our natural environment goes hand in hand with tackling behaviours that undermine it. Enforcement teams have stepped up action against fly-tipping, illegal waste carriers and anti-social behaviour, issuing fines and removing tonnes of waste from verges and lay-bys. Recent cases highlight the seriousness of our approach: a Hereford scrap metal gang was fined over £43,000 for operating illegally, a husband and wife received penalties for dumping a caravan in a Herefordshire beauty spot, and a Bromyard resident was prosecuted for persistent anti-social behaviour and waste offences. These actions send a clear message that environmental crime will not be tolerated and demonstrate our commitment to keeping Herefordshire clean, safe and welcoming for all.*

*Our focus on resilience extends beyond prevention to rapid response when severe weather strikes. When Storm Claudia struck, our emergency teams, officers, councillors, voluntary groups and contractors worked around the clock to clear fallen trees, pump out flooded properties and keep communities safe. Their rapid and coordinated response minimised disruption and protected vulnerable residents – my heartfelt thanks go to every single person involved.*

*While safeguarding communities in times of crisis is vital, we are equally committed to investing in the future of our children and young people.*

*Ofsted recently carried out their inspection of our children's services, and the early feedback has been very positive. It recognises significant progress we have made and the positive impact our teams have had on the lives of children and young people in Herefordshire. The final report is set to be published on the 12th of January, 2026 and I want to take this opportunity to extend my thanks to Cllr Powell, the Cabinet lead and to Tina Russell and everyone in the Children and Young People's directorate.*

*Education remains central to our vision for Herefordshire. We are investing significantly in schools across the county to deliver modern facilities and inclusive learning environments where every child can thrive. Work has begun on the £2.4 million redevelopment of Hampton Dene Primary School, which will deliver modern classrooms, improved outdoor spaces and specialist facilities to meet future demand. At Trinity Primary School, a groundbreaking support service for pupils with social, emotional and mental health needs has opened, providing tailored interventions and a safe space to help children thrive.*

*Meanwhile, at Holmer CE Academy, flood resilience measures are being designed alongside improvements to the adjacent leisure centre, ensuring learning and community activities can continue uninterrupted during severe weather. These projects reflect our commitment to creating inclusive, resilient and inspiring environments for all learners, now and for generations to come.*

*We have launched the Safer School Streets initiative at five Herefordshire schools, creating safer, healthier environments for children and families. The scheme introduces timed restrictions on vehicle access during school drop-off and pick-up periods, alongside improved signage and community engagement. By reducing congestion and encouraging walking, cycling and active travel, this initiative supports road safety, cleaner air and better health outcomes for young people. It reflects our commitment to putting children first and working with schools, parents and local communities to make everyday journeys safer and more sustainable.*

*Creating vibrant spaces for children is just one part of our wider ambition to support wellbeing for residents of all ages. Alongside this, we are driving improvements in social care and health services, and recently welcomed the Care Quality Commission (CQC) to Herefordshire to assess how we support vulnerable adults and those with key needs. We await the findings and outcome of the CQC visit, and I would like to thank Cllr Gandy, the Cabinet lead, Hilary Hall and her team for their huge efforts in addressing the growing and ever more complex needs of supporting adults, providing them care, dignity and independence.*

*Alongside improvements in health and care, we strive to make everyday life more affordable and accessible. Bus travel concessions have been extended, helping older residents, disabled people and students to stay connected at a lower cost. From October, free travel times for concessionary and disabled bus pass holders start earlier in the morning and run later in the evening, making it easier for people to attend appointments, access education and take part in community activities. This change reflects our commitment to reducing isolation, supporting independence, and ensuring affordable, sustainable transport options for those who rely on them most.*

*These practical measures to enhance the wellbeing of our community complement our efforts to revitalise public spaces and cultural assets. We were pleased to hear that Hereford South West has been awarded up to £20 million through the government's Pride of Place programme, aimed at transforming one of the county's most deprived neighbourhoods. This hyper-local investment – part of a wider £1.5 billion fund supporting around 250 communities – will revive high streets, restore parks, rejuvenate pubs and community halls and support local businesses. Working closely with ward councillors, residents and the city council, we will also use this funding to create civic spaces that unite people and instil pride in Hereford's city centre.*

*We have agreed a two-year extension (to March 2028) of the integrated Drug and Alcohol Recovery Service delivered by Turning Point. This ensures continuity for around 1,000 people of all ages who use the service, helps avoid sudden additional pressure on GPs and hospitals, and gives us time to undertake a full service review and future re-commissioning exercise. Working with health, housing and criminal justice partners, it has achieved major outcomes like hepatitis C micro-elimination.*

*We were delighted to see several local voluntary groups receive the prestigious King's Award for Voluntary Service, including Colwall Orchard Group, Kington Walks and The Hub at St Peter's Church. Their work - from restoring orchards and maintaining footpaths to providing vital community services - shows the strength and dedication of Herefordshire's voluntary sector and its role in building resilient, connected communities.*

*Finally, it was with great sadness that we learned of the death of Andzie Stanik, an FCC Environment contractor in a road collision in Leominster in November. Although not a direct employee of the council, he was a part of our wider council family, delivering services to residents across the county. On behalf of Herefordshire Council, I wanted to formally extend our heartfelt condolences to his family, friends and colleagues. We also send our thoughts to the two other individuals injured in the incident and wish them a full recovery. I want to thank all the emergency services, council staff and responders who attended the incident for their professionalism in extremely difficult circumstances.*

*My thanks, as ever, go to our hardworking officers, councillors and partners across the public, private and voluntary sectors. Together we are delivering real and lasting improvements for the people of Herefordshire.*

## My formal report to Council

**Herefordshire Council Plan – 2024 to 2028.** Through the development of the Herefordshire Council Plan, four corporate priorities have been identified. These are:

- I. **People** – We will enable residents to realise their potential, to be healthy and to be part of great communities who support each other. We want all children to have the best start in life.
- II. **Place** – We will protect and enhance our environment and ensure that Herefordshire is a great place to live. We will support the right housing in the right place, we will support access to green spaces and we will do everything we can to recover the health of our rivers.
- III. **Growth** – We will create the conditions to deliver sustainable growth across the county; attracting inward investment, building business confidence, creating jobs, enabling housing development along with providing the right infrastructure, and
- IV. **Transformation** – We will be an efficient council that embraces best practice, delivers innovation through technology and demonstrates value for money.

The Herefordshire Council Plan, alongside the Medium Term Financial Strategy, provides the overarching policy framework within which decisions will be taken and resources allocated over the next 4 years.

### Delivery Plan 2025 to 2026 – turning the strategic vision in to delivery

In my report below, I have outlined where the cabinet and cabinet members decisions begin the delivery of those stated objectives.

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**Theme 2: Growth** - We will create the conditions to deliver sustainable growth across the county; attracting inward investment, building business confidence, creating jobs, enabling housing development along with providing the right infrastructure.

**1: Stated Delivery Plan Objective:** Work with partners to provide high quality and affordable housing to meet all needs

A commitment from the leader to provide Council with updates on the delivery of affordable housing.

The total number of affordable homes delivered by the Council (collectively with the Registered Providers) in the County are as follows:

- Yr – 2023 to 2024 = 268 dwellings
- Yr – 2024 to 2025 = 276 dwellings
- Yr – 2025 to 2026 (*to date*) = 184 dwellings (an increase of 23 dwellings since my last report). It is anticipated that a further 102 dwellings will be delivered before year end.

***Theme 3: Place - We will protect and enhance our environment and ensure that Herefordshire is a great place to live. We will support the right housing in the right place and do everything we can to improve the health of our rivers.***

## **2: Local Transport Plan 5**

**Stated Delivery Plan Objective:** Deliver the Local Transport Plan to ensure places can prosper and thrive with the right integrated transport networks

**Key Milestones to achieve the deliverable:**

- Commence consultation
- Seek Cabinet approval to adopt the plan,
- Commence implementation

The new Local Transport Plan (LTP 5) was presented to Cabinet on 20 November. The proposed plan, which will be considered at the 5 December Council meeting, sets out the foundational policies and evidence base that will underpin all future transport investment, economic growth, and sustainability commitments. The LTP 5 also provides the long-term framework for ensuring compliance with Department for Transport (DfT) statutory requirements under the [Local Transport Act 2000](#). This in turn informs their allocation of funding and priorities for local transport improvements in Herefordshire. In this regard, the LTP 5 maximises the opportunity to secure external grant funding for future infrastructure schemes.

The imperative to approve a new LTP 5 is because the existing transport policy has been in place since 2016. Reliance on the current and outdated strategy means we are not currently compliant with the funding prerequisites for multi-year DfT capital grants. For example, it does not consider the most up to date transport data concerning traffic volumes on key corridors where we know they continue to exceed capacity. Areas that we also know to be increasing in congestion, unreliable journey times, and negative impacts on air quality in urban Air Quality Management Areas (AQMAs).

The proposed LTP 5 (2025-2041) will ensure a co-ordinated approach and policy alignment with the Cabinet's developing proposals around the Local Plan and the associated housing and employment site allocations. It is anticipated that the Local Plan will be proposed for adoption in late 2028 to early 2029.

Crucially, the existing LTP provides the strategic context and justification for major projects like the Western Bypass and schemes of regional significance. The proposed LTP 5 will provide a continuation of this framework to continue these policies and ensure that they underpin a modern, balanced, county-wide transport solution.

In addition, the draft plan supports active travel, such as walking and cycling, giving greater choice to residents and visitors for their preferred means of transport. DfT are making considerable funding available for competitive bidding for Active Travel. Where Herefordshire is successful in attaining such funding it gives further underpinning for major infrastructure projects and investment (e.g. Western Bypass).

### **3: The New Public Realm Service - Fleet**

**Stated Delivery Plan Objective:** Deliver the Public Realm Services

**Key Milestones to achieve the deliverable:**

- Award the new Public Realm contract
- Commence demobilisation of current contract and commence mobilisation for new contract

On 28 November 2024, Cabinet approved the council's Public Realm Services model. The strategy and approach for fleet and plant provision has been incorporated into the new public realm contract, with the council retaining ownership of winter maintenance vehicles and a corporate fleet.

To support the implementation of the new operating model for the public realm service, the council is required to:

- a) provide an additional, appropriate fleet for use by Transfer of Undertakings (Protected Employment) (TUPE) employees and existing Herefordshire Council highway staff to enable the council to perform a client role within the contract and to also consolidate its current fleet arrangements
- b) provide the necessary winter maintenance vehicles that are required, and
- c) fund the vehicle replacement programme.

In November, the Cabinet Member for local engagement and community resilience approved the drawdown of the £1.540m identified corporate funded borrowing to enable the purchase of additional winter maintenance vehicles and an internal fleet for the New Public Realm Service. Approximately 60 posts will transfer to the council. Of this number, it is expected that 23 posts will require a vehicle to be provided to perform their duties.

A review of the job roles that will transfer to the council has been undertaken to assess the tasks that employees will be required to perform post June 2026. From this it has been determined that a car provides the optimum solution for the majority of roles. Wherever possible, it is intended that vehicles will be:

- a) Electric (range extender required for optimisation).
- b) Fitted with vehicle telematics.
- c) Branded in adherence to the council's brand guidelines, and
- d) Be purchased with a 5-year life span, or 100,000 miles.

We will utilise existing frameworks to comply with the council's Procurement Rules and ensure that the vehicles can be sourced and delivered in time for contract commencement. Maintenance of the fleet will be undertaken as part of the new public realm service by the contractor.

### **4: Phosphate income/credits**

**Stated Delivery Plan Objective:** Value nature and uphold environmental standards to minimise pollution and maximise biodiversity.



At the point of drafting, £1,451,970.00 (up by £49,727.48) since my last report in October in phosphate income has been received. To date these actions have released planning permissions for 891 dwellings (an increase of 15 dwellings since October). The Council will receive a further £534,272.00 on commencement of development on these sites.

## **Other Cabinet Decisions and progress reports**

### **Drug and Alcohol Recovery Service 2-year Extension**

The Herefordshire Drug and Alcohol Recovery Service is provided by Turning Point Services Ltd, a national health and social care social enterprise (registered charity). It is commissioned by Herefordshire Council to deliver an integrated drug and alcohol recovery service for people living in county. The Herefordshire service provides support to young people aged 11-17, young adults aged 18-24, and adults aged 25+.

The central hub for the service is in Hereford, with additional hubs across the county to provide a replicable service wherever someone lives, and an outreach offer to bring treatment to the people who need it. Turning Point Services Ltd currently employ a member of staff based with the Edge of Care Home Team (ECHO), as well as a part-time worker co-located with the Youth Justice Team.

The service provides access to a range of treatment options to support people who use substances (including non-dependent and dependent drinkers, those requiring treatment to manage opiate dependency, and people using non-opiate substances such as cannabis, ketamine, and cocaine). Services include a robust psychosocial intervention (PSI) offer to support behaviour change, which includes delivery of evidence-based treatment programmes and 1:1 key working.

The services we have commissioned are focussed on reducing harm to individuals and communities. It brings together partnerships with a range of other stakeholders to provide wrap-around support to our service users, including probation, the police, housing, mental health, primary care, and social services. They provide safe and reliable needle syringe provision (NSP) or needle exchange to reduce the risk of harm from injecting drug use, promote safe ways to use drugs, overdose prevention and distribution of naloxone (opiate overdose-reversal drug).

Turning Point Services Ltd deliver various clinical interventions to support client health and wellbeing, including Dry Blood Spot Testing (DBST) to test for Blood Borne Viruses (BBVs), fibro scan to check alcohol-related liver health, vaccinations for Hepatitis B and Pabrinex injections (which also reduces the risk of developing Wernicke-Korsakoff encephalopathy in dependent drinkers). The service achieved micro-elimination (ME) of hepatitis C, reducing the risk of wider impact on the local community and promoting health and wellbeing.

The extension for two years (April 2026 – March 2028) of these services ensures continuity of provision and avoids additional pressure on primary and secondary health services. These would otherwise be required to absorb around 1,000 service users. A full-service review and potential future re-commissioning exercise will take place during the extension period to secure ongoing service delivery from April 2028.



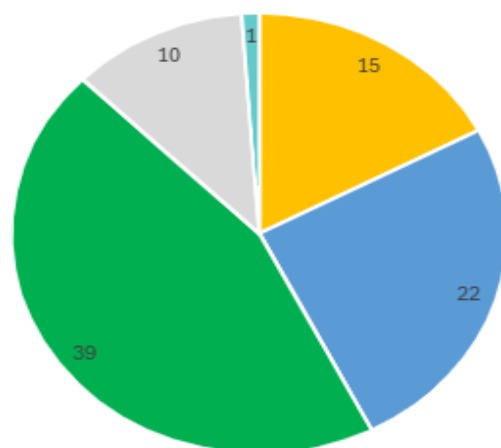
## Quarter 2 Performance Report<sup>1</sup>

The Quarter 2 Performance Report (July to September) provides a summary of the activities undertaken to deliver the key priorities and goals of the Council's delivery plan 2025/26. It highlights the key performance indicators (KPIs)<sup>2</sup> - 206 out of 240 (85.8%) of which are either completed or are on track to be delivered by the end of the financial year. These KPIs are broken down, by Delivery Plan theme, as follows:

### Performance - People: Q2 RAG status of Delivery Plan Milestones for People

Of the 87 milestones due to be completed by Q2:

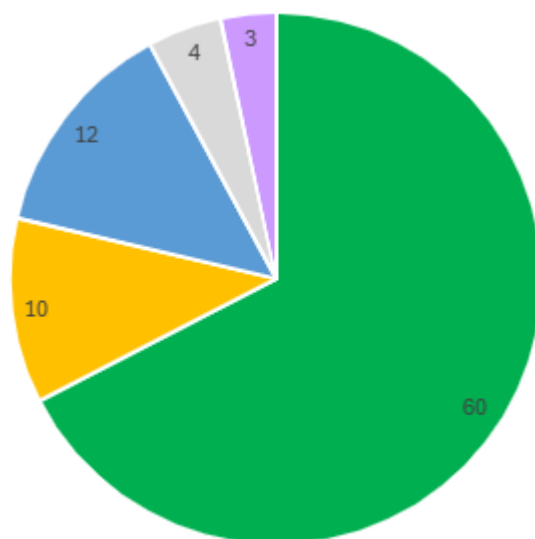
- 22 milestones have been completed (or equivalent to 25.2%);
- 39 milestones are on track (or equivalent to 45%);
- 15 milestones are at risk (equivalent to 17.2%);
- 10 milestones are not due to start yet (equivalent to 11.5%), and
- 1 milestone has been discontinued (equivalent to 1.1%)



### Performance - Place: Q2 RAG status of Delivery Plan Milestones for Place

Of the 89 milestones due to be completed by Q2:

- 12 milestones have been completed (or equivalent to 13.5%);
- 60 milestones are on track (or equivalent to 67.5%);
- 10 milestones are at risk (equivalent to 11%);
- 4 milestones are not due to start yet (equivalent to 4.5%), and
- 3 milestone has been parked whilst interdependent activity is completed (equivalent to 3.5%)



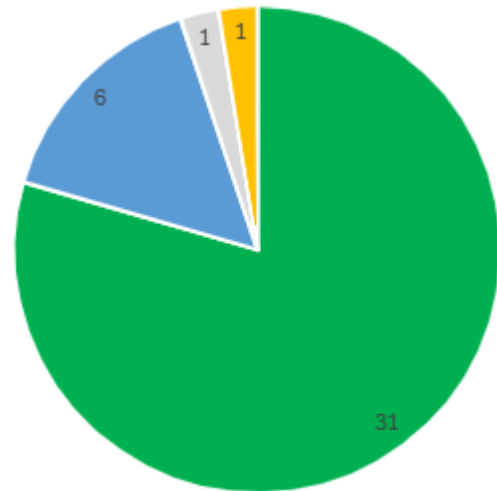
<sup>1</sup> **Milestones Colour Key:** Green: On Track; Amber: At risk of not being completed by the end of the financial year; Blue: Completed; Red: Significant risk of not being completed by the end of the financial year; Purple: Parked as waiting on other interdependent activity; Grey: Not due to start yet

<sup>2</sup> This figure does not include the milestones that are not yet due to start (the grey segments of the pie charts above), of which there are 15.

## Performance - growth: Q2 RAG status of Delivery Plan Milestones for Growth

Of the 39 milestones due to be completed by Q2:

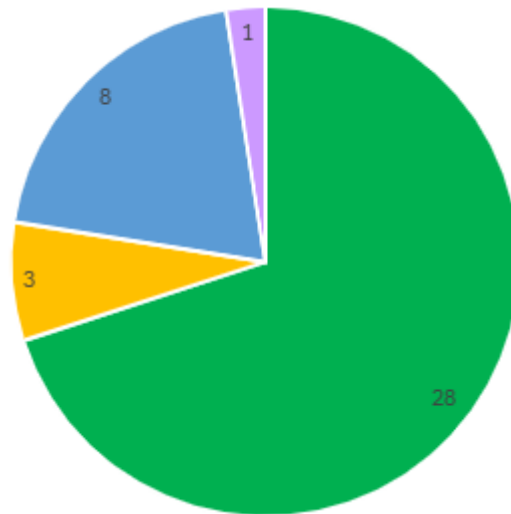
- 6 milestones have been completed (or equivalent to 15%);
- 31 milestones are on track (or equivalent to 80%);
- 1 milestones is at risk (equivalent to 2.5%);
- 1 milestones are not due to start yet (equivalent to 2.5%), and



## Performance - Transformation: Q2 RAG status of Delivery Plan Milestones for Transformation

Of the 40 milestones due to be completed by Q2:

- 8 milestones have been completed (or equivalent to 20%);
- 28 milestones are on track (or equivalent to 70%);
- 3 milestones are at risk (equivalent to 7.5%); and
- 1 milestone has been parked whilst interdependent activity is completed (equivalent to 2.5%)



## Quarter 2 2025/26 Budget Report

### Revenue Outturn:

The council's approved net revenue budget for 2025/26 is £231.5 million which includes planned savings of £3.9 million. In November, cabinet were advised that of the revenue forecast outturn position for 2025/26, which includes continuing budget pressures to support increases in demand:

- Across social care budgets,
- Temporary accommodation and
- Special Educational Needs and Disabilities (SEND) transport services.

The Quarter 2 revenue outturn position for 2025/26 shows a forecast variance from a budget of £7.0 million (equivalent to 3.0% of net budget), before management action. It is expected that planned management activity will reduce the forecast overspend to £3.7 million. This variance represents cost pressures of £7.0 million comprising £5.6 million in-year net cost pressures and £1.4 million of brought forward Savings Targets assessed as 'at risk'.

The Budget Resilience Reserve was established in 2024/25 to manage the impact of in-year cost pressures and volatility in demand across social care budgets. In the financial year ended 2024/25, £4.0 million of this reserve was applied to cost pressures in the Community Wellbeing Budget, reducing the balance carried forward to the current financial year to £7.0 million.

As detailed in the Earmarked Reserves and General Balances Policy Statement 2025/26, allocation of reserve funding in each financial year will require application to the council's S151 Officer and Cabinet approval to ensure that appropriate measures have been taken within directorates. At the end of each financial year, any unused balance will be considered as part of the annual review of earmarked reserves.

Expenditure controls first implemented during 2023/24 remain in place to support recovery activity and robust control over expenditure in 2025/26. Directorate panels will continue to review expenditure on goods and services as well as changes in staffing arrangements to maintain the increased level of rigour and challenge over expenditure for the remainder of the financial year.

## **Savings**

Council approved a total of £3.9 million of savings for 2025/26 comprising targets in the Children & Young People Directorate aligned to a refresh of the 3 Year Financial Plan. A review of the delivery and status of the 2025/26 approved savings has been undertaken; informed by planned and actual activity in the year to date to determine savings targets at risk of in-year delivery.

This review confirms £1.6 million (equivalent to 40%) of the total approved savings target for the year has been delivered at Quarter 2 with a further £2.3 million (60%) assessed as 'on target/in progress' for the year. No savings are currently assessed as 'at risk'.

Savings not delivered recurrently in previous years have been carried forward into 2025/26 for continued monitoring of delivery. As set out in the 2024/25 Quarter 4 Outturn Report to Cabinet in June of this year, a focused review of the original proposals and planned activity has been undertaken during Quarter 1 and revised savings plans have been developed, where appropriate, to confirm activity to deliver savings in 2025/26.

At 30 September 2025 (Quarter 2), £6.4 million (54%) of the £11.9 million brought forward savings have been delivered with a further £4.1 million (34%) forecast to be delivered in year; £1.4 million (12%) remains at risk and with focused activity underway to resolve or mitigate in year.

## **Dedicated Schools Grant (DSG)**

The cumulative DSG deficit is accounted for as an unusable reserve on the council's Balance Sheet, as permitted via statutory instrument, which will remain in place until 31 March 2028. This enables all local authorities to ring-fence the DSG deficit from the overall financial position in the statutory accounts. Beyond the period of the statutory override, the expectation is that any balance on the DSG Unusable Reserve will transfer back to the council's total Earmarked Reserves.

On 1 April 2025, the cumulative deficit brought forward was £20.0 million. The Quarter 2 forecast anticipates a 2025/26 in-year deficit of £17.5 million based on September 2025 activity data, will lead to a cumulative DSG deficit of £37.5 million by 31 March 2026. The

Department for Education announced in June 2025 that the statutory override period has been extended until 31 March 2028.

Measures to contain the deficit and mitigate future cost and demand pressures continue to be managed by the Service through the DSG Deficit Management Plan and the financial impact of agreed mitigations will be monitored and reported throughout the year as part of the council's routine budget monitoring processes.

### **Capital Outturn**

The 2025/26 approved capital budget of £155.2 million has been revised to £115.1 million. The revised capital budget includes £11.7 million of unspent project budgets brought forward from 2024/25, removal of a project £6.0 million, £14.5 million additional grants and a reduction of £60.3 million where budgets have been reprofiled to future years.

The forecast spend position, at Quarter 2, is £112.1 million which represents a variance of £3.0 million against the revised capital programme budget of £115.1 million. The in-year forecast variance represents £1.0 million of underspend on project budgets and £2.0 million in respect of project budgets to be rolled forward for delivery in 2026/27. In accordance with best practice, capital budgets will be reprofiled at Quarter 2 to reflect the revised expected profile of project delivery.

Forecast delivery of the council's capital programme for 2025/26 assumes a requirement to undertake external borrowing. Provision was made in the approved 2025/26 revenue budget to support this borrowing. Cashflow forecasting arrangements have been strengthened in 2025/26 to consider the cashflow requirements of the capital programme; managing the timing and affordability of loan interest payments, minimising cash balances and utilising internal borrowing where possible, in accordance with the council's Treasury Management Strategy.

The capital programme includes a number of projects expected to mitigate key revenue budget pressures. The delivery of these projects on time and within budget is critical to ensuring maximum impact on the 2025/26 revenue outturn position and to mitigate pressure in future years. The delivery of capital projects is monitored by individual project boards, Major Projects Forum and monthly Directorate Budget Boards.

### **Risk Management Update Quarter 2 2025-26**

The revised Risk Management Strategy 2025/26 and Risk Appetite Statement were reported to Cabinet in November 2025. The Strategy sets out the approach and principles of risk management, outlining the council's risk appetite, to inform the management of risks by Members and Officers across the council.

The Corporate Leadership Team (CLT) have undertaken a review of the Corporate Risk Register to update risk scores, consider the adequacy of control measures and mitigating actions and identify new threats and opportunities to the delivery of the objectives and priorities of the Council Plan 2024-28. In addition to this quarterly update, CLT and Cabinet continue to monitor risks throughout the year to ensure appropriate and proportionate controls are in place.

The revised Corporate Risk Register approved by Cabinet in June 2025 included 9 corporate risks. At Quarter 2, no additional risks have been identified for inclusion in the Corporate Risk Register.

The council's 2025/26 Internal Audit Plan has been reviewed to ensure it is aligned to the refreshed Risk Strategy and risks identified in the Corporate Risk Register. The revised Plan was approved by Audit & Governance Committee in September 2025.