



Borough of Telford and Wrekin

Cabinet

15 October 2026

2026/27 Financial Monitoring Report

Cabinet Member:	Cllr Zona Hannington - Cabinet Member: Finance and Resident Services
Lead Director:	Michelle Brockway - Director: Finance, People and IDT
Service Area:	Finance, People and IDT
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Wards Affected:	All Wards
Key Decision:	Key Decision
Forward Plan:	Yes
Report considered by:	SMT – 22 September 2026 Business Briefing – 1 October 2026 Cabinet – 15 October 2026 Full Council – 26 November 2026

1.0 Recommendations for Decision/Noting

It is recommended that Cabinet:

- 1.1 Notes the 2026/27 revenue budget position, which shows that due to the proactive in-year financial management, the Council is projecting to be within budget at year end without having to use the Budget Strategy Reserve which remains at £21.7m;
- 1.2 Notes the position in relation to capital spend; and recommends that Full Council approves:
 - the changes to the Capital programme detailed in Appendix C, and
 - all associated changes to the Treasury Management Indicators and Prudential Indicators detailed in Appendix D.

- 1.3 Notes the collection rates for NNDR, council tax and sales ledger.

2.0 Purpose of Report

- 2.1 To provide Cabinet with the latest financial monitoring position for the year relating to: the revenue budget, capital programme and income collection.

3.0 Background

- 3.1 The Medium-Term Financial Strategy (MTFS) 2026/27 to 2029/30 was approved at Full Council on 26 February 2026, which included the 2026/27 revenue budget and medium-term capital programme. Since the MTFS was approved, the economic climate has continued to be challenging with cost and demand pressures being experienced, particularly in relation to the provision of Adult Social Care and Children's Safeguarding.
- 3.2 Good financial management is an essential element of good governance and long-term service planning which are critical to ensuring that local service provision is sustainable and the use of resources is maximised to meet the needs of our residents.
- 3.3 Financial management is the responsibility of budget holders and is supported by Finance staff using a risk-based approach: more focus is given to higher risk areas (high value/more volatile); less frequent financial monitoring is undertaken on budgets deemed to be medium to lower risk. Financial monitoring provides Cabinet and Senior Management Team with a focussed view on the Council's financial performance, to inform and support decision making and to ensure financial sustainability.
- 3.4 This Financial Monitoring Report for 2026/27 provides the latest projections in relation to the projected outturn position i.e. how projected net revenue spend compares to the budget set for the year; progress against the approved 2026/27 capital programme; the key issues to be highlighted; together with a summary of collection information in relation to Council Tax, Business Rates and Sales Ledger income.
- 3.5 This is the first year since the Government introduced the reformed Local Government Finance System, which delivered the first multiyear settlement in over a decade. Alongside the new settlement a reset of the Business Rates Retention Scheme was implemented. Whilst the introduction of the multiyear settlement has given some assurance, the outlook for the medium term remains uncertain and will clearly continue to be challenging due to the pressures outlined in this report and given the Council has already had to deliver £195.3m ongoing budget savings since 2009/10.
- 3.6 There is a statutory duty for local authorities to set a balanced and robust budget each financial year and to take timely action to address financial pressures. It is our aim to continue to deliver quality services whilst ensuring a balanced budget.

4.0 Summary of main proposals

4.1.1 Nationally, Councils continue to face extreme challenges in 2026/27 with unprecedented pressures driven by high costs and high demand for services – particularly Adult Social Care and Children’s Safeguarding.

4.1.2 While inflation is expected to reduce in the medium term, current indicators show that the economy will be slower to recover than was expected when the Council’s budget was set. In April 2026 CPI was 2.8%, briefly reduced to 2.6% in June, but increased to 2.9% in July and 3.1% in August 2026 due to the increases in the energy price cap. The current rate of inflation remains above the Bank of England’s 2% target. Markets anticipate a further increase in the rate of inflation in short term as the price for consumer goods and fuel are anticipated to increase in value due to the ongoing conflict in Iran and the Middle East and a further increase in the energy price cap from October is expected.

The Bank of England base interest rate has remained unchanged since the start of 2026/27 at 3.75% despite market expectations of a slight increase in the first half of the year. The current rate of interest associated with borrowing is higher than was anticipated when the Council’s budget was set due to the ongoing conflict in Iran and the Middle East. It should be noted that the Bank of England may need to increase the base interest rate in the short term to mitigate inflationary increases.

4.1.3 Given these factors, monitoring for 2026/27 indicates a number of variations from the approved budget, notably relating to Children’s Safeguarding & Family Support, Prosperity & Investment, Education & Skills and Adult Social Care where additional investment is required. Further details are included in Section 5 below.

4.1.4 Strong financial management and prudent financial planning mean that the Council has budgeted contingencies in place to support the financial pressures currently being projected. This together with further management action will ensure that the overall position will be within the budget set at year end.

4.1.5 The Council has an excellent track record of strong financial management and Cabinet Members and budget holders will continue their work to manage budgets as effectively as possible during the year.

4.1.6 Projections will continue to be refined as the year progresses. While extremely challenging our aim is to continue to deliver quality services to the residents of the borough and protect critical front-line services.

4.1.7 A summary of the current projection for the year end position is:-

	£m
Net Revenue Budget	213.664
Projected Net Revenue Outturn	217.614
Projected Pressures	3.950
Use of General Budget Contingency	(3.950)
Projected Year End Variance i.e. net spend will be within budget	0.000

4.1.8 There are a few variations from the approved budget. The key variance being in Children's Safeguarding and Family Support, with £3.1m additional investment currently being required relating to the cost of providing care to an increasing number of looked after children placed in residential care, some of whom have complex needs. Other significant variances include £1.0m Prosperity & Investment predominantly due to a shortfall on income targets because of void properties and rent reductions; £0.9m Education & Skills and £0.7m Adult Social Care. Further details are included in Section 5.

4.1.9 Despite the pressures facing the Council during 2026/27, the Council continues to demonstrate the strong financial management and financial resilience which is embedded in the authority, which has meant that the Budget Strategy Reserve remains untouched at £21.7m.

4.2 Capital

The capital programme totals £121.375m for 2026/27 which includes all approvals since the budget was set. Schemes are in progress and at the time of compiling this report spend is projected to be under budget which indicates that there is likely to be re-phasing into 2027/28 and beyond at year end. It is early in the year, and the programme will continue to be monitored, and updates brought in future reports.

4.3 Corporate Income Collection

The income collection rate for Council Tax is on target whilst Business Rates (NNDR) and Sales Ledger are currently outside the targets set. Ultimately, all debt will be pursued and will continue to be collected after the end of the financial year with all appropriate recovery avenues being taken.

5.0 Additional Information

5.1 The overall 2026/27 monitoring position against the budget is summarised in the table below:

Service Area	Budget £m	Total Current Variation £m
Finance, People & IDT	22.279	(0.030)
Policy & Governance	1.151	(0.076)
Adult Social Care	95.985	0.696
Housing, Commercial & Customer Services	5.821	(0.100)
Children's Safeguarding & Family Support	51.229	3.105
Education & Skills	14.013	0.926
Health & Wellbeing	0.423	0.042
Neighbourhood & Enforcement Services	35.153	(0.047)

Service Area	Budget £m	Total Current Variation £m
Prosperity & Investment	(2.788)	0.964
Council Wide	(9.602)	(1.530)
Total Pressures	213.664	3.950
Use of Budgeted Contingencies		(3.950)
Projected Year End Position - Within Budget		0.000

5.1.1 Projected variances over £0.250m are highlighted below, all other variances over £50k are detailed in Appendix B.

Service Area	Variance £m
<u>Policy & Governance</u>	
Insurance – reduction in premiums following procurement of corporate insurance policies.	(0.263)
<u>Adult Social Care</u>	
Longer Term Care Purchasing – expenditure relating to block and spot contracts continues to be under significant pressure, an element of this is due to fee increases being above those assumed in the budget model. The trajectory of growth is being monitored closely. The service continues to work on delivering care which maximises prevention and independence where possible.	1.887
Income – anticipated increased contributions to the cost of care due to increased demand and complexity of need.	(0.900)
Service Wide – operational efficiencies	(0.314)
<u>Children's Safeguarding & Family Support</u>	
Children in Care, Leaving Care Team & Speciality Services, Family Solutions:	
CIC placements, Post 18 Staying Put & Leaving Care Support – care costs have increased over the first half of the year with an increased number of high-cost residential placements resulting in a forecast overspend against budget. Work continues utilising Valuing Care to align children's needs and strengths to the types and costs of care they received.	2.360
Health Funding – increased income due to increased placement costs	(0.305)
Other areas of Children's Safeguarding and Family Support:	
Family Safeguarding – relates to increased pressure on legal expenses and assessment costs.	0.916

Service Area	Variance £m
Service Wide – operational expenditure.	0.370
Fostering Adoption & Permanence – reflects the reduction in use of voluntary adoption agencies and a reduction in the contribution to the regional adoption agency following a review of the financial formula.	(0.339)
<u>Education & Skills</u>	
Employee costs – additional costs due to inflationary pressures relating to historic teacher pension costs.	0.296
<u>Prosperity & Investment</u>	
Regeneration & Investment:	
Property Investment Portfolio – shortfall on income target reflecting the number of void/empty properties.	0.735
Wellington Market – ongoing support to traders throughout the refurbishment of Wellington Market resulting in a reduced rental income.	0.268
Building Innovation Telford – underspend reflects projections against utilities and other premises costs across Administration and Operational Buildings. This also includes some expenditure of one-off benefit from NNDR rebates.	(0.363)
<u>Council wide</u>	
Underspends including lower than budgeted costs relating to contingencies and inflation.	(1.238)

5.2 Dedicated Schools Grant (DSG)

Dedicated Schools Grant sits within Education & Skills and is monitored separately to the Council's General Fund position shown in Section 5.1. Excluding funds passed to academies and colleges, Dedicated Schools Grant totals £133m in 2026/27. DSG deficits are currently required to be held in a separate reserve in local authorities' accounts.

Telford & Wrekin's DSG had a deficit of £9.21m at the end of 2025/26 which has carried forward into 2026/27. This was made up of £4.66m deficit carried forward from 2024/25 plus the 2025/26 in-year overspend of £4.55m.

The deficit arises because of high needs budget pressures. This is a national issue, and over 80% of upper tier local authorities carried a DSG deficit at the end of financial year 2024/25. The overall national DSG deficit is increasing - at the end of 2024/25 it amounted to £3.596bn and once 2025/26 data is released, this figure is expected to have increased substantially. To alleviate pressure on the 2026/27 high needs budgets, Telford & Wrekin's schools forum again agreed to transfer 0.5% of

the schools block to high needs, amounting to £0.9m. This agreement illustrates the positive relationships with schools and other providers which are invaluable in assisting the Council to maintain budgetary control of DSG, whilst ensuring that we meet our responsibilities to young people.

There was no like-for-like increase in the Government's 2026/27 high needs funding allocation to Councils, including Telford & Wrekin. The cash increase in the high needs block was a result of previously separate grants for increase in payroll costs being brought within the high needs block. The government has however established two new grants, the 'Experts at Hand & Transformation Fund' and 'Inclusive Mainstream Fund' to support SEND reforms. There is also a 'High Needs Stability Grant' which will pay off 90% of the accumulated DSG deficits at the end of 2025/26 once local SEND reform plans are approved by the DfE.

The council's local SEND reform plan was approved by the Department for Education on 2 October 2026 and as such the council is eligible for the High Needs Stability Grant which equates to approximately £8.3m. Payment is expected to be received at the end of November 2026. There is also £430k set aside in reserves to support the remaining 10% of the DSG deficit at the end of 2025/26 that the Council will need to fund at the end of March 2028.

However, reform plans will take some time before they significantly impact on the continuing growth in SEND demand and thus cost pressures. There continues to be pressure throughout the high needs system, due to increasing numbers of children and young people needing additional educational support. The council currently expects the in-year high needs deficit in 2026/27 to be in the region of £10m. The government has said that it will continue to provide local authorities with 'appropriate and proportionate' support for deficits incurred in financial years 2026/27 and 2027/28. It has not yet provided more specific details. From financial year 2028/29 the government has said that DSG deficits will become the responsibility of the DfE.

The way in which local authorities account for DSG deficits was altered in 2020. DSG deficits are now required to be held in a separate reserve in local authorities' accounts and are disregarded from the measure of local authority reserves. The period covered by these regulations has been extended up to 31 March 2028.

5.3 CONTINGENCIES, RESERVES & BALANCES

- 5.3.1 The 2026/27 budget includes a general revenue contingency of £3.950m which is set aside to meet any unforeseen expenditure or income shortfalls during the year. All of this has been released to support the current position.
- 5.3.2 There is also a contingency amount held centrally for contractual and pay inflation. Any residual balance will be applied to support the overall position.
- 5.3.3 The Budget Strategy Reserve remains at £21.7m.

5.4 CAPITAL

5.4.1 2026/27 Capital Programme

The 2026/27 capital programme totals £121.375m with the financial position shown in the table below and shows projected spend at £120.86m which indicates that there will be some re-phasing into 2027/28 and possibly beyond required at year end. The Programme will continue to be monitored, and updates brought in future reports.

Service Area	Approved Budget £m	Spend £m	% Spend	Year End £m
Finance, People & IDT	3.757	1.695	45.1	4.144
Policy & Governance	0.065	0.014	22.23	0.065
Housing, Commercial & Customer Services	19.545	3.496	17.89	20.361
Children's Safeguarding & Family Support	0.040	0.000	0.00	0.000
Education & Skills	11.339	5.491	48.42	11.339
Prosperity & Investment	63.753	24.723	38.78	63.176
Neighbourhood & Enforcement Services	21.762	5.347	24.80	20.662
Corporate Items	1.113	0.017	1.57	1.113
Total	121.375	40.780	33.65	120.860

5.4.2 The 2026/27 capital programme relies on £20.853m of net capital receipts as part of its funding. Capital receipts included in the medium-term budget strategy are kept under continual review and any changes will be reflected in future budget projections but are currently projected to be on target.

5.4.3 Changes to the capital programme are shown in Appendix C for approval.

5.4.4 Under the CIPFA Prudential Code for Capital Finance in Local Authorities and the CIPFA Code of Practice on Treasury Management, the Council are required to report performance against the Prudential Indicators and the Treasury Management Indicators included in its Treasury Management Strategy. Performance is reported in Appendix D and includes updates to reflecting the updated Capital Programme. The Council continue to perform within the indicators set.

6.0 CORPORATE INCOME MONITORING

6.1 The Council's budget includes significant income streams which are regularly monitored to ensure they are on track to achieve targets that have been set and so that remedial action can be taken at a very early stage. The three main areas are Council Tax, NNDR (business rates) and Sales Ledger. Current monitoring

information relating to these is provided below. The Council pursues outstanding debt vigorously, until all possible recovery avenues have been exhausted, but also prudently provides for bad debts in its accounts.

- 6.2 In summary, Council Tax Collection is on target whilst Business Rates (NNDR) and Sales Ledger are behind target.

INCOME COLLECTION – AUGUST 2026			
	Actual	Target	Performance
Council Tax Collection	44.90%	44.90%	On target
NNDR Collection	51.50%	51.80%	0.30% behind target
Sales Ledger Outstanding Debt	8.81%	6.00%	2.81% behind target

6.3 **Council Tax (£140.0m)**

The percentage of the current year liability for council tax which the authority should have received during the year, as a percentage of annual collectable debit. The measure does not take account of debt that continues to be pursued and collected after the end of the financial year in which it became due. The final collection figure for all financial years exceeds 99%.

Year End performance 2025/26	96.9%
Year End Target for 2026/27	97.3%

Performance is cumulative during the year and expressed against the complete year's debit.

Month End Target	Month End Actual	Last year Actual
44.90%	44.90%	44.47%

Collection rates are on target and shows an improved position from this time last year.

6.4 **NNDR-Business Rates (£90.8m)**

The percentage of business rates for 2026/27 that should have been collected during the year. This target, as for council tax, ignores our continuing collection of earlier years' liabilities.

The measure does not take into account the debt that continues to be pursued and collected after the end of the financial year in which it became due. As a general rule the final collection figure for any financial year exceeds 99%.

Year End performance 2025/26	98.1%
Year End Target for 2026/27	98.1%

Month End Target	Month End Actual	Last year Actual
51.80%	51.50%	50.86%

Collection rates are slightly behind target, although performance is improved from this time last year.

6.5 **Sales Ledger (£107.4m)**

This includes general debt and Social Care debt. Debt below 2 months is classified as a normal credit period.

The target percent is set relating cumulative debt outstanding from all years to the current annual debit. The targets and performance of income collection for 2026/27 are as follows:

Age of debt	Annual Target %	August 2026	
		£m	%
Total	6.00	9.46	8.81

Sales ledger performance is outside of target, with over $\frac{3}{4}$ of the debt being owed by ASC clients or organisations. Work continues on progressing recovery action and working across service area to agree approaches to complex cases.

7.0 **Alternative Options**

- 7.1 Budget holders will investigate a number of options to seek to deliver required service outcomes from within budgeted resources. Options to deliver savings and additional income have been explored.

8.0 **Key Risks**

- 8.1 Budget holders actively manage their budgets and the many financial risks and challenges that council services face, examples include the risk of a particularly harsh winter which would impact adversely on the winter gritting and adult social care budgets, the increasing dependency on income from a wide range of activities and the risk of interest rate movements and further inflationary pressures, the risk of changes in legislative or accounting requirements impacting on budgets etc. The Council has comprehensive risk management arrangements in place, which are reviewed and updated by the Senior Management Team.

9.0 **Council Priorities**

- 9.1 Delivery of all Council priorities depends on the effective use of available resources. Regular financial monitoring in the financial management reports helps to highlight variations from plan so that action can be taken to effectively manage the Council's budget.

10.0 **Financial Implications**

- 10.1 The financial impacts are detailed throughout the report.

11.0 Legal and HR Implications

- 11.1 The S151 Officer has a statutory duty to monitor income and expenditure and ensure that the Council takes action if overall net overspends /shortfalls emerge, and in accordance with s.114 Local Government Finance Act 1988.
- 11.2 Legal services will provide ongoing advice in relation to specific proposals relating to the making of savings, including on any requirement to undertake consultation as such proposals are brought forward for consideration.

12.0 Ward Implications

- 12.1 There are no impacts on specific wards

13.0 Health, Social and Economic Implications

- 13.1 There are no Health, Social and Economic Implications directly arising from this report.

14.0 Equality and Diversity Implications

- 14.1 There are no Equality & Diversity implications directly arising from this report. Proportionate impact assessments are carried out and a range of consultation mechanisms are used where appropriate.

15.0 Climate Change and Environmental Implications

- 15.1 There are no Climate Change and Environmental Implications directly arising from this report.

16.0 Background Papers

- 1 Medium Term Financial Strategy 2026/27 to 2029/30 Council 26/02/2026

17.0 Appendices

Appendix A	Summary of 2026/27 Projected Variations
Appendix B	2026/27 Revenue Variation over £50,000
Appendix C	2026/27 Capital Approvals
Appendix D	2026/27 Treasury Management and Prudential Indicators

18.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Director	15/09/2026	16/09/2026	MLB
Finance	15/09/2026	15/09/2026	ER
Legal	15/09/2026	16/09/2026	ON