Appendix 1

FINANCIAL MONITORING REPORT - PERIOD 2 2025/26

SECTION 1: SUMMARY

Revenue Budget

1.1 This is the second Financial Monitoring Report of 2025/26, covering the period from April to September 2025. The report has been prepared excluding the revenue financial implications of any other reports presented on the same agenda. There will be a further two Financial Monitoring Reports covering quarter 3 and an outturn report covering the full-year financial performance for 2025/26.

1.2 At the mid-point in the year, there is a forecast service overspend of £4.888m against the net portfolio budget of £203.880m One-off corporate underspends are forecast to offset the overspend by £1.769m, resulting in a forecast net budget overspend of £3.119m. This is a significantly worse position than the overspend of £97k that was reported within FMR P1.

1.3 If the forecast overspend is not reduced, 2025/26 will be the fourth consecutive year in which the Council has overspent.

1.4 The overspend position as set out shows that the Council still needs to control its costs and manage national demand pressures, whilst also achieving agreed savings, in order to deliver a balanced outturn.

1.5 The forecast position is summarised in the table below.

Portfolio	**Forecast Variance at P1** **£000**	**Forecast Variance at P2** **£000**
Neighbourhoods & Environmental Services	(176)	(53)
Finance & Governance	0	0
People, Performance & IT	0	(129)
Business & Inclusive Growth	(362)	(282)
Regeneration	+1,008	+700
Adult Social Care & Health	0	+1,200
Localities, Culture & Heritage	(167)	(52)
Children & Young People	+298	+3,817
Stronger Communities	(304)	(313)
Net Portfolio Position	**+297**	**+4,888**
Corporate Budgets	(200)	(1,769)
Net Forecast Position 2025/26	**+97**	**+3,119**

1.6 The main pressure of £3.817m is within the Children & Young People portfolio, with placement costs associated with caring for children looked after, unachieved savings, and frontline social care agency staffing pressures being the main drivers of this.

1.7 There has been a further delay in the delivery of the saving regarding provision of Children's Homes owned by the authority due to delays in Ofsted registration, which has prevented placements being made. Staffing costs within the department remain high, with a £1.482m pressure linked to the continued usage of agency social workers; a phased reduction plan is in place to safely reduce agency reliance, but this will take time to implement.

1.8 The pressures and issues being faced by the Children & Young People portfolio have been identified as a key area for organisational focus within the Annual Auditors' Report provided by the Council's external auditor, Grant Thornton. The report recommends that "the Council places an urgent organisational focus on developing and implementing effective mitigations to manage escalating demand and cost in relation to Children's Services". Recommended actions include:

- Identify and deliver actions to reduce demand through early help, ensure sufficiency of cost-effective placements, and reduce agency staffing costs;
- Refine financial and demand modelling to ensure that budgets are based on realistic assumptions;
- Contain overspends within the Directorate so as not to adversely impact on the Council's outturn position; and
- Ensure planned savings and their timing are realistic and identify full mitigating actions if they are delayed.

1.9 There is also a significant overspend within the Regeneration portfolio, with a forecast overspend of £0.700m, primarily because of the non-delivery of savings, in particular the delay in the sale of Lincoln House and Wesley House. However, the pressure is currently being managed within the Place Directorate, where the net departmental position is break-even.

1.10 Adult Social Care has moved adversely from FMR P1, with an overspend now forecast of £1.200m, as a result of increased demand for services, particularly domiciliary care, and increases in the cost of individual care package costs.

1.11 The other portfolios are either projecting a balanced position or small underspends against the budget.

1.12 Corporate underspends that are one-off in nature totalling £1.769m result from additional investment income from Treasury Management activity and borrowing activity being undertaken at less than budget (£0.600m), a reduction in Minimum Revenue Provision due to slippage in the outturn capital programme for 2024/25 (£0.669m), and a forecast underspend on the restructuring budget (£0.500m).

1.13 The environment in which the Council is operating continues to be uncertain, and financial modelling to quantify the impact of external events on Council budgets is ongoing.

Council Wide In-Year Management Actions

1.14 In response to the worsening financial position and following discussions with the Executive Management Board, the following measures will be implemented with immediate effect:

- A recruitment freeze
- The cessation of all non-essential expenditure
- Continued review and reduction of agency workers

Further actions are being taken to address more specific issues, including the introduction of Check & Challenge meetings between relevant Directors and Portfolio Holders, to focus on significant pressure areas. These actions have been agreed to address the current position and as Management actions in response to the recommendations of Grant Thornton in the Annual Auditor's Report.

These measures are vital to ensure that the ongoing pressures are mitigated.

1.15 If the actions above do not deliver the mitigations necessary to achieve a balanced budget position at year end, it may be necessary to take a decision to utilise all non-ringfenced grants in year, not allowing for the carry forward of them for utilisation in future years. Alternatively, it may be necessary to take a decision not to make the contributions to reserves that were assumed within the MTFS.

1.16 In setting the budget for 2025/26, a number of pressure areas that the Council faced during 2024/25 were addressed as a result of the favourable settlement. However, the ability for the Council to contain spend within the approved budget is reliant upon the demand for services or costs that are paid to deliver services increasing in line with those assumed when setting the budget.

Pay Inflation

1.17 The pay award for 2025/26 has been settled at 3.2%, which is broadly in line with the assumed pay award built into the Medium Term Financial Strategy of 3%.

Savings

1.18 The 2025/26 budget was approved by Council on 5 March 2025. In doing so, Members agreed to the delivery of £6.074m of savings during the year which had been approved as part of a previous year's Medium Term Financial Strategy. In addition, £3.204m of savings which had been approved for delivery in previous years have slipped and still need to be delivered. A review of the underlying assumptions and funding estimates for the period 2025-2027, based upon the Local Government Finance Settlement announced on 3 February 2025 and the wider economic outlook, showed that no further savings were required for 2025/26. Section 3 of this report provides a summary of the latest position in relation to the progress towards delivering these savings, and portfolio commentaries provide additional information.

1.19 At this stage it is forecast that savings of £6.401m (68.99%) will be delivered in year. £2.877m may not be fully delivered in the year due to delays in implementation or them no longer being achievable. At this juncture, mitigations of £2.887m have been identified / are in the process of being developed to offset the savings that may not be delivered. It is critical that action plans continue to be addressed and implemented to ensure that savings are delivered or alternative permanent reductions in expenditure are found.

1.20 It is essential that savings that are currently classed as on track to be delivered are fully implemented during the year.

Financial Outlook

1.21 As reported within the Medium Term Financial Strategy Update report on the same Cabinet agenda, the financial outlook for the Council remains uncertain.

1.22 The consultation on the Government's proposed approach to local authority funding reform ran until 15 August 2025. The impact on individual local authorities will not be known until more details are made available, which is expected to be when the Provisional Local Government Finance Settlement is published during the week commencing 15 December 2025.

1.23 The Council is also awaiting further detail regarding any impact from the Government's proposed reset of the business rates retention system, including confirmation of continuation or other wise of the 100% Business Rates Retention Pilot that the Council has been a member of since 1 April 2017 with other authorities within the Liverpool City Region.

Capital Budget

1.24 The capital programme covers a three-year period through to 2027/28. The capital budget has been updated to reflect new schemes approved during the last quarter. Schemes have also been reprofiled to reflect the latest spending estimates.

1.25 The key revisions to the capital programme for the quarter are:

(i) St Helens Town Centre addition of £4.2m to the original budget, taking total borrowing for the scheme from £69.2m to £73.4m

(ii) Gamble Building Enabling works £1.4m

(iii) Construction of a new fuel station and salt barn at Hardshaw Brook Depot

(iv) Additional grant funding for the increase in SEND provision at Mill Green School through the repurposing of the former Parr Library

Further details are included in Section 4 and Annex F to this report.

1.26 Section 7 of the report also contains information regarding the recent announcements of Pride in Place funding for St Helens, totalling up to £21.5 million.

Borrowing

1.27 As with the revenue budget, the legacy impact of price increases, caused by the effect of inflation on material costs and pay growth, continues to be felt in the capital programme.

1.28 Borrowing rates have also remained higher than expected. Whilst movements have not impacted the Council's current borrowing portfolio, which is wholly composed of fixed-rate agreements, inflated rates will mean that servicing of future debt requirements becomes more expensive, as the Council needs to undertake borrowing to finance the approved capital programme.

1.29 In light of the increased cost of borrowing and the Council's challenging financial position, the Council has deferred any additional capital investment funded by borrowing beyond the already approved programme.

Reserves and Balances

1.30 Section 5 of this report provides detail on the Council's reserves and balances. As part of the Medium Term Financial Strategy 2025-2028, Members approved the Council's current Reserves Strategy, which is focused on building reserves to support performance, transformation, regeneration and growth, as well as ensuring longer term financial sustainability and resilience to changes in funding, inflationary pressures and other unexpected events.

1.31 Based on the projected budget position outlined in Table 1, the level of general fund balances at 31 March 2026 is forecast to be £8.881m. If the financial position can be brought back to a balanced position or better, this will be the first year since 2021/22 that the transfer of earmarked reserves to maintain the general fund at £12m will not be required. This position aligns to the approved Reserves Strategy, which identifies the Council's required level of general balances as being £12m.

1.32 The Medium Term Financial Strategy that was approved by Cabinet and Council on 26 February 2025 and 5 March 2025 respectively, budgeted to increase reserves by circa £3.1m, excluding previously approved usage of earmarked reserves and increases from specific funding, in order to bolster reserves after previous years unplanned usage due to overspends. Therefore, as result of the current overspend position, the net decrease in reserves for 2025/26 is broadly zero.

Treasury Management

1.33 The Interim Treasury Management Strategy Report 2025/26 is included at Annex G.

SECTION 2: REVENUE BUDGET

2.1 The budget and forecast outturn positions for 2025/26 are summarised in Table 1. At the end of Period 2 there is a projected portfolio budget pressure of £4.888m.

Table 1 – Revenue Budget 2025/26	Current Budget (a) £000	Forecast outturn at P2 (b) £000	Variance at P2 + / - (b)-(a) £000	Variance at P1 + / - £000	Section Reference Annex C
Neighbourhoods & Environmental Services	18,913	18,860	(53)	(176)	(i)
Finance & Governance	8,158	8,158	0	0	(ii)
People, Performance & IT	69	(60)	(129)	0	(iii)
Business & Inclusive Growth	18,371	18,089	(282)	(362)	(iv)
Regeneration	3,205	3,905	+700	+1,008	(v)
Adult Social Care & Health	69,796	70,996	+1,200	0	(vi)
Localities, Culture & Heritage	5,477	5,425	(52)	(167)	(vii)
Children & Young People	72,595	76,412	+3,817	+298	(viii)
Stronger Communities	7,296	6,983	(313)	(304)	(ix)
Net Portfolio Budgets	**203,880**	**208,768**	**+4,888**	**+297**	
Levies & Precepts	24,230	24,230	0	0	
Treasury Management	9,894	8,625	(1,269)	(200)	
Restructuring Costs*	1,000	500	(500)	0	
Transfers to / (from) Earmarked Reserves	1,285	1,285	0	0	
Capital Charges	(21,652)	(21,652)	0	0	
Net Corporate Items	**14,757**	**12,988**	**(1,769)**	**(200)**	
Council Tax	(101,050)	(101,050)	0	0	
Collection Fund**	(2,387)	(2,387)	0	0	
Formula Top-Up	(20,317)	(20,317)	0	0	
Business Rates / Section 31 Grant	(80,910)	(80,910)	0	0	
Recovery Grant	(6,297)	(6,297)	0	0	
Other Funding	(7,676)	(7,676)	0	0	
Funding	**(218,637)**	**(218,637)**	**(0)**	**(0)**	
NET POSITION 2025/26	**0**	**3,119**	**+3,119**	**+97**	

* Net of £1.000m sum applied via Flexible Use of Capital Receipts Strategy.
** Collection Fund figure includes the prior-year net surplus on Council Tax and Business Rates plus a reimbursement to earmarked reserves relating to shortfalls in Section 31 Grants received in prior years.

2.2 The previous budget approved by Cabinet on 16 July 2025 has been revised to include:

(i) Approved use of earmarked reserves in the period and earmarked reserves previously approved for use in 2025/26, which have been reprofiled into 2026/27. (see Annex D)

(ii) Reserves set aside as part of the Medium Term Financial Strategy 2025-2028 for the pay award

(iii) Neutral technical adjustments between portfolios (e.g. recharges)

2.3 There is a forecast underspend within the corporate budgets of £1.769m as a result of Treasury Management costs being forecast to be below budget by £0.600m due to a combination of rates of return on investments being higher than budgeted as a result of slower than anticipated reductions in Bank Rate, and borrowing activity being undertaken at less than the planned budget, a reduction in Minimum Revenue Provision of £0.669m due to slippage in the 2024/25 capital programme, and a forecast underspend on the restructuring budget of £0.500m.

2.4 Details of portfolio budget movements can be found in Annex A. This report also provides details of the forecast outturn position on a priority basis at Annex B.

2.5 Commentary in relation to the key portfolio variations is detailed in Annex C.

SECTION 3: IMPLEMENTATION OF 2025/26 SAVINGS PROPOSALS AND OUTSTANDING SAVING PROPOSALS FROM PRIOR YEARS

3.1 Budget savings for 2025/26 were developed when setting the budget for 2024/25 that were designed to address the budget shortfall over the period of the Medium Term Financial Strategy (MTFS), 2024-2027. The budget for 2025/26 was set against a backdrop of additional government funding, and no further savings were required to those approved in previous MTFS periods. However previously approved savings must be delivered during the year to protect the Council's financial position. It is imperative that approved savings are delivered in a timely manner.

3.2 Savings for the financial year 2025/26 include the two categories:

- Savings slipped from previous financial years
- 2025/26 savings approved when setting previous years' budgets

3.3 For some of the previously approved savings at risk of not being delivered within Integrated Health and Care, alternative mitigations have been identified which will deliver the same level of saving. The details are below:

Original Saving	Amount	Proposed Saving	Impact 2025/26	Impact 2026/27
Cessation of LD Respite Provision	£304,000	Retendering of Equipment Service	£44,000	£88,000
		Review of Contractual Payments in relation to Housing Related Support	£0	£216,000
		Care Package Reviews	£260,000	£0
	£304,000		**£304,000**	**£304,000**

3.4 As detailed in Table 2, of the required savings total of £9.278m, it is currently forecast that 68.99% of these savings will be achieved in year.

Table 2 - Budget Savings 2025/26	Total Saving Requirement 2025/26 £000	Savings on track to be delivered £000 (a)	Slippage on delivery in year £000 (b)	Saving Not Achievable £000 (c)	Mitigation 2025/26 £000 (d)
Corporate Services	1,103	1,103	0	0	0
Integrated Health and Care*	1,933	1,548	385	0	385
Children's Services	3,025	1,140	1,885	0	1,885**
Public Health	285	243	42	0	42
Place Services	1,029	464	565	0	565
Council-Wide	1,903	1,903	0	0	0
Total	**9,278**	**6,401**	**2,877**	**0**	**2,877**
Total forecast financial saving 2025/26 (a)+(d)	**9,278**				

* Savings position assuming proposed alternative savings are approved

** Mitigations are subject to finalisation of actions set out in paragraph 3.8

3.5 The value of savings that are on track to be delivered is £6.401m.

3.6 Of the £2.877m of savings that have not yet been achieved, temporary mitigations of £2.877m have been identified / are in the process of being developed. Further work is needed to ensure these savings are delivered in full on a recurring basis to negate pressures on the current year and future year's budget.

3.7 The non-achievement of permanent savings presents a severe risk for both current and future financial years. It is imperative that action continues to be taken to alleviate these risks, either by delivering the approved savings in full or by identifying alternatives to offset savings that have slipped or can no longer be delivered. These actions will continue to be monitored and challenged through the Budget and Performance Monitoring Board, which exists to monitor implementation of savings throughout 2025/26 and ensure that directorates are accountable for the delivery of approved savings.

3.8 Given the significant slippage in deliver of savings within Children's Services, specific work is ongoing within the Management Team to consider all options to mitigate slippage. There is robust oversight and collaboration between the Executive Director, Director, Assistant Director, and Finance Business Partner to ensure all options are thoroughly explored, with ongoing review of savings opportunities, mitigation strategies, and expenditure. A meeting has taken place to review the assumptions underpinning the financial projections and to ensure the robustness of the approaches taken. This engagement has prompted further areas for exploration, including a further review of Direct Payments, Bespoke Packages and the Abbeyford provision to look for further mitigations of the position. Further outcomes of this will be reported at FMR3.

SECTION 4: CAPITAL PROGRAMME 2025/26 to 2027/28

4.1 The capital budget has been updated to reflect revised expenditure profiles for capital schemes. This includes reprofiling a number of schemes to the next financial year to reflect the latest forecast spend.

4.2 In addition, other key revisions to the programme this period relate to:

(i) An allocation of £1.536m to repurpose and renovate the former Parr Library site to act as a satellite base for Mill Green Special School, which will enable to school to expand the number of available, as approved by Cabinet on 3 September 2025.

(ii) The allocation of school condition funding to a number of school building enhancements and the reprofiling of school schemes over the next two financial years.

(iii) The addition of £0.310m Active Travel Tranche 5 funding from LCRCA for the Cowley Hill Livable Neighbourhood Phase 2 and Active Travel Gateways to Green Spaces schemes as approved via DED 35.

(iv) Subject to approval of the report on the same agenda, an increase of £4.235m to the St Helens Town Centre Regeneration Scheme original budget. This is underwritten by borrowing and increases the potential total borrowing for the scheme from £69.2m to £73.4m.

(v) Subject to approval of the report on the same agenda, addition of £1.408m to fund enabling works and RIBA4 design works on the Gamble building. The overall Gamble project currently faces a likely total gap in funding of £5.166m and the Council is therefore advised that the project will be proceeding at risk until further funding can be identified.

4.3 As part of the Medium Term Financial Strategy, the Council has continued with a strategy of deferring schemes funded by borrowing in order to ensure capital financing costs remain affordable. The Council has set aside capital receipts to fund strategic priorities, to ensure essential maintenance and health and safety schemes can continue, and that the Council can leverage match funding opportunities. Schemes funded from these receipts added to programme this quarter include:

(i) Hardshaw Brook Depot

At its meeting on 3 September 2025, Cabinet approved the allocation of £1.412m to construct a new fuel station and new salt barn at Hardshaw Brook Depot. These are critical infrastructure assets for service provision and support the Council's emergency response plan.

(ii) Server Upgrade

An investment of £333k was approved via DED 24 for the capital costs associated with replacement of the Council's virtual infrastructure.

(iii) Taylor Park Dam Design Works

An investment of £121k was approved to progress design and pre-construction works at Taylor Park Dam to inform a future scheme to strengthen the dam wall.

(iv) Other schemes

Additional schemes approved comprise:

- £45k for an Air Blast Cooler at St Helens Crematorium
- £58k to upgrade the Building Energy Management System
- £78k capital investment for replacement Regulatory and Housing Services System
- £77k to upgrade air quality monitoring equipment

4.4 Table 3 presents a summary of the Council's current 3-year capital programme. The detailed programme is provided at Annex F.

Table 3 - Capital Programme 2025/26 to 2027/28	**2025/26**	**2026/27**	**2027/28**
	£000	**£000**	**£000**
Children & Young People	8,131	16,319	2,289
Adult Social Care and Health	144	0	0
Stronger Communities	5,373	4,846	4,293
Localities, Culture & Heritage	2,503	0	0
Finance & Governance	350	0	0
People, Performance & IT	1,057	0	0
Business & Inclusive Growth	34,603	14,899	7,020
Neighbourhoods & Environmental Services	6,363	3,185	2,600
Regeneration	47,393	68,521	28,961
Cross Portfolio	2,183	3,592	0
Total	**108,100**	**111,362**	**45,163**
FINANCED BY			
Grants and Other Contributions	81,644	54,396	13,215
Capital Receipts	5,950	4,360	0
Revenue Contribution	2,941	2,400	2,400
Borrowing	16,430	50,206	29,548
Tax Increment Financing (Borrowing)	1,135	0	0
Total	**108,100**	**111,362**	**45,163**

SECTION 5: RESERVES AND BALANCES

5.1 **General Balances**

The general balances position at 31 March 2026 is forecast to be as follows, having regard to the net current forecast outturn position detailed in Table 1.

Table 4 – General Balances	**Original Estimate £000**	**Forecast Outturn £000**
General Balances at 1 April 2025	12,000	12,000
Net Position 2025/26	-	(3,119)
General Balances at 31 March 2026	**12,000**	**8,881**

5.1.1 The Council recognises that the level of reserves it maintains must have regard to its future priorities and the operational and financial risks it faces. The Council's current Reserves Strategy is included within the Medium Term Financial Strategy 2025-2028 and Revenue & Capital Budget 2025/26 report considered by Cabinet on 26 February 2025 and approved by Council on 5 March 2025.

5.1.2 The Council's required level of general balances is identified as being £12m. This is considered a prudent amount set aside to cushion against uncertainty and act as an emergency fund in exceptional circumstances. At this juncture it is forecast that the general fund balance will reduce by £3.119m in 2025/26 which is due entirely to the forecast net budget position detailed at Section 2.

5.1.3 If the forecast overspend is not reduced, 2025/26 will be the fourth consecutive year in which the Council has overspent.

5.1.4 The Medium Term Financial Strategy that was approved by Cabinet and Council on 26 February 2025 and 5 March 2025 respectively, budgeted to increase earmarked reserves by circa £3.1m, excluding anticipated usage and increases from specific funding, in order to bolster reserves after previous years unplanned usage due to overspends. Therefore, as result of the current overspend position, the net decrease in reserves for 2025/26 is currently forecast to be zero.

5.2 Earmarked Balances

The forecast position in relation to earmarked balances at 31 March 2026 is provided in Table 5. Annex D details approved use of earmarked balances during the period and Annex E provides details of earmarked balances to 2027/28.

Table 5 – Earmarked Balances	**£000**
Earmarked Balances at 1 April 2025	39,866
Transfer to / (from) during the year *	1,442
Forecast Earmarked Balances at 31 March 2026	**41,308**

* The Approved Budget for 2025/26 allowed for a contribution to Reserves of £3.711m to support the Reserves Policy to increase reserves over the short to medium term.

5.3 Schools Balances

The projected position reflects schools' current spending plans for the financial year, as approved by the individual governing bodies.

Table 6 – School Balances	**£000**
School Balances at 1 April 2025	8,948
Forecast Net Position 2025/26	(948)
Forecast School Balances at 31 March 2026	**8,000**

5.4 **Usable Capital Receipts**

Table 7 – Usable Capital Receipts	**£000**
Capital receipts brought forward at 1 April 2025	18,997
Receipts generated in year to date from land, property and fleet sales	969
Receipts set aside to resource the transformation programme where the use of flexibilities can be applied	(1,000)
Required to fund capital programme 2025/26 to 2027/28	(10,310)
Available Balance (after taking commitments into account)	**8,656**

SECTION 6: DEDICATED SCHOOLS GRANT

6.1 The latest 2025/26 Dedicated Schools Grant (DSG) allocation is detailed in the table below:

Grant allocation 2025/26	**£m**
Schools Block	80.287
High Needs Block	35.606
Early Years Block	29.663
Central School Services Block	1.306
Total DSG received by the Authority	**146.862**
Other DSG funding / adjustments:	
Academy Schools	72.931
Business Rates	1.483
Directly funded SEND places	1.515
Total DSG for St Helens	**222.791**

6.2 It is currently forecast that there will be an in-year budget pressure of £7.136m in relation to the overall DSG. However, there is a cumulative net prior year deficit of approximately £1.432m, resulting in a projected overall deficit balance outturn of £8.568m as at 31st March 2026. The main area of pressure driving the forecast deficit position relates to expenditure associated with the high needs block of the DSG.

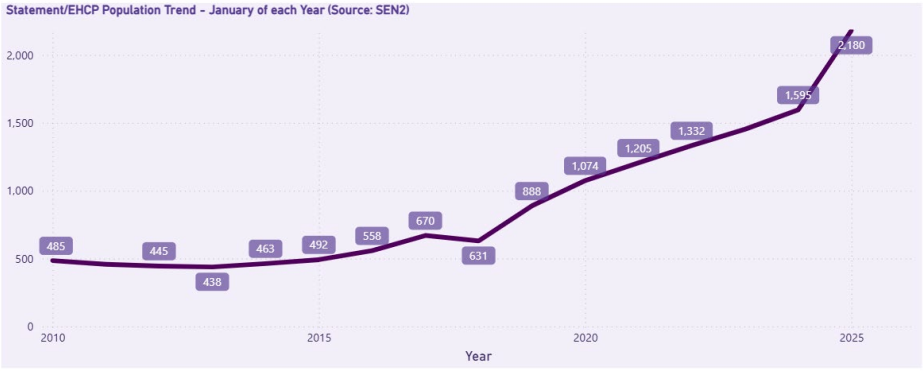
6.3 This block is forecast to overspend in 2025/26 by £7.518m. High needs funding primarily supports provision for pupils and students with SEND (special educational needs and disabilities) who require additional resources to participate in education and learning. Research commissioned by the Local Government Association (LGA) has identified that nationally, DSG deficit balances are in the region of £3.2 billion and are projected to rise to £5 billion by 2026.

6.4 Local authorities are currently permitted to have deficit balance positions in respect of the DSG via a specific regulation known as a “statutory override”. However, this does not address the underlying issue that funding within the high needs block of the DSG is insufficient to meet the level of demand, particularly in relation to the number of pupils with

Education, Health & Care Plans (EHCP). Nor does it address the issue that authorities need to financially resource any overspend through treasury management practices.

6.5 EHCP's determine health, education and social needs, and set out the additional support required to meet those needs. Drawing on statistical analysis undertaken by the Department for Education, the LGA reported that the number of children with EHCP's nationally has surged by approximately 140% since 2014, from 240,183 plans in 20214 to 575,973 in 2023/24. This growth continues upwards with the Department for Education reporting in June 2025 that at the January 2025 census date, the number of EHCP's nationally stood at 638,745, an increase of approximately 10.8% from the same period last year.

6.6 The local position in St Helens in relation to the number of EHCP's reflects the national trend as can be seen in the diagram below:



6.7 Financial support may be awarded to schools, via top up payments, to help educate these pupils within a mainstream setting if that is appropriate. However, there is an increasing number of pupils who can't be educated in a mainstream setting and require an alternative placement which is often in a specialist independent provision, usually with significant cost implications. It is the cost of this independent provision, together with the top up payments, that are the primary drivers for the deficit on the high needs block of the DSG.

6.8 Notwithstanding the issue of the overall funding available, delivering long term financial stability will require national systemic reforms. As specified in the governments Special Educational Needs and Disabilities and Alternative Provision Improvement Plan published in 2023, their aim is to move towards to an environment that shifts expenditure to intervention and away from costly specialist provision, where this is appropriate.

6.9 To attempt to help to alleviate these pressures at a local level, the Authority has been, and continues to, expand capacity within our own special schools and resource bases. Cabinet have approved a £1.536m capital investment to repurpose and renovate the former Parr Library site to accommodate additional pupils at Mill Green Special School. Furthermore, the department is continuing to work with local schools to identify how capital funding can be deployed to develop new SEND bases and expanded provisions throughout the borough.

Places in these settings are usually at a significantly lower cost than out of borough alternatives.

In addition, it is hoped that the benefit of participation in the Delivering Better Value (DBV) in SEND Programme will be seen in the coming years. This programme aims to improve the delivery of SEND services for children and young people, whilst working towards financial sustainability, delivering positive initiatives under this programme, particularly focussing on:

- promoting the inclusion of neurodiversity in mainstream schools through:
    - the Autism in Schools Project to enhance the capacity of mainstream secondary schools to meet the needs of young people with autism;
    - a review of the graduated approach in relation to neurodiversity, to reduce the reliance on specialist support and develop a needs-led, rather than diagnosis-led, pathway;
    - helping young people, parents, carers and schools understand the implications of neurodiversity, and employ practical strategies to meet needs, enhancing the capacity of the mainstream sector; and
    - providing a comprehensive offer of outreach support to mainstream settings from specialist providers focussed on SLCN (speech, language and communication needs) and ASD (autism spectrum disorder). This will enable young people with primary needs in these areas to be supported in mainstream and reduce the reliance on specialist provision.

- Creation of a culture that supports SEMH (social, emotional and mental health) needs through:
    - strengthening the mental health support offer in schools and reduce the reliance on specialist services via a programme of preventative support; and
    - providing a comprehensive offer of outreach support to mainstream settings from specialist providers focussed on SLCN, ASD and SEMH. This will enable young people with primary needs in these areas to be supported in mainstream and reduce the reliance on specialist provision.

- A review of potential areas for system development including:
    - a project to scope, design and implement a digital front end for TESSA (Triage for all Education Support and Specialist Advice), helping to improve the ease with which schools can contact TESSA and implement the recommendations made; and
    - a bank of resources to draw on to build capacity to meet the needs of young people with SLCN, ASD and SEMH needs within the mainstream environment.
    - Supporting co-production between the Authority and parents to increase confidence in SEND delivery in the local area by facilitating their full engagement in the DBV workstreams through a series of co-production / engagement events.

- We are working to strengthen a more joined-up approach to managing tribunals, supporting children and young people SEN and exploring alternative options to EHCPS.

6.10 However, given the underlying level of demand within the overall system, it is expected that costs will continue to rise, resulting in ongoing pressures on the DSG.

SECTION 7: OTHER FINANCIAL MONITORING MATTERS

7.1 The Fair Funding Review 2.0 Consultation

7.1.1 The Fair Funding Review 2.0 consultation on the Government's proposed approach to local authority funding reform through the Local Government Finance Settlement 2026-27 ran from 20 June to 15 August 2025.

7.1.2 The Council submitted a response to the consultation before the deadline, in line with responses made by Liverpool City Region and Special Interest Group of Metropolitan Authorities.

7.1.3 More detail can be found on the potential impact of the funding reform in the Medium Term Financial Strategy Update report which is on the same Cabinet agenda as this report.

7.2 The Prudential Code for Capital Finance in Local Authorities and Treasury Management in the Public Services Consultation

7.2.1 The Council submitted a response to the Chartered Institute of Public Finance and Accountancy, consultation document covering 5 key areas by the 17 October 2025 deadline.

7.3 Pride in Place Programme and Impact Fund

7.3.1 In late September, the Prime Minister announced the creation of the Pride in Place Programme and Impact Fund, aimed at revitalising 339 of the most deprived communities.

7.3.2 The Pride in Place Programme Fund Phase 2 provides funding of up to £20m over 10 years to empower local people to revitalise their communities and has been awarded to St Helens Town Centre East and Fingerpost.

7.3.3 Under the Pride in Place Impact Fund, the Council has been awarded £1.5m which can be used anywhere across the borough, with the aim of delivering more immediate support to ensure delivery of visible improvements to high streets and improve places and spaces of community value.

7.3.4 Further updates will be provided in future Financial Monitoring Reports.

7.4 LCRCA Capacity Funding

7.4.1 The Council has been awarded £2.0m of capacity building funding for economic development and region from the Liverpool City Region Combined Authority, to be spent by 31 March 2030. This funding has been allocated as a capital contribution towards the Gamble Creative & Learning Hub project.

7.5 LCRCA Development Funding for Transport Pipeline

7.5.1 The Council has received an indicative offer of £708k funding from LCRCA to develop 3 TCR schemes. This funding would support the development of three transport pipeline schemes for the Sutton Oak Line Active Travel Corridor, St Helens Town Centre (SHMMI Phase 2) and LCWIP delivery for works completed by March 2026. Final details of the grant will be confirmed in the grant funding agreement and it is recommended that delegation to agree these is given to the Executive Director of Place Services, in consultation with the Director of Legal and Governance.

SECTION 8: TREASURY MANAGEMENT POSITION STATEMENT

8.1 A summary of the Council's Treasury position at the end of the reporting period is included in Table 9. The Treasury Management Position Statement is included in Annex G.

Table 9 – Treasury Management Position	As at 1 April 2025	As at Current Period
Investments Outstanding	£112.7m	£138.5m
Investment Returns (average for the year to date)	-	4.420%
Benchmark Returns	-	4.335%
Borrowing	£132.5m	£157.5m

Budget Movements since the previous reporting period **Annex A**

PORTFOLIO	Previous Budget £000 *1	Pay Award £000 *2	Reserves slipped into 2026/27 £000 *3	Use of Reserves in Period £000 *3	Technical & Accounting Adjustments £000 *4	Current Budget £000
Neighbourhood & Environmental Services	18,430	200	(96)	125	254	18,913
Finance & Governance	8,006	137	-	20	(5)	8,158
People, Performance & IT	0	119	(55)	-	5	69
Regeneration	3,045	55	(77)	-	182	3,205
Adult Social Care & Health	69,499	297	-	-	-	69,796
Business & Inclusive Growth	18,831	47	-	-	(507)	18,371
Localities, Culture & Heritage	5,428	53	(12)	8	-	5,477
Children & Young People	72,264	331	-	-	-	72,595
Stronger Communities	7,167	58	-	-	71	7,296
TOTAL DIRECTORATE BUDGETS	**202,670**	**1,297**	**(240)**	**153**	**-**	**203,880**
Council-Wide Budgets	(202,670)	(1,297)	240	(153)	-	(203,880)
Net Position 2025/26	**0**	**0**	**0**	**0**	**0**	**0**

*1 Approved budget – Council, 16 July 2025

*2 Earmarked Reserves set aside as part of the Medium Term Financial Strategy 2025-2028 to provide provision for the pay award (settled at 3.2%)

*3 Use of earmarked reserves during the period (see Annex D), and previously approved use of earmarked reserves in 2025/26 which have no slipped into 2026/27

*4 Neutral technical and accounting adjustments (e.g. recharges)

Annex B

Portfolio Budgets on a Priority Basis

	Current Net Budget 2025/26 £000	Forecast Outturn 2025/26 £000	Variance 2025/26 £000
Priority 1 – Ensure children and young people have a positive start in life	72,595	76,412	3,817
Priority 2 – Promote good health, independence, and care across our communities	69,796	70,996	1,200
Priority 3 – Create safe and strong communities and neighbourhoods for all	9,887	9,515	(372)
Priority 4 – Support a strong, thriving, inclusive and well-connected local economy	11,230	11,722	492
Priority 5 – Create green vibrant places that reflect our heritage and culture	33,566	33,195	(371)
Priority 6 – Be a modern, efficient and effective Council	6,806	6,928	122
Total	**203,880**	**208,768**	**+4,888**

Annex C

(i) Neighbourhoods & Environmental Services

Neighbourhoods & Environmental Services	Current Expend. Budget 2025/26 £000 (a)	Current Income Budget 20245/26 £000 (b)	Current Net Budget 2025/26 £000 (c)=(a)+(b)	Forecast Outturn 2025/26 £000 (d)	Variance P2 2025/26 £000 (e)=(d)-(c)	Variance P1 2025/26 £000
Place Services Directorate						
Parking Services	1,429	(1,096)	333	325	(8)	+19
Street Lighting	2,687	(158)	2,529	2,470	(59)	+154
Traffic Management & Road Safety	1,121	(292)	829	783	(46)	(151)
Parks & Open Spaces	3,268	(155)	3,113	3,012	(101)	(55)
Street Cleansing	2,773	(194)	2,579	2,539	(40)	0
Waste Collection	4,453	(825)	3,628	3,619	(9)	(64)
Recycling	9,687	(5,124)	4,563	4,990	+427	+156
Climate Change	674	(594)	80	80	0	+1
Direct Services	25,221	(25,132)	89	(128)	(217)	(170)
Environmental Health	1,688	(518)	1,170	1,170	0	(66)
Management & Support Services	1,281	(1,281)	0	0	0	0
Total	**54,282**	**(35,369)**	**18,913**	**18,860**	**(53)**	**(176)**

1.1 The portfolio is currently projecting an underspend of £0.053m.

1.2 The main drivers of the budget variations are:

- Traffic management, Road Safety and Street Lighting is underspending on employees, across supplies and services and there is an overachievement of income.
- The main pressures across Parks and Open Spaces, Waste Collection and Recycling is employee overspends and underachievement in income within Recycling.
- Transport within Direct Services is forecasting an underspend on employees and fuel.

(ii) **Finance & Governance**

Finance & Governance	Current Expend. Budget 2025/26 £000 (a)	Current Income Budget 2025/26 £000 (b)	Current Net Budget 2025/26 £000 (c)=(a)+(b)	Forecast Outturn 2025/26 £000 (d)	Variance Q2 2025/26 £000 (e) =(d)-(c)	Variance Q1 2025/26 £000
Corporate Services Directorate						
Local Tax Collection	4,396	(2,930)	1,466	1,496	+30	+30
Contact Centre	1,975	(1,958)	17	(17)	(34)	(34)
Emergency Planning	145	0	145	138	(7)	(7)
Local Welfare Assistance Schemes	3,376	(3,136)	240	240	0	0
Grants & Donations	40	(1)	39	39	0	0
Non-Distributed Costs	1,198	(23)	1,175	1,175	0	0
Finance	7,125	(7,078)	47	(56)	(103)	(44)
Audit & Risk	1,441	(1,429)	12	27	+15	+15
Coroners Court Services	340	0	340	340	0	0
Registration of Births, Deaths & Marriages	320	(249)	71	83	+12	0
Democratic Representation & Management	1,746	0	1,746	1,757	+11	+11
Elections	496	(53)	443	443	0	0
Governance & Administration	279	(276)	3	(5)	(8)	0
Legal Services	2,117	(2,097)	20	106	+86	+31
Housing Benefit Administration	34,190	(33,285)	905	905	0	0
Corporate Management	1,489	0	1,489	1,487	(2)	(2)
Other Services	129	(129)	0	0	0	0
Total	**60,802**	**(52,644)**	**8,158**	**8,158**	**0**	**0**

People, Performance & IT

People, Performance & IT	Current Expend. Budget 2025/26 £000 (a)	Current Income Budget 2025/26 £000 (b)	Current Net Budget 2025/26 £000 (c)=(a)+(b)	Forecast Outturn 2025/26 £000 (d)	Variance Q2 2025/26 £000 (e) =(d)-(c)	Variance Q1 2025/26 £000
Corporate Services Directorate						
People Management	3,984	(3,866)	118	210	+92	+101
Organisational Development	1,201	(1,193)	8	8	0	(1)
I.T.	6,872	(6,833)	39	13	(26)	+20
Press and Public Affairs	1,612	(1,616)	(4)	(52)	(48)	(45)
Policy Development	2,623	(2,715)	(92)	(239)	(147)	(75)
Total	**16,292**	**(16,223)**	**69**	**(60)**	**(129)**	**0**

2.1 At this stage in the year it is anticipated that overall there will be a small underspend across the two corporate portfolios. There is a departmental staff slippage target of £725k and it forecast this target will be met during the year alongside the updated approved staff savings. Cabinet on 16 of July 2025 approved the realignment of

£0.217m staff savings to non-staffing budgets, and this is reflected in the above table.

2.2 All other savings in the portfolios are on track to be achieved including the corporate wide savings.

2.3 The position on the housing benefits budget is being closely monitored as high levels of homelessness in the Borough is leading to the increased use of temporary accommodation. The Council does not receive full cost subsidy for these cases. An update on this will be provided within the Period 3 Financial Monitoring Report and the options to fund any materialising pressures from other external grant funding are being explored.

(iii) **Business & Inclusive Growth**

Business & Inclusive Growth	Current Expend. Budget 2025/26 £000 (a)	Current Income Budget 2025/26 £000 (b)	Current Net Budget 2025/26 £000 (c)=(a)+(b)	Forecast Outturn 2025/26 £000 (d)	Variance Q2 2025/26 £000 (e) =(d)-(c)	Variance Q1 2025/26 £000
People's Services Directorate						
Non Schools						
Adult Community Learning	784	(760)	24	24	0	0
Total People's Services	**784**	**(760)**	**24**	**24**	**0**	**0**
Place Services Directorate						
Economic Development	1,085	(1,023)	62	74	+12	(8)
Growth Delivering Prosperity	18,533	(11,467)	7,066	7,073	+7	0
Highways Maintenance	13,530	(2,851)	10,679	10,405	(274)	(323)
Transport Planning, Policy and Strategy	540	0	540	513	(27)	(31)
Total Place Services	**33,688**	**(15,341)**	**18,347**	**18,065**	**(282)**	**(362)**
Total	**34,472**	**(16,101)**	**18,371**	**18,089**	**(282)**	**(362)**

3.1 The main driver of the forecasted underspend is within Highways Maintenance, which is forecasting an underspend on employees and additional capital fee income.

(iv) Regeneration

Regeneration	Current Expend. Budget 2025/26 £000 (a)	Current Income Budget 2025/26 £000 (b)	Current Net Budget 2025/26 £000 (c)=(a)+(b)	Forecast Outturn 2025/26 £000 (d)	Variance Q2 2025/26 £000 (e) =(d)-(c)	Variance Q1 2025/26 £000
Place Services Directorate						
Building Control	**844**	**(380)**	**464**	**554**	+90	+102
Development Control	**1,698**	**(1,090)**	**608**	**722**	+114	+56
Planning Policy	**1,015**	**(356)**	**659**	**565**	(94)	(54)
Estates - Industrial & Commercial Premises (including Town Centre)	**5,957**	**(5,308)**	**649**	**1,082**	+433	+362
Market Undertakings	**1,197**	**(372)**	**825**	**872**	+47	+106
Management & Support Services	**1,720**	**(1,720)**	**0**	**(82)**	(82)	0
Building Support Services	**7,081**	**(7,081)**	**0**	**229**	+229	+420
Estates Management	**564**	**(564)**	**0**	**(37)**	(37)	+16
Total	**20,076**	**(16,871)**	**3,205**	**3,905**	**+700**	**+1,008**

4.1 The portfolio is forecasting an overspend of £0.700m.

4.2 The overspend on Building Control & Development Control combined is mainly due to the underachievement of income.

4.3 The underspend on Planning Policy is employee slippage.

4.4 Estates is forecasting an overspend due to an unachieved lease saving of £0.140m, an unachieved lease saving for alternative use of land of £0.100m and the balance is a shortfall of income.

4.5 Building Support overspend is a result of an unachieved saving on the disposal of Lincoln and Wesley House, which is partially mitigated by underspend on utilities across the services.

4.6 It should be noted that for these unachieved savings have actions in place to resolve in year and are currently being mitigated across the Place portfolios.

(v) **Adult Social Care & Health**

Adult Social Care & Health	Current Expend. Budget 2025/26 £000 (a)	Current Income Budget 2025/26 £000 (b)	Current Net Budget 2025/26 £000 (c)=(a)+(b)	Forecast Outturn 2025/26 £000 (d)	Variance Q2 2025/26 £000 (e) =(d)-(c)	Variance Q1 2025/26 £000
People's Services Directorate						
Social Care Activities						
Physical Support - Frail & Elderly	41,089	(26,056)	15,033	13,149	(1,884)	(493)
Sensory Support	967	(225)	742	686	(56)	0
Support with Memory & Cognition	18,656	(8,856)	9,800	10,536	+736	+608
Learning Disability Support	45,190	(16,503)	28,687	32,499	+3,812	(24)
Mental Health Support	6,700	(1,169)	5,531	5,689	+158	(185)
Assistive Equipment & Technology	3,717	(2,221)	1,496	1,486	(10)	+100
Care Management - Assessment & Review	11,176	(3,368)	7,808	6,578	(1,230)	0
Transport and Generic Services	3,540	(2,617)	923	779	(144)	(6)
Management, Commissioning & Support Services	5,195	(5,480)	(285)	(467)	(182)	0
Public Health Activities:						
Sexual Health	1,954	0	1,954	2,160	+206	0
Primary Care	82	0	82	82	0	0
Public Health Advice	640	0	640	640	0	0
Obesity	791	0	791	825	+34	0
Physical Activity	648	0	648	669	+21	0
Substance Misuse	4,577	(1,949)	2,628	2,629	+1	0
Stop Smoking Services and Interventions	629	(211)	418	439	+21	0
Healthy Child Programme	4,378	0	4,378	4,699	+321	0
Miscellaneous Public Health Services	2,088	0	2,088	1,703	(385)	+70
Management & Support Services	0	0	0	(75)	(75)	0
Public Health Grant	0	(13,566)	(13,566)	(13,710)	(144)	(70)
Total	**152,017**	**(82,221)**	**69,796**	**70,996**	**+1,200**	**0**

5.1 The Adult Social Care and Health budget is forecast to overspend by £1.200m due to a combination of increased demand for services and increases in the cost of individual packages of care.

5.2 There are significant pressures caused by growing demand for domiciliary care and the rising average price of residential and nursing packages. Other financial risks include:

- supporting young people transitioning from children's social care
- an increasing volume of higher-acuity service users being discharged from hospital placements, and
- the wider economic climate affecting service users' ability to make a financial contribution towards their care.

5.3 The department is successfully managing demand for residential and nursing care: there are 5 fewer people in receipt of residential/nursing care at 31st August compared to fifteen months ago (0.5%) at a time when the overall number of elderly people in St Helens is rising. However, the average price of a residential/nursing package of care has risen by 14% in the same period, which is a large contributor to the department's forecast overspend.

5.4 There are a number of mitigations in place, including use of new technology as a cost-effective means of maintaining service users' independence for longer. The portfolio has a £1.900m savings target for 2025/26 which will be delivered through a combination of improved income collection, transformation of commissioned services and ensuring that packages of care are sufficient to meet the assessed needs of service users. To date, £0.981m of savings have been verified, mostly in domiciliary care.

5.5 Where savings are known to be slipping or outright unachievable, a variety of alternative savings measures have been proposed in partial mitigation. Further work is necessary to establish when these alternative plans can be implemented and how much there are likely to save in 2025/26.

(vi) **Localities, Culture & Heritage**

Localities, Culture & Leisure	Current Expend. Budget 2025/26 £000 (a)	Current Income Budget 2025/26 £000 (b)	Current Net Budget 2025/26 £000 (c)=(a)+(b)	Forecast Outturn 2025/26 £000 (d)	Variance Q2 2025/26 £000 (e) =(d)-(c)	Variance Q1 2025/26 £000
Place Services Directorate						
Arts Development and Support	618	(196)	422	437	+15	+1
Archiving	354	(95)	259	259	0	(3)
Sports Development	375	(391)	(16)	(30)	(14)	(3)
Indoor Sports & Recreation	5,624	(3,901)	1,723	1,720	(3)	(95)
Outdoor Sports & Recreation	679	(163)	516	486	(30)	(38)
Library Services	3,006	(453)	2,553	2,533	(20)	(29)
Tourism and Events	20	0	20	20	0	0
Total	**10,676**	**(5,199)**	**5,477**	**5,425**	**(52)**	**(167)**

6.1 The portfolio is forecasting an underspend of £0.052m.

6.2 This is mainly due to employee slippage in the library service, and overachievement of income in sports and recreation.

(vii) **Children & Young People**

Children & Young People	Current Expend. Budget 2025/26 £000 (a)	Current Income Budget 2025/26 £000 (b)	Current Net Budget 2025/26 £000 (c)=(a)+(b)	Forecast Outturn 2025/26 £000 (d)	Variance Q2 2025/26 £000 (e) =(d)-(c)	Variance Q1 2025/26 £000
People's Services Directorate						
Schools						
Schools Delegated Budget	138,593	(138,593)	0	0	0	0
Schools Total	**138,593**	**(138,593)**				
Non-Schools						
Alternative Provision	3,532	(3,476)	56	56	0	0
Child Protection	15,554	(642)	14,912	16,177	+1,265	+50
Children Looked After	45,255	(10,762)	34,493	35,947	+1,454	+145
Children's Centres and Early Help	4,499	(2,764)	1,735	1,726	(9)	0
CWD Services	2,701	(478)	2,223	2,538	+315	+53
Family Support Services	2,710	(1,933)	777	762	(15)	0
LA/Corporate Expenditure Attributable to Schools	18,706	(11,723)	6,983	6,983	0	0
Other Education Functions	20,259	(9,715)	10,544	11,336	+792	+50
Service Strategy - Education	674	(674)	0	(3)	(3)	0
Service Strategy - Social Care	808	(683)	125	143	+18	0
Youth Justice Services	2,103	(1,356)	747	747	0	0
Non-Schools Total	**116,801**	**(44,206)**	**72,595**	**76,412**	**+3,817**	**+298**
Total	**255,394**	**(182,799)**	**72,595**	**76,412**	**+3,817**	**+298**

7.1 The portfolio is experiencing significant financial challenges during 2025/26 due to demand pressures within children's social care, supporting children and young people with SEND (Special Educational Needs and Disabilities), and the ongoing programme of efficiencies.

7.2 Placement costs for children looked after, including care leavers, are forecast at £40.558m, resulting in a projected overspend of £1.121m. A key contributor to this pressure is the delayed delivery of planned savings in regard to the authorities Children's Home Programme. Although three properties have been purchased to increase capacity for the authority, registration delays have prevented placements from being made. As a result, the expected savings from reducing reliance on external providers have not been realised, adding to the financial challenge. To try and mitigate this, consideration will be given to using block booking/partnership agreements with Children's Homes providers in borough, allowing prioritisation of our children and to ensure cost effective placements. Recent benchmarking with other LCR authorities indicates that St Helens' negotiation on residential care package pricing has been effective. The comparison showed St Helens had five residential care packages exceeding £500,000, significantly lower than the LCR average of twelve. Following a comprehensive review of leaving care placements, the authority has achieved a cost reduction of approximately £12,000 per week. These measures

reflect the authority's continued efforts to manage placement costs and improve financial sustainability.

7.3 A shortage of foster carers means that children who would be better supported in family-based placements are instead placed in residential care, which is significantly more costly, particularly when this involves younger children. Efforts to increase in-house foster care capacity are ongoing such as the introduction of financial incentives to encourage uptake from new foster carers, supported by regional programmes such as Foster4 and Mockingbird. A review of foster carer payments is also underway to help diversify the pool of carers. This will all help towards mitigating the current overspend.

7.4 Family support packages continue to be a pressure point (£0.330m), particularly for young people with complex needs, and adoption services are experiencing cost pressures (£0.116m) due to placement fees. A review will be undertaken of Family support packages will be undertaken to assess suitability of support. A comprehensive review of all adoption allowances has also been undertaken to provide assurance that the service is not incurring expenditure beyond what is necessary, and that all available opportunities to reduce costs have been fully explored.

7.5 A phased reduction plan is in place to safely reduce agency reliance while maintaining manageable caseloads and statutory compliance. Work has already commenced to safely reduce the number of agency social workers engaged by up to 15 staff in the current financial year. Currently a £1.482m pressure is estimated for the year linked to the use of agency social workers. The portfolio is confident that agency numbers will be reduced to a minimal level by the end of the financial year.

7.6 As reported in relation to pressures associated with the high needs block of the Dedicated Schools Grant, SEND services are under strain due to the growing number of Education, Health and Care Plans (EHCPs), which is impacting both assessment capacity and educational psychology services. Recruitment challenges persist, though strategies are in place to improve staffing levels including working with universities to engage placements and opportunities for graduates. The increase in placements outside mainstream education is also driving a £0.500m pressure in home-to-school transport. Measures have been put in place as to alleviate this position including: Independent travel training, centralised collection points and offering personalised travel budgets.

7.7 The overall forecast pressure for the portfolio stands at £3.817m. There are some offsetting underspends (-£0.174m) within the portfolio. There is robust oversight and collaboration between the Executive Director, Director, Assistant Director, and Finance Business Partner to ensure all options are thoroughly explored, with ongoing review of savings opportunities, mitigation strategies, and expenditure. A meeting has taken place to review the assumptions underpinning the financial projections and to ensure the robustness of the approaches taken. This engagement has prompted further areas for exploration, including a further review of Direct Payments, Bespoke Packages and the Abbeyford provision to look for further mitigations of the position. Further outcomes of this will be reported at FMR3.

(viii) **Stronger Communities**

Stronger Communities	Current Expend. Budget 2025/26 £000 (a)	Current Income Budget 2025/26 £000 (b)	Current Net Budget 2025/26 £000 (c)=(a)+(b)	Forecast Outturn 2025/26 £000 (d)	Variance Q2 2025/26 £000 (e) =(d)-(c)	Variance Q1 2025/26 £000
Place Services Directorate						
Housing Services	11,439	(6,936)	4,503	4,278	(225)	(239)
Homelessness	2,290	(2,144)	146	186	+40	+39
Community Safety	3,148	(922)	2,226	2,116	(110)	(82)
Trading Standards	612	(15)	597	553	(44)	(28)
Cemetery & Crematorium	2,204	(2,720)	(516)	(457)	+59	+31
Licensing & Land Charges	980	(640)	340	307	(33)	(25)
Total	**20,673**	**(13,377)**	**7,296**	**6,983**	**(313)**	**(304)**

8.1 The portfolio is underspent by £0.313m.

8.2 This is mainly due to employee slippage across the portfolio, and on the Supported Housing contracts.

Utilisation of Earmarked Reserves during the period **Annex D**

This table details the approved decisions to utilise Earmarked Reserves in 2025/26 during the period (a) as well as use of previously approved earmarked reserves that have now slipped into 2026/27 (b)				
Portfolio / Corporate Items	**Reserve**	**Detail**	**Decision Reference**	**Cash Limit Change 2025/26 £000**
Finance and Governance	Strategic Priorities Fund (a)	Support the delivery of the key actions from the Corporate Peer Challenge	CORP001659	+20
Neighbourhoods & Environmental Services	Strategic Priorities Fund (a)	Creation of temporary Environment Response Team – Fly Tipping	ENVP003978	+50
Neighbourhoods & Environmental Services	Strategic Priorities Fund (a)	Creation of temporary Environment Response Team – Environmental Works	ENVP004066	+75
Localities, Culture & Heritage	Strategic Priorities Fund (a)	Support the provision of a library service at the World of Glass	ENVP003891	+8
Total				**+153**
People, Performance and IT	Growth Reserve (b)	Creation of Communications Officer	CORP001543	(7)
People, Performance and IT	Transformation Reserve (b)	Children Looked After in the LACE Programme	CORP00569	(10)
People, Performance and IT	Transformation Reserve (b)	Post in Communications	CORP001543	(10)
People, Performance and IT	Transformation Reserve (b)	Community Engagement	CORP001510	(28)

Portfolio / Corporate Items	Reserve	Detail	Decision Reference	Cash Limit Change 2025/26 £000
Neighbourhoods & Environmental Services	Transformation Reserve (b)	Flood Mitigation - Rainford Brook	ENVP001608	(30)
Neighbourhoods & Environmental Services	Transformation Reserve (b)	Funding of Eastern Region Interchange and Connectivity (ERIC) - Land Transfer	Cabinet 29th January 2020	(10)
Neighbourhoods & Environmental Services	Transformation Reserve (b)	Carr Mill Feasibility	Technical Adjustment	(17)
Neighbourhoods & Environmental Services	Transformation Reserve (b)	Climate Change Action Plan	Cabinet 24 May 2023	(39)
Regeneration	Funding Reform & Volatility Reserve (b)	Carry forward of Local Plan core budget	n/a	(77)
Localities, Culture & Heritage	Grants and Contributions Reserve (b)	Sports Development Grants	n/a	(12)
Total				**(240)**

Annex E

EARMARKED BALANCES 2025/26 to 2027/28

Reserve	Balance at 1 April 2025 £000	Balance at 31 March 2026 £000	Balance at 31 March 2027 £000	Balance at 31 March 2028 £000
Transformation Reserve	4,162	4,168	4,774	5,524
Growth Reserve	4,339	4,479	4,454	4,654
Councillor Improvement Fund	59	0	0	0
Insurance & Contingent Liability Reserve	2,463	2,463	2,463	2,463
Waste Management Development Fund	66	510	66	66
Inflationary Reserve	5,340	5,052	5,052	5,052
Restructuring Reserve	3,707	3,707	3,707	3,707
Funding Reform & Volatility Reserve	12,428	14,630	17,055	17,055
Revenue Grants & Contributions Reserve	2,301	1,298	1,286	1,286
Tax Increment Financing (TIF) Reserve	5,000	5,000	5,000	5,000
Strategic Priorities Reserve	0	0	0	0
General Earmarked Balances	**39,865**	**41,307**	**43,857**	**44,807**

The above table assumes that planned budget contributions within the Medium Term Financial Strategy continue to March 2028

Annex F

CAPITAL PROGRAMME 2025/26 TO 2027/28

PORTFOLIO					Funding				
	2025/26	2026/27	2027/28	Total	Borrowing	Tax Increment Finance (Borrowing)	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children & Young People	8,131	16,319	2,289	26,739	2,212	0	0	103	24,424
Adult Social Care & Health	144	0	0	144	119	0	0	0	25
Stronger Communities	5,373	4,846	4,293	14,512	1,657	0	656	0	12,199
Localities, Culture & Heritage	2,503	0	0	2,503	1,765	0	268	36	434
Finance & Governance	350	0	0	350	0	0	350	0	0
People, Performance & IT	1,057	0	0	1,057	0	0	790	267	0
Business & Inclusive Growth	34,603	14,899	7,020	56,522	4,758	1,135	489	135	50,005
Neighbourhoods & Environmental Services	6,363	3,185	2,600	12,148	4,079	0	1,675	5,700	694
Regeneration	47,393	68,521	28,961	144,875	81,594	0	307	1,500	61,474
Cross Portfolio	2,183	3,592	0	5,775	0	0	5,775	0	0
TOTAL	**108,100**	**111,362**	**45,163**	**264,625**	**96,184**	**1,135**	**10,310**	**7,741**	**149,255**

CAPITAL PROGRAMME 2025/26 TO 2027/28

CHILDREN & YOUNG PEOPLE PORTFOLIO	2025/26	2026/27	2027/28	Total	Funding				
					Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Primary Schools									
Allanson Street - Structural	43	0	0	43	0	0	0	0	43
Allanson Street - Windows	147	0	0	147	0	0	0	0	147
Allanson Street - Heating	93	240	0	333	0	0	0	0	333
Bleak Hill - Drainage	110	0	0	110	0	0	0	0	110
Bleak Hill - Lighting	50	0	0	50	0	0	0	0	50
Bleak Hill - MUGA	69	0	0	69	0	0	0	69	0
Bleak Hill - Remodel Existing Space	34	0	0	34	0	0	0	34	0
Broad Oak - Windows	94	0	0	94	0	0	0	0	94
Broad Oak - Structural	57	0	0	57	0	0	0	0	57
Eccleston Lane - Heating	56	115	0	171	0	0	0	0	171
Grange Valley - Roof	76	0	0	76	0	0	0	0	76
Merton Bank - Structural Works	44	0	0	44	0	0	0	0	44
Merton Bank - Dining Room Damp	38	0	0	38	0	0	0	0	38
Merton Bank - Dining Room Windows	92	0	0	92	0	0	0	0	92
Queens Park - Windows	134	0	0	134	0	0	0	0	134
Rectory - SEND Provision	249	0	0	249	0	0	0	0	249
Rivington - Roof and Windows	400	62	0	462	0	0	0	0	462
Robins Lane - Roof	140	0	0	140	0	0	0	0	140
Robins Lane - Windows	138	0	0	138	0	0	0	0	138
Sutton Manor - H&S Works	50	0	0	50	0	0	0	0	50
Sutton Oak - Boiler Replacement	87	0	0	87	0	0	0	0	87
Thatto Heath - Structural Works	24	0	0	24	0	0	0	0	24
Thatto Heath - Heating	106	222	0	328	0	0	0	0	328
Thatto Heath - SEND Provision	200	0	0	200	0	0	0	0	200
Wargave - Drainage	0	0	0	0	0	0	0	0	0
Secondary Schools									
De La Salle - SEND Base	0	944	0	944	0	0	0	0	944
Special & Other Schools									
Launchpad - Roof Renewal	0	100	0	100	0	0	0	0	100
Pupil Referral Unit - Heating	37	0	0	37	0	0	0	0	37
Mill Green - Satellite Base	1,536	0	0	1,536	0	0	0	0	1,536
Willow Bank - Door Panelling	19	0	0	19	0	0	0	0	19
Other Schemes									
School Devolved Formula Capital	500	785	250	1,535	0	0	0	0	1,535
Various Schools - Fire Safety	193	0	0	193	0	0	0	0	193
ACM Removal	24	0	0	24	0	0	0	0	24
Family Hubs	69	0	0	69	0	0	0	0	69
Children's Residential Homes	630	647	0	1,277	1,277	0	0	0	0
Single Social Care & Education System	181	0	0	181	181	0	0	0	0
Millersdale - Grant	440	0	0	440	440	0	0	0	0
Millersdale - Lease	314	0	0	314	314	0	0	0	0
Uncommitted Grant Funding									
Healthy Pupils Capital Funding	0	125	0	125	0	0	0	0	125
Childcare Expansion	157	0	0	157	0	0	0	0	157
Higher Needs Provision Capital	1,000	4,158	0	5,158	0	0	0	0	5,158
Basic Need Uncommitted	0	2,942	1,039	3,981	0	0	0	0	3,981
School Condition Funding Uncommitted	500	5,979	1,000	7,479	0	0	0	0	7,479
TOTAL	**8,131**	**16,319**	**2,289**	**26,739**	**2,212**	**0**	**0**	**103**	**24,424**

ADULT SOCIAL CARE AND HEALTH PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Unallocated Community Capacity Grant	25	0	0	25	0	0	0	0	25
Transistional Apartment Lease - Heathside	119	0	0	119	119	0	0	0	0
TOTAL	**144**	**0**	**0**	**144**	**119**	**0**	**0**	**0**	**25**

STRONGER COMMUNITIES PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
CCTV Replacement	563	0	0	563	563	0	0	0	0
New Cemetery and Crematorium System	75	0	0	75	0	0	75	0	0
Air Blast Cooler - St Helens Crematorium	45	0	0	45	0	0	45	0	0
Disabled Facilities Grants and Adaptations	4,303	4,456	3,906	12,665	500	0	0	0	12,165
Emergency Fund (Housing)	82	85	82	249	134	0	81	0	34
General Fund Housing (Housing Assistance)	80	80	80	240	110	0	130	0	0
Housing Clearance and Enforcement	50	50	50	150	50	0	100	0	0
Insulation Measures and Fuel Poverty	175	175	175	525	300	0	225	0	0
TOTAL	**5,373**	**4,846**	**4,293**	**14,512**	**1,657**	**0**	**656**	**0**	**12,199**

LOCALITIES, CULTURE AND HERITAGE PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Libraries ICT Refresh	44	0	0	44	44	0	0	0	0
Haydock Library SEND Redesign	297	0	0	297	0	0	0	36	261
Newton Le Willows Health and Fitness Centre Equipment	65	0	0	65	65	0	0	0	0
Parr Locality Hub (feasibility)	72	0	0	72	72	0	0	0	0
Parr Swimming & Fitness Centre Demolition	1,032	0	0	1,032	1,032	0	0	0	0
Sutton Leisure Centre - Swimming provision	352	0	0	352	352	0	0	0	0
Ruskin Drive Changing Facilities	0	0	0	0	0	0	0	0	0
Newton Le Willows Pitch	36	0	0	36	20	0	0	0	16
Queens Park Health & Fitness Gym Equipment	180	0	0	180	180	0	0	0	0
UK Shared Prosperity Fund	157	0	0	157	0	0	0	0	157
Localities Programme - Community Hubs Development	268	0	0	268	0	0	268	0	0
TOTAL	**2,503**	**0**	**0**	**2,503**	**1,765**	**0**	**268**	**36**	**434**

FINANCE & GOVERNANCE PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
New Revenue & Benefits System	350	0	0	350	0	0	350	0	0
TOTAL	**350**	**0**	**0**	**350**	**0**	**0**	**350**	**0**	**0**

PEOPLE, PERFORMANCE & ICT PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
ICT Device & Systems Refresh	724	0	0	724	0	0	457	267	0
Server Upgrade	333	0	0	333	0	0	333	0	0
TOTAL	**1,057**	**0**	**0**	**1,057**	**0**	**0**	**790**	**267**	**0**

BUSINESS AND INCLUSIVE GROWTH PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Highway Schemes									
A49 to M6 Junction 22 Link Road	4,671	0	0	4,671	4,671	0	0	0	0
KRN Levelling Up (Parkside Junction Mitigation Works)	345	0	0	345	0	0	0	0	345
KRN Levelling Up (A580 Structures)	1,737	0	0	1,737	0	0	0	0	1,737
Active Travel Fund - Tranche 2	2	0	0	2	0	0	0	0	2
Active Travel Fund - Tranche 3	174	1,083	0	1,257	0	0	0	0	1,257
Peasley Cross Roundabout	0	2,098	0	2,098	0	0	0	0	2,098
Active Travel Fund - Tranche 4	1,249	0	0	1,249	0	0	0	0	1,249
Active Travel Fund - Tranche 5	310	0	0	310	0	0	0	0	310
Highway / Road Investment	64	0	0	64	64	0	0	0	0
CRSTS - Indicative Estimate	0	0	7,020	7,020	0	0	0	0	7,020
CRSTS- Active Travel-City Region	506	720	0	1,226	0	0	0	0	1,226
CRSTS- Strategic Maintenance	4,320	3,160	0	7,480	0	0	0	0	7,480
CRSTS - Bridges	924	710	0	1,634	0	0	0	0	1,634
CRSTS - Technology & Comms Upgrade	807	1,010	0	1,817	0	0	0	0	1,817
CRSTS - Potholes	410	410	0	820	0	0	0	0	820
CRSTS - Flooding / Drainage	1,098	710	0	1,808	0	0	0	0	1,808
CRSTS - Resource Funding	770	638	0	1,408	0	0	0	0	1,408
Local Highways Maintenance	1,216	0	0	1,216	0	0	0	0	1,216
Safer Routes to Schools	23	0	0	23	23	0	0	0	0
Section 106 Arrangements	81	0	0	81	0	0	0	0	81
Cowley Hill Link Road	5,273	4,360	0	9,633	0	0	0	0	9,633
Carr Mill Road Flood Alleviation Works	7	0	0	7	0	0	0	0	7
Taylor Park Dam Design	121	0	0	121	0	0	121	0	0
Town Deal and Economic Development Schemes									
Town Deal - Glass Futures Ph 2	4,759	0	0	4,759	0	0	0	0	4,759
Town Deal - Cannington Shaw	751	0	0	751	0	0	0	111	640
Town Deal - Digital Infrastructure	2,074	0	0	2,074	0	0	0	24	2,050
Town Deal - Health Hub	1,348	0	0	1,348	0	0	0	0	1,348
St Helens Manufacturing and Innovation Campus Strategic Acquisitions	60	0	0	60	0	0	0	0	60
Bold Forest Garden Masterplan	368	0	0	368	0	0	368	0	0
Life Science Investment Zone TIF									
Project Halo pre-development	1,135	0	0	1,135	0	1,135	0	0	0
TOTAL	**34,603**	**14,899**	**7,020**	**56,522**	**4,758**	**1,135**	**489**	**135**	**50,005**

NEIGHBOURHOODS & ENVIRONMENTAL SERVICES PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Air Quality - Indoor Monitoring Equipment	21	0	0	21	0	0	0	0	21
Air Quality Monitors	64	0	0	64	0	0	64	0	0
Climate Change Emergency Response Fund	46	0	0	46	46	0	0	0	0
Section 106 Arrangements (Non-Highway Schemes)	48	0	0	48	0	0	0	0	48
Improvements to Vulcan Village Conservation Area & Greenway Interpretation signage board	0	0	0	0	0	0	0	0	0
Red Brow Woods Path Improvement Works	71	0	0	71	0	0	0	0	71
St Helens Cemetery and Crematorium Flood Alleviation Scheme	321	0	0	321	0	0	176	0	145
West End Road - Sankey Valley	241	0	0	241	0	0	0	0	241
Resources and Waste Strategy	673	0	0	673	673	0	0	0	0
Food Waste Collection	168	0	0	168	0	0	0	0	168
Fleet Replacement Programme	3,488	2,600	2,600	8,688	2,988	0	0	5,700	0
Hardshaw Brook Depot Drainage and Surface Improvements	418	0	0	418	372	0	46	0	0
Hardshaw Brook Depot Phase 2 - Fuel Station	332	585	0	917	0	0	917	0	0
Hardshaw Brook Depot Phase 3 - Salt Barn	472	0	0	472	0	0	472	0	0
TOTAL	**6,363**	**3,185**	**2,600**	**12,148**	**4,079**	**0**	**1,675**	**5,700**	**694**

REGENERATION PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Chalon Way Meanwhile Use	142	0	0	142	142	0	0	0	0
Building Capital Maintenance	500	500	500	1,500	0	0	0	1,500	0
New Asset Data System (Concerto)	20	0	0	20	20	0	0	0	0
Building Energy Management System	58	0	0	58	0	0	58	0	0
St Helens Town Centre Masterplan	1,835	0	0	1,835	1,835	0	0	0	0
St Helens Town Centre Phase 1 Investment	6,412	43,353	26,077	75,842	70,510	0	0	0	5,332
Hardshaw Brook Depot Review	8	0	0	8	8	0	0	0	0
Modernisation of St Helens Crematorium	39	0	0	39	39	0	0	0	0
Former Penkford School Demolition	29	0	0	29	0	0	29	0	0
The Gamble Building (Phase 4)	516	0	0	516	296	0	220	0	0
The Gamble Building Enabling Works*	1,408	0	0	1,408	0	0	0	0	1,408
Earlestown Regeneration	402	0	0	402	402	0	0	0	0
Earlestown Market	8,744	5,475	0	14,219	3,925	0	0	0	10,294
Earlestown Town Hall (Internal)	7,223	683	0	7,906	0	0	0	0	7,906
Earlestown Railway Station	97	2,831	2,384	5,312	3,258	0	0	0	2,054
Parr Footbridge Art Installation	25	0	0	25	25	0	0	0	0
Town Centre Bus Station Strategic Acquisitions	1,134	0	0	1,134	1,134	0	0	0	0
St Helens Multi Modal Interchange	17,521	15,679	0	33,200	0	0	0	0	33,200
St Helens Temporary Bus Hub	260	0	0	260	0	0	0	0	260
Evelyn Avenue - remedial works	1,020	0	0	1,020	0	0	0	0	1,020
TOTAL	**47,393**	**68,521**	**28,961**	**144,875**	**81,594**	**0**	**307**	**1,500**	**61,474**

CROSS PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital Receipts Funding for Essential Capital Works	2,183	3,592	0	5,775	0	0	5,775	0	0
TOTAL	**2,183**	**3,592**	**0**	**5,775**	**0**	**0**	**5,775**	**0**	**0**

TOTAL ALL PORTFOLIOS	108,100	111,362	45,163	264,625	96,184	1,135	10,310	7,741	149,255

*subject to approval of report on same agenda

CAPIITAL PROGRAMME 2025/26

CHILDREN & YOUNG PEOPLE PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Primary Schools						
Allanson Street - Structural	32	11	0	11	43	Budget increased by £11k as per Operational Decision ENVP003941. Scheme is complete.
Allanson Street - Windows	92	55	0	55	147	Budget increased by £55k as per Operational Decision ENVP003887. Scheme is complete.
Allanson Street - Heating	100	233	-240	-7	93	Budget increased by £233k as per Delegated Executive Decision 0019 2025/26. Delivery of the scheme will be phased over two years to minimise operational disruption to the school.
Bleak Hill - Drainage	68	42	0	42	110	Budget increased by £42k as per Operational Decision ENVP003939. Work due to commence and be completed by the end of the 2025/2026 financial year.
Bleak Hill - Lighting	50	0	0	0	50	Contract is currently out to tender, work intended to commence and complete by the end of the 2025/2026 financial year.
Bleak Hill - MUGA	0	69	0	69	69	Operational Decision ENNP003951 awarded a contract to deliver a new multi-use games area installation. The scheme is funded by the school.
Bleak Hill - Remodel Existing Space	0	34	0	34	34	Operational Decision ENVP003949 awarded a contract to form a room in a "break out" space. The scheme is funded by the school.
Broad Oak - Windows	92	2	0	2	94	Budget increased by £2k as per Operational Decision ENVP003923. Work due to commence half term of October 2025 and be complete by the end of the 2025/2026 financial year.
Broad Oak - Structural	44	13	0	13	57	Budget increased by £13k as per Operational Decision ENVP003945. Scheme is complete.
Eccleston Lane - Heating	100	71	-115	-44	56	Budget increased by £71k as per Operational Decision ENVP003918. Delivery of the scheme will be phased over two years to minimise operational disruption to the school.
Grange Valley - Roof	55	21	0	21	76	Budget increased by £21k as per Operational Decision ENVP003886. Scheme is complete.
Merton Bank - Structural Works	53	-9	0	-9	44	Contract awarded at a lower value than the original budget estimate (ENVP003915). Scheme is complete.
Merton Bank - Dining Room Damp	38	0	0	0	38	A contract has been awarded and works have commenced (ENVP003940). Work due to commense half term of October 2025.

CHILDREN & YOUNG PEOPLE PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Merton Bank - Dining Room Windows	92	0	0	0	92	Work due to commence half term of October 2025 and be complete by the end of the 2025/2026 financial year.
Queens Park - Windows	134	0	0	0	134	Work due to commence half term of October 2025 and be complete by the end of the 2025/2026 financial year.
Rectory - SEND Provision	249	0	0	0	249	Work has commenced and the provision is currently at an operational status. However, further works are to be undertaken in line with the original scheme and these are expected to be delivered by the end of the 2025/2026 financial year.
Rivington - Roof and Windows	163	299	-62	237	400	Budget increased by £299k as per Delegated Executive Decision 0021 2025/26. Works are expected to commence during February 2026 half term.
Robins Lane - Roof	92	48	0	48	140	Budget increased by £48k as per Operational Decision ENVP003919. Work currently in progress with completion expected by the end of November 2025.
Robins Lane - Windows	138	0	0	0	138	Operational decision ENVP003920 awarded a contract to deliver the works. Scheme is complete.
Sutton Manor - H&S Works	50	0	0	0	50	The scheme is currently in the design phase with plans to commence and complete during February 2026 half term.
Sutton Oak - Boiler Replacement	80	7	0	7	87	Budget increased by £7k as per Operational Decision ENVP003941. Scheme is complete.
Thatto Heath - Structural Works	24	0	0	0	24	Scheme is complete.
Thatto Heath - Heating	100	228	-222	6	106	Budget increased by £228k as per Delegated Executive Decision 0018 2025/26 to deliver a scheme to address issues with underfloor pipework. Although work is expected to commence in 2025/2026, it is not expected to be complete until 2026/2027.
Thatto Heath - SEND Provision	200	0	0	0	200	Work due to commence half term of October 2025 and be complete by the end of the 2025/2026 financial year.
Wargave - Drainage	37	-37	0	-37	0	Work no longer required following an engineers assessment. Confirmation provided that the drainage problem is not an issue that the school need to address as the cause originates off site.

CHILDREN & YOUNG PEOPLE PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Secondary Schools						
De La Salle - SEND Base	944	0	-944	-944	0	Requirements relating to the delivery of this scheme are currently being evaluated.
Special & Other Schools						
Launchpad - Roof Renewal	100	0	-100	-100	0	Delivery of the scheme has been paused pending identification and evaluation of the optimal solution, in terms of both the existing building and the needs of the service.
Pupil Referral Unit - Heating	37	0	0	0	37	Scheme currently in design with works forecast to be completed in 2025/26.
Mill Green - Satellite Base	0	1,536	0	1,536	1,536	On 3rd September 2025 Cabinet approved the investment of £1.536m to repurpose and renovate the former Parr Library site to act as a satellite base for Mill Green Special School. This will enable the school to expand their number of available places.
Willow Bank - Door Panelling	0	19	0	19	19	A scheme to address glazing issues with doors in circulation spaces has been completed.
Other Schemes						
School Devolved Formula Capital	1,035	0	-535	-535	500	The 2025/26 Devolved Formula Capital budget provision reflects the estimated expenditure during the current financial year on schemes and equipment that schools have identified in their own plans as being priorities for them.
Various Schools - Fire Safety	193	0	0	0	193	School fire risk assessments are currently being evaluated to determine the priority of schemes to be delivered.
ACM Removal	24	0	0	0	24	A number of inspections have been undertaken and are being evaluated to determine the priority of works.
Family Hubs	69	0	0	0	69	It is currently anticipated that all capital works in relation to this grant will be delivered during 2025/26
Children's Residential Homes	1,277	0	-647	-647	630	Three properties have been purchased and renovated for use as children's homes. The department are evaluating future requirements with £647k being reprofiled into 2026/27.
Single Social Care & Education System	181	0	0	0	181	Although the system is now live, there are further planned works in 2025/2026 to optimise its functionality.
Millersdale - Grant	440	0	0	0	440	Works required to repurpose the property for use within the Staying Close programme have been completed.

CHILDREN & YOUNG PEOPLE PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Millersdale - Lease	314	0	0	0	314	Lease for care leaver flats - under IFRS 16 the council is now required to treat the agreement of the lease as a capital addition of a right to use asset.
Uncommitted Grant Funding						
Healthy Pupils Capital Funding	125	0	-125	-125	0	
Childcare Expansion	157	0	0	0	157	
Higher Needs Provision Capital	6,694	-1,536	-4,158	-5,694	1,000	
Basic Need Uncommitted	1,304	0	-1,304	-1,304	0	
School Condition Funding Uncommitted	6,482	-1,003	-4,979	-5,982	500	
TOTAL	**21,459**	**103**	**-13,431**	**-13,328**	**8,131**	

ADULT SOCIAL CARE & HEALTH PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Unallocated Community Capacity Grant	25	0	0	0	25	
Transistional Apartment Lease - Heathside	119	0	0	0	119	
TOTAL	**144**	**0**	**0**	**0**	**144**	

STRONGER COMMUNITIES PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
CCTV Replacement	563	0	0	0	563	Scheme in progress
New Cemetery and Crematorium System	75	0	0	0	75	
Air Blast Cooler - St Helens Crematorium	0	45		45	45	
Disabled Facilities Grants and Adaptations	4,303	0	0	0	4,303	The DFG funding allocation has been increased and the scheme reprofiled
Emergency Fund (Housing)	82	0	0	0	82	Capital receipts from housing loan repayments have been recycled into the programme and the funding reprofiled over the next three years
General Fund Housing (Housing Assistance)	80	0	0	0	80	
Housing Clearance and Enforcement	50	0	0	0	50	
Insulation Measures and Fuel Poverty	175	0	0	0	175	
TOTAL	**5,328**	**45**	**0**	**45**	**5,373**	

LOCALITIES, CULTURE & HERITAGE PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Libraries ICT Refresh	44	0	0	0	44	
Haydock Library SEND Redesign	297	0	0	0	297	Scheme to design Haydock Library
Newton Le Willows Health and Fitness Centre Equipment	65	0	0	0	65	Equipment installed
Parr Locality Hub (feasibility)	72	0	0	0	72	
Parr Swimming & Fitness Centre Demolition	1,032	0	0	0	1,032	Procurement underway
Sutton Leisure Centre - Swimming provision	352	0	0	0	352	
Ruskin Drive Changing Facilities	0	0	0	0	0	
Newton Le Willows Pitch	36	0	0	0	36	
Queens Park Health & Fitness Gym Equipment	0	180	0	180	180	
UK Shared Prosperity Fund	157	0	0	0	157	Additional capital grant funding accepted as approved by Cabinet in March 25
Localities Programme - Community Hubs Development	268	0	0	0	268	Additional funding for refurbishment works to enable the creation of North and South Community Hubs
TOTAL	**2,323**	**180**	**0**	**180**	**2,503**	

FINANCE & GOVERNANCE PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Revenue & Benefits System	350	0	0	0	350	Project progressing to implement a new revenue & benefits system
TOTAL	**350**	**0**	**0**	**0**	**350**	

PEOPLE, PERFORMANCE & IT PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
ICT Device & Systems Refresh	724	0	0	0	724	Replacement of IT hardware
Server Upgrade	0	333	0	333	333	Replacement of virtual infrastructure
TOTAL	**724**	**333**	**0**	**333**	**1,057**	

BUSINESS & INCLUSIVE GROWTH PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Highway Schemes						
A49 to M6 Junction 22 Link Road	4,671	0	0	0	4,671	Scheme complete - the Link Road was opened in May 2025
KRN Levelling Up (Parkside Junction Mitigation Works)	345	0	0	0	345	Phase 1 & 2 of the scheme are now complete.
KRN Levelling Up (A580 Structures)	1,737	0	0	0	1,737	The schemes are in design stage with construction to commence this financial year
Active Travel Fund - Tranche 2	2	0	0	0	2	Project complete
Active Travel Fund - Tranche 3	1,257	0	-1,083	-1,083	174	Project being progressed with delivery partners, with delivery of the Peasley Cross element deferred to 25/26
Peasley Cross Roundabout	1,948	0	-1,948	-1,948	0	Project being progressed with delivery partners, construction has been deferred to 25/26
Active Travel Fund - Tranche 4	1,249	0	0	0	1,249	Project being progressed with delivery partners
Active Travel Fund - Tranche 5	0	310	0	310	310	
Highway / Road Investment	64	0	0	0	64	Project complete
Local Transport Plan Unallocated (CRSTS)	0	0	0	0	0	
CRSTS- Active Travel-City Region	506	0	0	0	506	Project being progressed with delivery partners
CRSTS- Strategic Maintenance	4,320	0	0	0	4,320	Project being progressed with delivery partners
CRSTS - Bridges	924	0	0	0	924	Project being progressed with delivery partners
CRSTS - Technology & Comms Upgrade	807	0	0	0	807	Project being progressed with delivery partners
CRSTS - Potholes	410	0	0	0	410	Project being progressed with delivery partners
CRSTS - Flooding / Drainage	1,098	0	0	0	1,098	Project being progressed with delivery partners
CRSTS - Resource Funding	770	0	0	0	770	
Local Highways Maintenance	1,216	0	0	0	1,216	Additional funding awarded, subject to approval of separate report on this agenda
Safer Routes to Schools	23	0	0	0	23	Project completed
Section 106 Arrangements	81	0	0	0	81	Projects being progressed with delivery partners
Cowley Hill Link Road	5,273	0	0	0	5,273	Scheme to provide high quality access to the Cowley Hill development site, and alternative traffic route to St Helens Town Centre, as approved by Cabinet in October 24.
Carr Mill Road Flood Alleviation Works	7	0	0	0	7	
Taylor Park Dam Design	0	121	0	121	121	
Town Deal and Economic Development Schemes						
Town Deal - Glass Futures Ph 2	4,759	0	0	0	4,759	Grant funding for the Glass Future 2 project, to be drawn down over the year
Town Deal - Cannington Shaw	751	0	0	0	751	Grant funding for the Cannington Shaw project, to be drawn down over the year
Town Deal - Digital Infrastructure	2,074	0	0	0	2,074	Project progressing
Town Deal - Health Hub	1,348	0	0	0	1,348	Works progressing on Business Connect element. Revised business case under development for the Skills Academy.

BUSINESS & INCLUSIVE GROWTH PORTFOLIO	0	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
St Helens Manufacturing and Innovation Campus Strategic Acquisitions	60	0	0	0	60	
Bold Forest Garden Masterplan	368	0	0	0	368	Creation of a masterplan to unlock development of the Bold Forest Garden site
Life Science Investment Zone TIF						
Project Halo pre-development	1,135	0	0	0	1,135	Investment in pre-development works for life science economic development of the site, part of the St Helens Manufacturing & Innovation Campus
TOTAL	**37,203**	**431**	**-3,031**	**-2,600**	**34,603**	

NEIGHBOURHOODS & ENVIRONMENTAL SERVICES PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Air Quality - Indoor Monitoring Equipment	21	0	0	0	21	
Air Quality Monitors	0	64	0	64	64	
Climate Change Emergency Response Fund	46	0	0	0	46	
Section 106 Arrangements (Non-Highway Schemes)	48	0	0	0	48	
Improvements to Vulcan Village Conservation Area & Greenway Interpretation signage board	0	0	0	0	0	
Red Brow Woods Path Improvement Works	71	0	0	0	71	
St Helens Cemetery and Crematorium Flood Alleviation Scheme	321	0	0	0	321	Works to design and create basins to reduce frequency and severity of flooding at the site
West End Road - Sankey Valley	241	0	0	0	241	Additional funding awarded from EA to undertake flood alleviation works at this site
Resources and Waste Strategy	673	0	0	0	673	Balance of the funding for the scheme, including works to improve the energy infrastructure for the electric vehicles
Food Waste Collection	168	0	0	0	168	The vehicle is expected to be delivered this financial year
Fleet Replacement Programme	3,488	0	0	0	3,488	Procurement in progress for 25-26 programme, with remainder of vehicles from 24-25 expected to delivered this financial year
Hardshaw Brook Depot Drainage and Surface Improvements	395	23	0	23	418	Project being progressed with delivery partners
Hardshaw Brook Depot Phase 2 - Fuel Station	0	332	0	332	332	Construction of a new fuel station at Hardshaw Brook Depot as approved by Cabinet in Sept 25
Hardshaw Brook Depot Phase 3 - Salt Barn	0	472	0	472	472	Construction of a new Salt Barn on the Hardshaw Brook Depot site as approved by Cabinet in Sept 25
TOTAL	**5,472**	**891**	**0**	**891**	**6,363**	

REGENERATION PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Chalon Way Meanwhile Use	142	0	0	0	142	
Building Capital Maintenance	500	0	0	0	500	Schemes being prioritised for investment
New Asset Data System (Concerto)	20	0	0	0	20	
Building Energy Management System	0	58	0	58	58	
St Helens Town Centre Masterplan	1,835	0	0	0	1,835	Compensation for the two final relocations to be agreed
St Helens Town Centre Phase 1 Investment	13,967	2,235	-9,790	-7,555	6,412	Demolition works have commenced
Hardshaw Brook Depot Review	8	0	0	0	8	
Modernisation of St Helens Crematorium	39	0	0	0	39	
Former Penkford School Demolition	29	0	0	0	29	
The Gamble Building (Phase 4)	516	0	0	0	516	Design works being progressed with delivery partner
The Gamble Building Enabling Works*	0	1,408	0	1,408	1,408	Enabling works and RIBA4 design, subject to approval of report on this agenda
Earlestown Regeneration	402	0	0	0	402	
Earlestown Market	8,744	0	0	0	8,744	Allocations between elements of the LUF scheme have been reprofiled as approved by Cabinet in April. Additional funding from S106 contributions and Public Sector Decarbonisation Scheme have been included
Earlestown Town Hall (Internal)	7,223	0	0	0	7,223	
Earlestown Railway Station	97	0	0	0	97	
Parr Footbridge Art Installation	25	0	0	0	25	
Town Centre Bus Station Strategic Acquisitions	1,134	0	0	0	1,134	Compensation for the final relocations to be agreed
St Helens Multi Modal Interchange	17,521	0	0	0	17,521	Demolition works have commenced
St Helens Temporary Bus Hub	260	0	0	0	260	The temporary bus hub is now operational
Evelyn Avenue - remedial works	1,020	0	0	0	1,020	Remedial works to unlock a brownfield site for housing
TOTAL	**53,482**	**3,701**	**-9,790**	**-6,089**	**47,393**	

CROSS PORTFOLIO	FMR 1 Budget	New Schemes/ Funding Changes	Reprofiled into / from Future Years	Changes to be approved in this Period	Revised Budget	Narrative
	£000	£000	£000	£000	£000	
Capital Receipts Funding for Essential Capital Works	3,631	-1,448	0	-1,448	2,183	Funding essential capital maintenance, health & safety works and leverage match funding for key strategic capital schemes, pending formal approval for allocation to specific schemes.
TOTAL	**3,631**	**-1,448**	**0**	**-1,448**	**2,183**	

TOTAL ALL PORTFOLIO'S	**130,116**	**4,236**	**-26,252**	**-22,016**	**108,100**

Annex G

TREASURY MANAGEMENT POSITION STATEMENT

INTERIM TREASURY MANAGEMENT STRATEGY REPORT 2025/26

1. Background

1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017) ('the Code') was adopted by Council on 28 February 2018.

The primary requirements of the Code are as follows:

- creation and maintenance of a Treasury Management Statement which sets out the policies and objectives of the Council's treasury management activities,
- creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives,
- consideration of an Annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, an Interim Review Report and an Annual Report (outturn report) covering activities during the previous year,
- delegation by the Council of responsibilities for implementing and monitoring Treasury Management policies and practices and for the execution and administration of Treasury Management decisions, and
- delegation by the Council for the role of scrutiny of the Treasury Management Strategy and Policies to a specific named body. For this Council, the delegated body is the Audit and Governance Committee.

1.2 This interim report has been prepared in compliance with CIPFA's Code, and covers the following:

- an update on Interest Rates and prospects for future Interest Rates,
- a review of the Treasury Management Strategy Statement and Annual Investment Strategy and an update on the current investment and borrowing portfolios,
- a review of any debt rescheduling undertaken and any possible opportunities during 2025/26,
- an update on other issues affecting Treasury Management,
- an update on the latest Treasury Management Budget position and
- a review of compliance with Treasury Limits and Prudential Indicators for 2025/26 and forward Treasury Limits and Prudential Indicators for future years.

2 Interest Rate Forecasts

2.1 The Council has appointed MUFG Corporate Markets Treasury Limited (formally Link Asset Services) as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates.

2.2 The latest forecast in August sets out a view that short, medium and long-dated interest rates will reduce incrementally over the period to September 2027. MUFG's Bank Rate and PWLB rate forecasts are shown below:

%	Dec 2025	Mar 2026	June 2026	Sept 2026	Dec 2026	Mar 2027	June 2027	Sept 2027
Bank Rate	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25
5 yr PWLB*	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20
10 yr PWLB*	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70
25 yr PWLB*	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40
50 yr PWLB*	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20

*PWLB rates are net of 0.2% Certainty Rate

2.3 At the time of drafting the initial Treasury Management Strategy, MUFG had envisaged that the Bank of England would seek to gradually reduce the Bank Rate during 2025/26, from 4.50% to 3.75% by the end of the financial year and falling to 3.50% by December 2026. MUFG have updated their forecasts and anticipate bank rates fall to 3.75% in March 2026, fall again to 3.50% in September 2026 and plateau until September 2027 when it is estimated rates will fall to 3.25%.

2.4 The first half of 2025/26 saw:

- Interest rates fall by 0.50% taking Bank Rate from 4.50% to 4.00%
- CPI inflation increasing through the first 2 quarters of 2025/26, rising steadily from 2.6% in March 2025 to 3.8% in August 2025.

2.5 In its monetary policy meeting on 7 August 2025, the Bank of England reduced interest rates by 0.25 percentage points, to 4.0%. There was no change in base rate following the latest meeting in November. This decision was guided by the need to address persistent inflationary pressures and return CPI inflation to the 2% target in a timely manner and on a lasting basis. The next meeting of the Monetary Policy Committee is on 18 December 2025.

2.6 Bank Rates are forecast to fall further by the end of the financial year; but this has to be supported by a move in CPI Inflation and wage /employment rates. However, the consistency of inflation at 3.8% is a concern and any evidence of persistent / recurrent inflationary pressures could conceivably force the Bank of England to maintain / raise rates in the future.

2.7 In addition, any unexpected movements in the economy could lead to increases or decreases in the bank rate.

3 Treasury Management Strategy and Annual Investment Strategy Update

3.1 Investments

The Treasury Management Strategy Statement for 2025/26 was considered by Cabinet on 26 February 2025 and approved by Council on 5 March 2025. The Council's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement, outlines the Council's investment priorities as the security of capital and liquidity of investments.

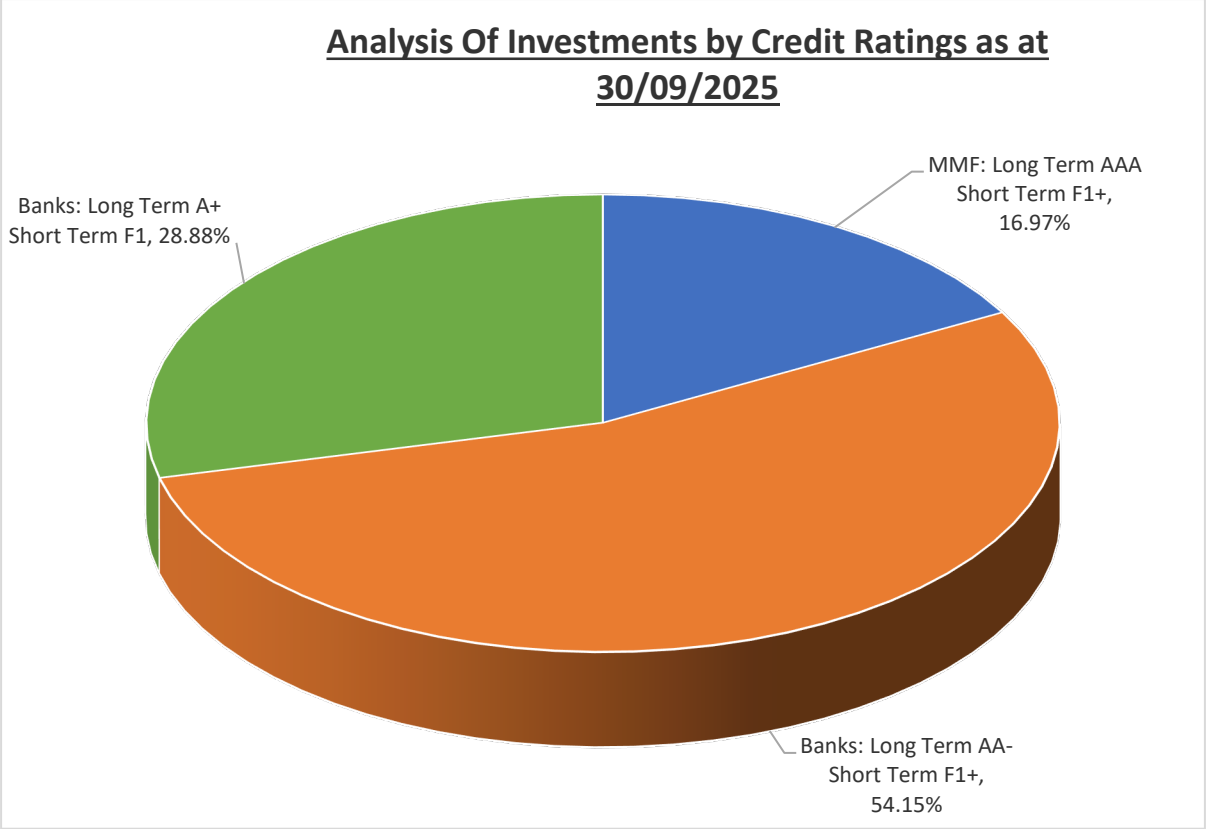
The Council aims to achieve the optimum return (yield) on its investments, commensurate with the proper levels of security and liquidity, and having properly assessed all inherent risks, as detailed in its Treasury Management Practices.

Further detail of the Council's investment portfolio is provided to Cabinet and Council as part of each Financial Monitoring Report. The Council held £138.5m of investments at 30 September 2025 (£112.7m at 31 March 2025) and the following table provides details of the investment returns achieved thus far during 2025/26.

Investment Returns 2025/26 up to 30/09/2025					
2025/26	**Returns Achieved**			**Benchmark Returns**	**Performance relative to Benchmarks**
Month	**Fixed Term Investments**	**Call Accounts**	**Combined Return**	**Backward Looking 90 Day SONIA**	**Overall +/- return**
April	4.675%	4.403%	**4.573%**	**4.541%**	**+0.032%**
May	4.580%	4.274%	**4.477%**	**4.458%**	**+0.020%**
June	4.559%	4.242%	**4.457%**	**4.376%**	**+0.081%**
July	4.512%	4.168%	**4.392%**	**4.294%**	**+0.098%**
August	4.484%	3.996%	**4.325%**	**4.213%**	**+0.112%**
September	4.452%	3.957%	**4.294%**	**4.129%**	**+0.165%**

Any sudden changes in rates will impact upon performance against benchmarks as investment decisions need to be made based upon both the desire to maximise interest returns and managing the liquidity of the authority's investments for cashflow purposes, whilst, most importantly, ensuring the security of investments. Wherever possible, the Council will look to take advantage of favourable rates with a view to locking in investment deals for longer periods, whilst at the same time ensuring liquidity of funds.

The following chart details the split of the Council's investment by type and the credit rating assigned to the different groups of Counterparties.



3.2 **Council's Investment Strategy and Counterparty Criteria**

The investment strategy approved in the Treasury Management Strategy Statement is currently being adhered to and forming the basis upon which Officers have operated thus far. The counterparty criteria, which forms the practical basis upon which Officers make decisions regarding those institutions with whom the Council will deal, is subject to constant review during the year and, through delegation to the Executive Director of Corporate Services, this can be amended by way of an Operational Decision.

3.3 **Borrowing**

The Council has an ambitious Capital Programme for the next three years, including the programme of Growth / Regeneration for the Borough. External borrowing will be necessary to fund these plans.

Movements in the financial markets will impact on the rates at which the Council would be able to borrow.

Borrowing should be aligned to the profile of the capital programmes and undertaken at the most opportune time required to fund these schemes/plans, whilst minimising interest rate exposure. Current forecasts, provided by MUFG and shown in section 2.2, are for a steady decrease in PWLB rates across the next two years.

Movements in the financial markets will impact on the rates at which the Council would be able to borrow. As shown in section 2.2, forecast PWLB rates remain around the 4.7% mark across all time horizons. This is slightly

lower than the borrowing rates assumed at the time of developing the Medium Term Financial Strategy 2025-2028.

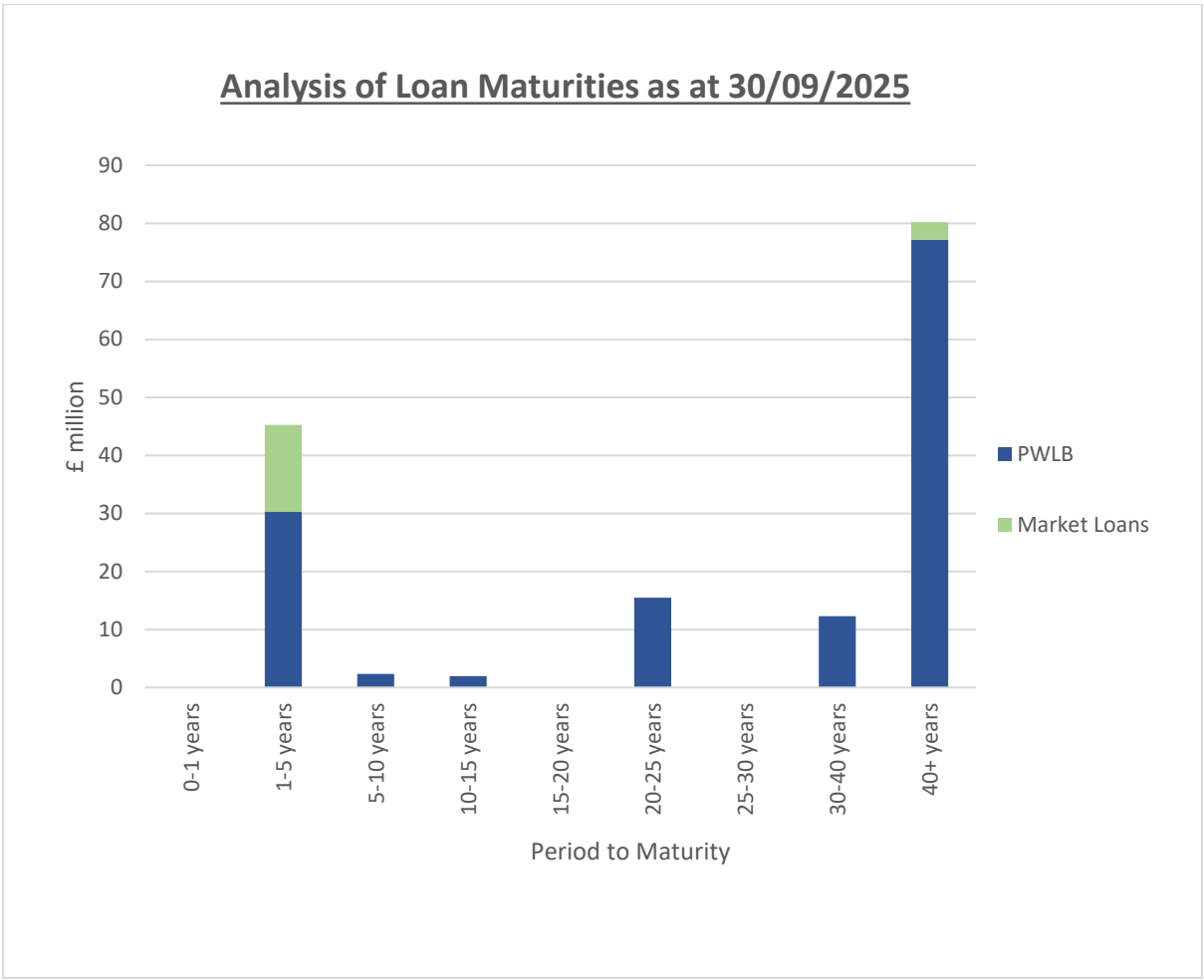
A new loan of £25.0m was secured with PWLB in April of this financial year to contribute towards financing the cost of historic expenditure within the capital programme. The loan was taken at the time due to volatility in borrowing rates which provided an opportunity to secure borrowing at that time at an advantageous rate. The cashflow projections are such that borrowing will be required imminently as a result of capital schemes funded through borrowing so, by taking borrowing at the time, interest rate risk has been mitigated by locking in some certainty.

Whilst interest rates are high the Council will defer any decisions on undertaking new borrowing until more attractive rates are available, subject to the requirement to consider the cash flow (liquidity) of the Council and making sure any future borrowing is within the rates allowed for within the Medium Term Financial Strategy assumptions.

The strategy of financing capital expenditure by running down cash balances (i.e. in lieu of new borrowing) was formulated predominantly to minimise credit risks associated with holding investments and to protect the Council's budgetary position against diminishing investment returns. The strategy also allows for borrowing to be undertaken when it is deemed most opportune, based upon current and forecast PWLB interest rates. That rationale still holds good, and, in that context, it is considered that the Borrowing Strategy approved is still fit for purpose.

However, it must be noted that this strategy has led to the Council having an "under-borrowed" position, in that borrowing to fund historic capital spend has been deferred and is likely to be needed to be secured at some stage in the future. The issue of when this borrowing may need to be secured needs to be considered in light of the forecast movements in PWLB borrowing rates and cashflow requirements.

The Council has outstanding debt of £157.5m. The following chart shows the maturity profile of the loan portfolio as at 30 September 2025.



In accordance with the revised Prudential Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender does have the right to increase the interest rate payable (as is the case with a Market Loan (LOBO – Lender Option Borrower Option loan)), then this should be treated as a right to require payment. Due to this guidance the maturity dates of the Council's LOBO loans have been profiled as the next call date for each. This has made the Council's position look much more short-term when all of these loans have maturity dates of 30+ years. In the current interest climate, the potential exists that these loans could be called at the next review date for each loan. Work is currently being undertaken to identify potential options if this scenario happens.

There are no plans to restructure debt within 2025/26 at this point and should any debt restructuring become a possibility the Council will explore this with the Council's treasury management advisors.

3.4 **Budget Estimates**

The budgeted and projected treasury costs for 2025/26 are detailed in the following Table.

Treasury Management Budget 2025/26	2025/26 Original Budget (£m)	Budget Revisions (£m) (to reflect deferred borrowing)	2025/26 Revised Budget (£m)	2025/26 Full Year Forecast (£m)	2025/26 Variance (£m)
	(a)	(b)	(c)	(d)	(e)
Debt Management Costs:					
External interest	9.144	(1.089)	8.055	7.728	(327)
Revenue provision (repayment of principal)	5.260	-	5.260	4.591	(669)
Investment Interest	(4.510)	1.089	(3.421)	(3.694)	(273)
Total Treasury Cost	**9.894**	**-**	**9.894**	**8.625**	**(1.269)**

As part of the development of the 2025/26 budget there was an assumption that the Council would incur borrowing to fund the current years capital programme and some of the historic under borrowing from previous years. This position would create the opportunity to invest additional cash holdings and subsequently increase investment income. To date, only £25m of borrowing has been taken out and the adjustment in Column b in the above table reflects the updated position in that the budget for borrowing costs has been reduced with a corresponding adjustment to the external interest received budget.

Investment Interest achieved in the year exceeds the budget as a consequence of investments securing higher rates of return than was anticipated at the time of the development of the Medium Term Financial Strategy 2025-2028.

There is a forecast underspend of £0.669m relating to the Minimum Revenue Provision, as a consequence of changes to the profile and financing of the Council's capital programme.

4 **Treasury Limits and Prudential Indicators**

4.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting Regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". The Council's approved Treasury Limits and

Prudential Indicators (affordability limits) were outlined in the approved Treasury Management Strategy Statement.

4.2 During the financial year to date, the Council has operated within the Treasury Limits and Prudential Indicators approved by and in compliance with the Council's Treasury Management Practices. A copy of the latest Treasury Limits and Prudential Indicators are attached at Appendix 1. Such revisions predominantly arise due to changes in the Council's approved capital programme.

5 Annual Revenue Provision Policy

5.1 The Council is statutorily required to determine its Policy in relation to the method by which it makes charges to the revenue account in respect of capital expenditure financed by borrowing or credit arrangements.

5.2 The current Annual Revenue Provision Policy was approved by Council on 5 March 2025, having been contained within the Treasury Management Strategy 2025/26, which formed part of the Medium-Term Financial Strategy 2025-2028 and Revenue & Capital Budget 2025/26.

5.3 Section 5 of that report set out the policy for charging the revenue account with an amount of minimum revenue provision which is deemed to be prudent. Paragraph 5.6 of the report considered the provision policy for Loan Financial Investments and stated that the Council will not make a Revenue Provision charge on the basis that the Loan will be repayable at some stage in the future and any risks regarding no-repayment would be quantified and charged in accordance with IFRS9 Financial Instruments, in the year in which they are identified.

5.4 Section 5 and Paragraph 5.8 of the report set out the policy for the treatment of leases following the adoption of IFRS 16 from 1 April 2024. This will remove the distinction between operational and finance leases, resulting in a number of leases being brought on balance sheet. MRP for these leases will be calculated as equal to the element of the rent that goes to write down the balance sheet liability.

Prudential Indicators

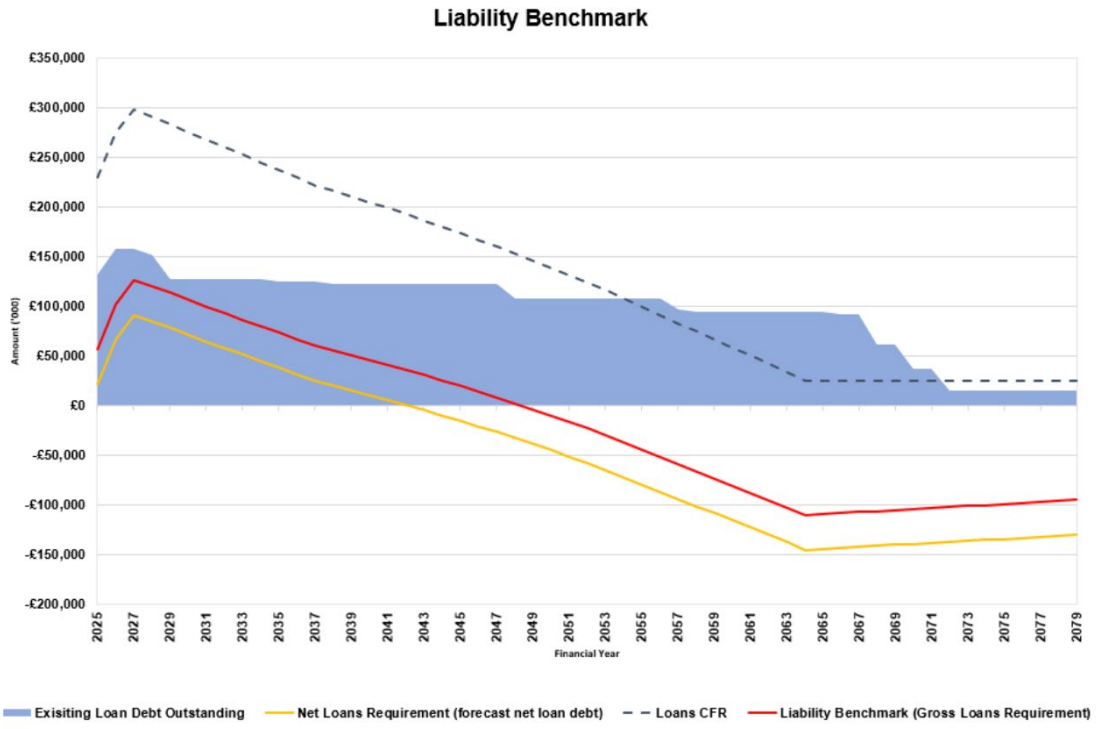
Appendix 1

Treasury Limits and Prudential Indicators 2025/26			2025/26 Revised	2026/27 Estimates	2027/28 Estimates	2028/29 Estimates
1(i)	Proposed capital expenditure that the Council plans to commit to during the forthcoming and subsequent two financial years.	**Capital Expenditure (£m)**	108.100	111.362	45.163	0.700
1(ii)	Additional in-year borrowing requirement for capital expenditure.	**In Year Capital Financing Requirement (CFR) (£m)**	11.889	43.776	22.690	(7.186)
2	The CFR is an aggregation of historic and cumulative capital expenditure, which has yet been paid for by either revenue or capital resources.	**Capital Financing Requirement as at 31 March (£m)**	232.656	276.432	299.122	291.936
3	The "net borrowing" position represents the net of the Authority's gross external borrowing and investments sums held.	**Net Borrowing Requirement:**				
		External Borrowing (£m)	169.369	243.128	268.300	263.596
		Investments Held (£m)	(124.357)	(151.024)	(155.191)	(164.358)
		Net Requirement (£m)	(45.012)	(92.104)	(113.109)	(99.238)
4	Identifies the impact and trend of the revenue costs of capital financing decisions will have on the General Fund Budget over time.	**Ratio of financing cost to net revenue stream**	4.81%	6.02%	6.66%	7.11%

Treasury Limits and Prudential Indicators 2025/26			2025/26 Revised	2026/27 Estimates	2027/28 Estimates	2028/29 Estimates
5	The Council's Budget Strategy with regards to unsupported borrowing is such that there is no incremental impact to Council Tax.	**Incremental impact of capital investment decisions (increase in Council Tax Band D equivalent)**	Nil	Nil	Nil	Nil
6	This represents an absolute limit of borrowing at any one point in time. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.	**Authorised Limit for External Debt (£m)**	230.099	288.392	311.930	304.987
7	This is the limit beyond which external debt is not normally expected to exceed.	**Operational Limit for External Debt (£m)**	214.187	280.066	304.224	297.902
8	These limits seek to ensure that the authority does not expose itself to an inappropriate level of interest rate risk, and has a suitable proportion of debt.	**Upper Limit for Fixed Interest Rate Exposure**	100%	100%	100%	100%
		Upper Limit for Variable Interest Rate Exposure	50%	50%	50%	50%
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk.	**Upper Limit for Sums Invested over 365 Days**	60%	60%	60%	60%
10	This indicator is used to highlight where an authority may be borrowing in advance of need	**Gross Debt and the CFR (£m)**	33.397	5.082	4.331	2.847

Liability Benchmark

The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the Liability Benchmark: -

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
2. **Loans Capital Financing Requirement (CFR)**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Minimum Revenue Provision (MRP). Due to only approved prudential borrowing being included in the calculation a peak will appear after four years as no further borrowing will be approved at this point.
3. **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast. This becomes a negative due to the position the Authority is in as a result of the balance of treasury investments, which are in excess of borrowing; this allows the Authority flexibility in regard to the timing of taking out future borrowing and therefore allows it to make sound treasury management decisions.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.