Appendix 1

REVENUE AND CAPITAL OUTTURN REPORT 2025/26

SECTION 1: SUMMARY

1.1 The Council's net spend budget for 2025/26 is £218.637m, this was approved by Council on 5 March 2025. The revenue outturn position for 2025/26 is an overspend of £3.371m, comprising a portfolio overspends of £8.370m, partially offset by underspends of £2.833m from Treasury Management and £2.166m across other corporate budgets.

1.2 The position across 2025/26 and the previous three financial years is shown below.

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Net Portfolio Budget	166,092	178,245	184,359	203,172
Portfolio Overspend	10,295	10,706	10,835	8,370
Net Overspend	4,505	3,116	4,721	3,371

1.3 2025/26 marks the fourth consecutive year in which the Council has seen an overspend in the outturn position, placing further pressure on Council reserves.

1.4 Although it has been recognised that reliance on reserves to support the revenue budget is not sustainable, the 2025/26 budget had assumed a one-off increase of £3.725m in reserves, reflecting funding provided through the Local Government Finance Settlement that was not guaranteed in future years and also slippage in the capital programme. This planned increase in reserves has mitigated the impact of the overspend on the revenue outturn position.

1.5 The overall position (subject to audit) is summarised below.

Table 1 – Outturn variations against approved budget 2025/26	**Revised Budget 2025/26 £000**	**Net Outturn Variance 2025/26 + / (-) £000**
Neighbourhood & Environmental Services	18,940	+542
Finance & Governance	8,165	(190)
People, Performance & IT	0	(220)
Regeneration	3,211	+37
Adult Social Care & Health	69,821	+1,374
Business & Inclusive Growth	18,370	(294)
Localities, Culture & Heritage	5,490	(145)
Children & Young People	72,487	+8,966
Stronger Communities*	6,688	(1,700)
TOTAL – Portfolio Budgets	**203,172**	**8,370**
Treasury Management		(2,833)
Other Corporate Budgets		(2,166)
TOTAL – Outturn variations against approved budget 2025/26		**3,371**

* Includes one-off reallocation of grant totalling £1.439m.

The table also shows the position after:

- *the carry-forward of unspent budget provision (£0.448m) for schemes funded by earmarked reserves continuing into future years and the acceleration of use of earmarked reserves from future years (£0.087m), as detailed in Annex B*
- *allowing for the earmarking of unconditional grants and contributions, and budget provision (£4.066m) from 2025/26 into 2026/27 where funding is required to deliver specific programmes of work*
- *allowing for the carry forward of revenue contributions to capital schemes extending into 2026/27 of £3.951m*

1.6 Amendments to the Council's portfolio structure were approved at Annual Council on 20 May 2026. Since this report sets out the Council's financial position at 31 March 2026, it reflects the portfolio structure in place at that date.

Key Budget Issues

1.7 The Council again faced significant budget challenges in 2025/26, particularly within children's social care, with the main drivers being placement costs associated with caring for children looked after and frontline social care staffing pressures. In addition, the provision of home-to-school and college transport created further financial strain. These pressures are national issues faced by all local authorities, and St Helens has worked hard to combat them but this still remains a significant concern.

1.8 There was also a significant overspend within the Adult Social Care portfolio, driven largely by rising demand for domiciliary care and higher costs associated with residential placements. Additional financial pressure has resulted from the transfer of risk from the Integrated Care Board as part of its recovery programme. Although demand is being actively managed and service transformation is progressing, increasing complexity of need has continued to place upward pressure on overall expenditure.

1.9 Another area showing an overspend is the Neighbourhoods & Environmental Services portfolio, which is reporting an overall adverse position of £0.542m. This is mainly driven by forecast increases in housing numbers across the Brough resulting in significant cost and income pressures within Recycling (£0.771m overspend) plus pressure within the Traded Services to Schools budget (£0.493m overspend). Although favourable variances in areas such as Parking Services and Traffic Management help to offset some of these pressures, the scale of challenges within the core operational services remains the primary factor behind the overspend.

1.10 Within the Stronger Communities portfolio, an underspend of £0.261m has been driven by employee slippage across several service areas and lower-than-anticipated costs within Supported Housing contracts. The application of unconditional grant funding (£1.439m) against direct costs within the portfolio has resulted in an overall underspend of £1.700m.

1.11 Finance & Governance, People, Performance & IT, Business & Inclusive Growth, and Localities, Culture & Heritage are also reporting underspends. These favourable positions largely reflect the proactive measures taken in quarters 3 and 4 to actively manage staff vacancies and non essential spend on supplies and services alongside the overachievement of income against targets.

1.12 The budget for 2025/26 included the planned delivery of £6.074m of budget savings. In addition, savings totalling £3.204m which had not been achieved in previous years were also brought forward into 2025/26, with a decision taken in year to reprofile £0.312m of 2025/26 savings into future years. Of these savings, £3.137m were not achieved in 2025/26 and have been carried forward into future years, £1.847m of which had no temporary mitigations, as summarised in Table 2. This has contributed to the overall overspend in 2025/26.

Table 2 - Budget Savings Outturn 2025/26	Total Savings Requirement 2025/26 £000	Savings Delivered 2025/26 £000	Savings Unachieved 2025/26 £000	Temporary Mitigations 2025/26 £000
Corporate	1,103	1,103	-	-
Integrated Health	1,933	1,288	645	645
Children’s	3,025	1,140	1,885	38
Public Health	285	243	42	42
Place Services	1,029	464	565	565
Council-Wide	1,903	1,903	-	-
Total	**9,278**	**6,141**	**3,137**	**1,290**

1.13 The Council’s Financial Procedure Rules and Budget Strategy stipulate that an overspend in one year must be funded by an equivalent reduction in the relevant departmental budget in the subsequent year. Given the ongoing pressures on departmental budgets in 2026/27 and the significant overspend position in 2025/26, it is recommended that this requirement not be applied in relation to those portfolios whose outturn exceeded budget in 2025/26.

Dedicated School Grant

1.14 Not included in the above outturn position is the in-year Dedicated School Grant (DSG) position, which is an overspend of £11.077m; after taking into account the prior year deficit of £1.432m, the overall position at 31 March 2026 is a deficit of £12.509m. The most significant area of pressure is in relation to the school’s high needs block which supports provision for pupils and students with special educational needs and disabilities.

1.15 Under current arrangements and regulations set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020, DSG deficits are held within a separate reserve and do not impact on the Council’s revenue budget. This statutory override will continue until 31 March 2028.

Summary

1.16 The environment within which the Council operates has continued to present severe challenges during 2025/26. The most significant of these is pressure from demand-led expenditure budgets, particularly within children’s and adult social care. This is a national picture with more and more families needing Council support. The Council has received a relatively positive financial settlement.

1.17 For 2026/27, with funding reform in place but not to the degree that the Council originally anticipated and after more than a decade of austerity and funding cuts, the Council continues to face a challenging financial position and it is imperative that robust financial management is kept in place.

SECTION 2: REVENUE BUDGET OUTTURN 2025-2026

2.1 Children and Young People

The main financial pressures within the portfolio relate to placements costs in respect of children looked after and young people leaving care (£4.766m); costs associated with maintaining appropriate levels of front-line social worker capacity (£1.680m); and the provision of home to school / college transport (£1.775m).

The Authority has continued to progress actions throughout 2025/26 to help reduce the need to engage external residential and foster care providers. This has included the refurbishment of properties from which the Authority can operate its own children's homes to help deliver planned savings; block booking/partnership arrangements with providers to help ensure cost effective placements; and efforts to increase in-house foster care capacity, supported by regional programmes such as Foster4 and Mockingbird. There have also been financial challenges within adoption services that have resulted in a budget pressure (£0.211m), primarily due to placement fees.

The recruitment of suitably skilled and experienced staff continues to present a significant challenge across the children's social care sector. This has necessitated the use of temporary (agency) staff, whose costs are typically higher than those of directly employed personnel. During the year, work has commenced to safely reduce reliance on agency social workers, the benefit of this is expected to show in 2026/27. A more rapid or widespread withdrawal of agency workers was also considered but this was assessed as high risk as failure to maintain adequate social worker staffing levels would lead to caseloads that are not safe and manageable, with an increased level of risk within the system.

The pressure in relation to home to school / college transport is primarily driven by the increasing number of SEND (Special Educational Needs and Disabilities) placements outside of mainstream settings. This reflects the growing number of children and young people with an Education, Health and Care Plan (EHCP). The service has implemented a range of measures to help mitigate this pressure, including independent travel training, the use of centralised collection points and the introduction of personalised travel budgets. However, the rise in EHCPs has also placed additional financial strain on assessment and educational psychology services, with a combined budget pressure of £0.379m, as capacity must be maintained to meet statutory requirements.

Including a net budget pressure of £0.146m across a number of other services within the department, the Children and Young People portfolio reported an overall pressure of £8.966m.

2.2 Adult Social Care & Health

The Adult Social Care budget has overspent by £1.374m this financial year. This is a favourable movement of £0.127m from the forecast in FMR P3 and has been caused by improved levels of income collection and reductions in a small number of high-cost packages of care.

The overspend is driven mainly by cases of increased complexity for domiciliary care as people are supported to live at home for longer, coupled with the increasing average price of residential care. An element of financial risk has also been transferred from St Helens Integrated Care Board (ICB) to the Council as the ICB continues its recovery programme.

Increasing demand for social care is being managed effectively. There are fewer people receiving residential care now compared to at 31st March (-2%), at a time when the overall number of elderly people in St Helens is rising. However, the average price of a residential package of care has risen over the same period (+10%), which is a large contributor to the department's forecast overspend.

Since April, the number of domiciliary care service users has not changed significantly. 232 packages have been reduced upon review, saving over £2.000m in-year. However, there have been over 400 increases in care packages over the same period - driven by increased acuity of service users - causing additional in-year costs of approximately £3.700m.

The portfolio had a £1.900m savings target for 2025-2026 which was 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.

The Public Health budget position is balanced for 2025-2026. Where budget surpluses were identified (for example, due to lower-than-anticipated increases in the value of NHS contracts and staffing vacancies within the Public Health team), the unspent grant money has been transferred to the ringfenced Public Health Grant Reserve for use in 2026-2027.

2.3 Localities, Culture & Heritage

The Localities, Culture & Heritage portfolio is underspent by £0.145m.

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

The pressure within Archiving refers to the cost for the temporary relocation of the archive to the World of Glass to facilitate the Gamble regeneration programme.

2.4 Business & Inclusive Growth

The main driver of the underspend of £0.294m for Business and Inclusive Growth is within Highways Maintenance, with an underspend on employees and additional income. The smaller variance within Transport Planning, Policy & Strategy is driven by employee slippage.

2.5 Regeneration

The Regeneration portfolio is broadly balanced with a minor overspend of £0.037m.

The position reflects a combination of offsetting variances across the service areas.

The most notable pressure is within Building Support Services (£0.397m overspend), which is primarily attributable to an unachieved savings target linked to the planned disposal of Lincoln and Wesley House.

This pressure is largely mitigated by underspends across several areas. Planning Policy (£0.213m underspend) is reporting a favourable variance driven by employee slippage alongside underspends on supplies and services.

Further underspends are reported within Estates – Industrial & Commercial Premises (including Town Centre) (£0.121m) and Estates Management (£0.054m underspend). These favourable positions are primarily due to employee slippage and operational underspends within the services.

Smaller variances across Building Control, Development Control, Market Undertakings, and Asset Management & Building Design net to a marginal impact on the overall portfolio position.

2.6 Stronger Communities

The Stronger Communities portfolio underspent by £0.261m.

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

However, the application of unconditional grant funding (£1.439m) has resulted in an overall underspend of £1.700m.

2.7 Neighbourhoods & Environmental Services

The Neighbourhoods & Environmental Services portfolio is reporting an overall overspend of £0.542m.

This adverse position is primarily driven by forecast increases in housing numbers across the Brough resulting in significant cost and income pressures within Recycling (£0.771m overspend) plus pressure within the Traded Services to Schools budget (£0.493m overspend). These pressures are partially offset by underspends across other services, most notably Parking Services (£0.287m underspend) and Traffic Management & Road Safety (£0.211m underspend).

The favourable variances within Parking and Traffic Management largely reflect a combination of overachievement of income and employee budget underspends arising from employee slippage.

The most material pressure within the portfolio is in Recycling, where the £0.771m overspend is driven by a combination of:

- Employee cost pressures, including the reliance on additional staffing resources;
- The use of agency staff to support increased service demand associated with growth in the borough; and
- Shortfalls in income generation against budget assumptions.

In Direct Services, the £0.493m overspend is primarily attributable to Catering Services, where there are sustained employee overspends alongside increased non-pay costs, reflecting wider operational and inflationary pressures across the service.

Other service areas across the portfolio, including Street Cleansing, Environmental Health, Climate Change, Waste Collection, Street Lighting, and Management & Support Services, are reporting smaller variances which are not individually material but contribute to the overall position.

2.8 Finance & Governance

The Finance & Governance portfolio underspent by £0.190m.

The main drivers of this position within the portfolio are due to;

- Staffing underspends of £0.162m due to the number of vacancies within the portfolio and the impact of the recruitment freeze implemented during the year, and
- Underspends against various supplies and services budgets of £0.309m.

There are some pressures within the portfolio as detailed below;

- There is a net pressure on the Housing Benefit Administration budget of £0.160m. Housing Benefit awarded for temporary accommodation and supporting accommodation is not eligible for full recovery from the subsidy grant,
- A pressure against the Yorkshire Purchasing Organisation budget of circa £0.090m. This is a due to a combination of the dividend for 2025/26 being less than budget and a prior year adjustment, and
- A pressure within the Coroners Service provided by Sefton Council of £0.031m.

2.9 People, Performance & IT

The People, Performance and IT portfolio underspent by £0.220m.

The two main drivers of this position within the portfolio are due to;

- Staffing underspends of £0.424m due to the number of vacancies within the portfolio and the impact of the recruitment freeze implemented during the year, and
- Additional legal expenses of £0.181m in relation to the settlement of Term Time Only claims.

In addition, there was a shortfall in budgeted income from schools of £0.071m and this was primarily offset by underspends across various supplies and services budgets of £0.048m.

2.10 Council-Wide Variations

There was an underspend of £2.833m for 2025/26 relating to Treasury Management activity. A higher than forecast Bank Rate and favourable market returns resulted in additional investment interest of £1.300m against budget. Slippage in the delivery of the capital programme also resulted in additional cash to invest. Debt management costs were £1.533m below budget, reflecting the profile of future capital expenditure financed by borrowing and the continued deferral of additional borrowing given current high PWLB rates.

Other corporate variations totalling £2.166m have been summarised at Annex A. These are either one-off in nature, cannot be forecast with any certainty or relate to timing differences within the capital programme.

SECTION 3: CAPITAL PROGRAMME OUTTURN 2025/26

3.1 The capital programme outturn figures for 2025/26, subject to audit, are summarised in Table 3 below. The table shows a net decrease of £8.576m from the position previously reported to Cabinet on 25 February 2026 via the Financial Monitoring Period 3 report.

Table 3 – Capital Programme Summary Outturn 2025/26	Approved Profile 2025/26 £000	Provisional Outturn 2025/26 £000	Variance 2025/26 £000
Children & Young People	4,580	3,611	(969)
Adult Social Care & Health	119	0	(119)
Stronger Communities	5,451	4,460	(991)
Localities, Culture & Heritage	1,343	1,012	(331)
Finance & Governance	350	341	(9)
People, Performance & ICT	1,057	826	(231)
Business and Inclusive Growth	25,726	23,494	(2,232)
Neighbourhoods & Environmental Services	3,018	2,551	(467)
Regeneration	31,681	28,772	(2,909)
Total	**73,325**	**64,749**	**(8,258)**
FINANCED BY			
Grants and Other Contributions	57,897	55,595	(2,302)
Capital Receipts	3,340	2,325	(1,015)
Revenue Contribution	2,809	1,176	(1,633)
Borrowing	8,144	5,185	(2,959)
Tax Increment Financing (Borrowing)	1,135	786	(349)
Total	**73,325**	**64,749**	**(8,258)**

3.2 The net variance for 2025/26 since the previously reported position arises from a combination of factors, as detailed in Table 4. Annex D provides further detail.

Table 4 – Variations in 2025/26 capital programme spend (outturn compared to previously reported position)	£000
Rephasing of schemes into 2026/27	(11,306)
Rephasing of schemes from future years into 2025/26	3,648
Additional funding to existing schemes	57
New schemes	99
Completed schemes	(222)
Technical & other adjustments	(534)
TOTAL	**(8,258)**

SECTION 4: RESERVES AND BALANCES

4.1 General Balances

4.1.1 The movement in general balances for 2025/26 is summarised in Table 5. The Revenue and Capital Budget approved by Council on 5 March 2025 noted that an appropriate underlying level of general balances was £12m. This is considered a prudent level set aside to cover risks that could impact the Council as a going concern.

4.1.2 On this basis, the revenue outturn position noted in Section 1 will require the release of £3.371m from earmarked reserves into general balances. This is more favourable than the estimate of £5.448m reported in the Revenue and Capital Budget 2026-2027. It should be noted that the 2025/26 budget allowed for an additional £3.725m earmarking to reserves.

4.1.3 Nevertheless, as noted within a series of previous reports, any use of reserves to support the revenue budget is not sustainable. Action to address unsustainable use of reserves and replenish them will continue to be considered in future versions of the Council's Medium-Term Financial Strategy.

Table 5 – Movement in General Balances	£000
General balances as at 1 April 2025	12,000
Outturn variation against approved budget 2025/26 (see Table 1)	3,371
Appropriation from earmarked reserves	(3,371)
General Balances as at 31 March 2026 *	**12,000**

* Provision was made as part of the Revenue and Capital Budget 2026/27 to increase General Fund Balances to £14.6m from £12.0m on 1 April 2026 based on the risk profile of the Council.
The above table excludes the carry forward of general balances for revenue contributions to capital schemes extending into 2026/27 - £3.951m.

4.2 Earmarked Balances

4.2.1 The overall position in relation to earmarked balances at 31 March 2026 is provided in Table 6, with Annex C providing further detail. It should be noted there are approved commitments on these reserves extending to 2028/29.

- the approved use of general earmarked reserves in 2025/26 for revenue and capital schemes
- the approved budgeted contributions to/from general earmarked reserves, as detailed in the Revenue and Capital Budget 2025-2026 and Medium-Term Financial Strategy 2025-2028
- the earmarking of unconditional grants and contributions, as noted in section 1.5
- the earmarking of S31 grants to smooth the impact of a shortfall in Business Rates income, as detailed at section 4.2.2
- a contribution of £0.333m back to earmarked reserves where reserves were called upon in 2024/25 to smooth the impact of a shortfall in Section 31 grants received in that year
- the release of £3.371m from earmarked reserves into general balances, as detailed in section 4.1.3.

Table 6 – Earmarked Balances	**£000**
Earmarked Balances at 1 April 2025	39,865
Transfer to / (from) during the year	5,943
Appropriation to General Fund – see 4.1.3	(3,371)
Earmarking of Unconditional Grants and Contributions c/f	4,066
Earmarked Balances at 31 March 2026	**46,503**

4.2.2 The Council's Medium Term Financial Strategy 2026-2029 notes that use of earmarked reserves will be required in 2026/27 to smooth the impact of Section 31 grants during that year. The Council will earmark additional S31 grant received in 2025/26 to offset the shortfall in Business Rates income in future years. As detailed in Section 4.5.3, £0.861m will be paid into reserves. This is necessary due to the (prescribed statutory) mechanics of the Collection Fund.

4.3 Schools Balances

4.3.1 The position in respect of school balances is detailed in Table 7.

Table 7 – School Balances	**£000**
School balances as at 1 April 2025	8,948
In-year movements 2025/26	1,360
Balances as at 31 March 2026	**10,308**

4.3.2 These balances are ringfenced for schools, and in accordance with the requirements of the Department for Education, the Local Scheme for Financing Schools makes provision to permit the carry-forward of resources into future financial years. This is an important mechanism for schools to support the delivery of a medium-term budgeting strategy.

4.4 Usable Capital Receipts

4.4.1 The position in respect of general capital receipts is detailed in Table 8.

Table 8 – Usable Capital Receipts	**£000**
Available capital receipts brought forward at 1 April 2025	18,997
Receipts generated in year Sale of Council assets and grant repayments Repaid - other loans and advances	 1,688 144
Amounts applied to finance new capital investment in the year	(2,325)
Available balance 31 March 2026 (prior to future commitments)	**18,504**
Required to fund the approved capital programme in 2026/27 to 2028/29	(9,825)
Additional funding set aside for Key Strategic Regeneration Schemes	(1,000)
Receipts from the repayment of Council grants and loans ringfenced for future years' Housing Programme	(165)
Available balance (after taking commitments into account)	**7,514**

4.4.2 There was no flexible use of capital receipts in 2025/26 as this was not deemed necessary.

4.5 Collection Fund

4.5.1 The position in respect of the Council's Collection Fund is provided in Table 9.

Table 9 – Collection Fund	**Surplus / (deficit) 31 March 2026 £000**	**Surplus / (deficit) included in the approved MTFS £000**	**Additional surplus / (deficit) to be carried forward £000**
Council Tax	(417)	(43)	(374)
Business Rates	3,036	694	2,342
SUB-TOTAL	**2,619**	**651**	**1,968**
Section 31	**861**	**246**	**615**
TOTAL	**3,480**	**897**	**2,583**

4.5.2 As at year-end, there is a favourable outturn position on the Collection Fund of £3.480m.

4.5.3 As detailed in section 4.2.2, a contribution of £0.861m to earmarked reserves is required in 2026/27 (£0.246m) and 2027/28 (£0.615m) to smooth the impact of a shortfall in Business Rates income in the following year. This amount, will be released from reserves in 2026/27 to compensate for the reduction in Business Rates income. This is due entirely to the mechanics of the Collection Fund and the statutory rules regarding when the reduction to Business Rates income must be charged.

SECTION 5: TREASURY MANAGEMENT OUTTURN REPORT 2025-2026

5.1 A summary of the Council's Treasury position at the end of March 2026 is included in Table 10. The Treasury Management Outturn Report for 2025/26 is included at Annex E.

Table 10 – Treasury position 2025/26	**As at 1 April 2025**	**As at 31 March 2026**
Investments Outstanding*	£112.7m	£97.2m
Investment Returns (average for the year)		4.33%
Borrowing	£132.5m	£157.5m

* Includes balances held on behalf of schools and MRWA

SECTION 6: DEDICATED SCHOOLS GRANT

6.1 The outturn in respect of the Dedicated Schools Grant (DSG) was an overall deficit of £12.509m in 2025/26, as summarised in Table 11.

Table 11 – Dedicated Schools Grant Outturn 2025-2026	**£000**
Allowed budget 2025/26 (after academies, NNDR and high-needs block recoupment)	149,849
Total expenditure 2025/26	160,926
In-year DSG deficit / (surplus)	**11,077**
Deficit / (surplus) brought forward from prior years	1,432
Total DSG deficit / (surplus) carried forward	**12,509**

6.2 The most significant area of pressure relates to expenditure within the High Needs Block of the Dedicated Schools Grant (DSG), which reported an overspend of £12.008m. This was partially offset by a combined underspend of £0.931m across other DSG blocks. High Needs funding primarily supports provision for children and young people with SEND (Special Educational Needs and Disabilities) who require additional support to access education. The underlying issue is that funding within the High Needs Block remains insufficient to meet current levels of demand, particularly given the increasing number of pupils with Education, Health and Care Plans (EHCPs). EHCPs set out an individual's education, health and social care needs, alongside the provision required to meet them. The growth in EHCPs and the associated financial pressures experienced within St Helens, reflects the national position. The Government has recognised the need for system-wide reform and has begun this process through the publication of its consultation document, 'SEND Reform: Putting Children and Young People First'.

6.3 To help alleviate these pressures at a local level, the Authority has been, and continues to, expand capacity within our own special schools and resource bases, including 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.

6.4 Under current arrangements, as set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations, DSG deficits are held in a separate reserve and do not impact on the Council's General Fund revenue position. This statutory override is currently in place until 31 March 2028. Subject to the development of a SEND Reform Plan, and its subsequent approval by the Department for Education, the Authority is expected to be eligible for High Needs Stability funding in 2026/27. This funding could support up to 90% of the accumulated deficit as at 31 March 2026. However, the Authority will be required to identify measures to address the remaining balance from within its own resources.

Annex A

COUNCIL-WIDE VARIATIONS – OTHER CORPORATE BUDGETS

Council-Wide Variations (Other Corporate Budgets)	Outturn Variance 2025/26 £000 + /(-)	Explanation of Variances
Mid-Mersey Business Rates	(843)	Under the Mid-Mersey Business Rates pooling arrangement with Warrington and Halton Borough Councils, the Council received a proportionate share of the levy savings that would otherwise have been payable in relation to Warrington's Business Rates growth. This payment relates to a share of the levy savings for previous years. The Council has withdrawn from this arrangement from April 2026.
Restructuring Costs	(847)	Corporate budget provision for costs associated with the restructuring and reconfiguring of Council services was not fully utilised in 2025/26.
Minimum Revenue Provision	(669)	The Minimum Revenue Provision for the repayment of borrowing was £0.669m lower than budgeted in 2025/26 as a consequence of changes to the profile and financing of the Council's capital programme.
Levies (MRWA)	+206	Merseyside Recycling and Waste Authority advised the Council of additional tonnage charges for 2025/26.
Other	(13)	
Total	**(2,166)**	

Annex B

CONTINUATION OF FUNDING FROM EARMARKED RESERVES INTO 2026-27 AND ACCELERATION OF FUNDING INTO 2025-26 FROM 2026-27

	Continuation of Funding into 2026-2027 & beyond			Acceleration of Funding from 2026-2027 into 2025-2026		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Neighbourhoods and Environmental Service	-	-	**-**	(21)	-	**(21)**
People, Performance & IT	11	231	**242**	-	-	**0**
Finance & Governance	24	-	**24**	-	-	**0**
Localities, Culture & Leisure	17	-	**17**	(12)	-	**(12)**
Regeneration	-	-	**-**	(49)	-	**(49)**
Business & Inclusive Growth	9	156	**165**	(5)		**(5)**
Total	**61**	**387**	**448**	**(87)**		**(87)**

Annex C

EARMARKED BALANCES POSITION AT 31 MARCH 2026

	Balance at 1 April 2025 £000	Use of Reserves in year £000	Transfer to Reserves in year £000	Realignment of Reserves in year £000	Balance at 31 March 2026 £000
Transformation Reserve	4,162	(713)	750	-	4,199
Growth Reserve	4,339	(4)	200	-	4,535
Councillor Improvement Fund	59	(12)	-	-	47
Insurance and Contingent Liability Reserve	2,463	-	1,065	-	3,528
Waste Management Development Fund	66	-	644	-	710
Inflationary Reserve	5,340	(1,297)	1,009	-	5,052
Restructuring Reserve	3,707			-	3,707
Funding Reform and Volatility Reserve*	12,388	(3,609)	8,712	(250)	17,241
Revenue Grants and Contributions Reserve	2,341	(624)	-	-	1,717
Strategic Priorities Reserve	0	(176)		250	74
Tax Increment Financing (TIF) Reserve	5,000	-	693	-	5,693
TOTAL	**39,865**	**(6,435)**	**13,073**	**-**	**46,503**

* As part of the development of the Medium Term Financial Strategy 2026-2029 and Revenue and Capital Budget 2026-2027 Council approved on 4 March 2026 the transfer to the General Fund Reserve a sum of £5.448m This now £3.371m, which is a reduction from the original sum of £2.077m.

Annex D

CAPITAL PROGRAMME VARIATIONS 2025-2026

CHILDREN & YOUNG PEOPLE PORTFOLIO	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Primary Schools			
Allanson Street – Structural	43	44	1
Allanson Street – Windows	147	134	(13)
Allanson Street – Heating	93	72	(21)
Bleak Hill – Drainage	57	59	2
Bleak Hill – Lighting	47	50	3
Bleak Hill -MUGA	69	66	(3)
Bleak Hill – Remodel Existing Space	34	28	(6)
Bleak Hill – Roof/Fascia/Gutters	0	3	3
Broad Oak – Windows	94	91	(3)
Broad Oak – Structural	57	48	(9)
Broad Oak - SEND provision	0	3	3
Eccleston Lane - Heating	56	44	(12)
Garswood - Early Years	0	14	14
Grange Valley - Roof	76	69	(7)
Merton Bank - Structural Works	44	44	0
Merton Bank - Dining Room Damp	30	32	2
Merton Bank - Dining Room Windows	92	74	(18)
Queens Park - Windows	147	138	(9)
Rainhill Nursery - Remodelling	62	49	(13)
Rectory - SEND Provision	150	129	(21)
Rivington - Roof and Windows	400	229	(171)
Robins Lane - Roof	140	136	(4)
Robins Lane - Windows	138	83	(55)
Sutton Oak - Boiler Replacement	87	68	(19)
Thatto Heath - Structural Works	24	19	(5)
Thatto Heath - Heating	106	85	(21)
Thatto Heath - SEND Provision	160	142	(18)

Special & Other Schools			
Pupil Referral Unit - Roper Street	0	6	6
Mill Green - Satellite Base	78	31	(47)
Willow Bank - Door Panelling	19	0	(19)
Other Schemes			
School Devolved Formula Capital	500	237	(263)
Various Schools - Fire Safety	33	11	(22)
Various Schools - Emergancy Heating / Pipework Repairs	0	93	93
ACM Removal	6	6	0
Family Hubs	69	27	(42)
Children's Residential Homes	230	68	(162)
Single Social Care & Education System	181	0	(181)
Millersdale - Grant	440	431	(9)
Millersdale - Lease	314	632	318
Prior Year Schemes	0	31	31
Uncommitted Grant Funding			
Childcare Expansion	157	85	(72)
Higher Needs Provision Capital	100	0	(100)
School Condition Funding Uncommitted	100	0	(100)
TOTAL	**4,580**	**3,611**	**(969)**

ADULT SOCIAL CARE & HEALTH PORTFOLIO	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Transistional Apartment Lease - Heathside	119	0	(119)
TOTAL	**119**	**0**	**(119)**

STRONGER COMMUNITIES PORTFOLIO	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
CCTV Replacement	563	445	(118)
New Cemetery and Crematorium System	75	35	(40)
Regulatory System (prior year adjustment)	0	(270)	(270)
Air Blast Cooler - St Helens Crematorium	45	45	0
New Regulatory and Housing System	78	31	(47)
Disabled Facilities Grants and Adaptations	4,303	4,113	(190)
Emergency Fund (Housing)	82	10	(72)
General Fund Housing (Housing Assistance)	80	9	(71)
Housing Clearance and Enforcement	50	7	(43)
Insulation Measures and Fuel Poverty	175	35	(140)
TOTAL	**5,451**	**4,460**	**(991)**

LOCALITIES, CULTURE AND HERITAGE PORTFOLIO	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Libraries ICT Refresh	93	94	1
Haydock Library SEND Redesign	297	305	8
Newton Le Willows Health and Fitness Centre Equipment	65	42	(23)
Parr Locality Hub (feasibility)	72	11	(61)
Parr Swimming & Fitness Centre Demolition	175	77	(98)
Newton Le Willows Pitch	36	27	(9)
Queens Park Health & Fitness Gym Equipment	180	180	0
UK Shared Prosperity Fund	157	0	(157)
Localities Programme - Community Hubs Development	268	276	8
TOTAL	**1,343**	**1012**	**(331)**

FINANCE & GOVERNANCE PORTFOLIO	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
New Revenue & Benefits System	350	341	(9)
TOTAL	**350**	**341**	**(9)**

PEOPLE, PERFORMANCE & ICT PORTFOLIO	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
ICT Device & Systems Refresh	724	493	(231)
Server Upgrade	333	333	0
TOTAL	**1,057**	**826**	**(231)**

BUSINESS AND INCLUSIVE GROWTH PORTFOLIO	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Highway Schemes			
A49 to M6 Junction 22 Link Road	950	78	(872)
KRN Levelling Up (Parkside Junction Mitigation Works)	160	114	(46)
KRN Levelling Up (A580 Structures)	263	160	(103)
Active Travel Fund - Tranche 2	2	0	(2)
Active Travel Fund - Tranche 3	174	181	7
Active Travel Fund - Tranche 4	1,249	1,306	57
Active Travel Fund - Tranche 5	310	36	(274)
Highway / Road Investment	64	0	(64)
CRSTS- Active Travel-City Region	506	554	48
CRSTS- Strategic Maintenance	4,320	5,240	920
CRSTS - Bridges	924	1,050	126
CRSTS - Technology & Comms Upgrade	807	1,024	217
CRSTS - Potholes	410	409	(1)

CRSTS - Flooding / Drainage	1,098	1,017	(81)
CRSTS - Resource Funding	770	794	24
LED Retrofit - Traffic Signals	108	106	(2)
Local Highways Maintenance	1,216	1,202	(14)
Safer Routes to Schools	23	4	(19)
Southern Gateway	0	(127)	(127)
Cowley Hill Link Road	2,134	943	(1,191)
Carr Mill Road Flood Alleviation Works	7	0	(7)
Rainford Brook Flood Alleviation Improvements	20	0	(20)
Taylor Park Dam Strengthening & Repair Works*	121	35	(86)
Town Deal and Economic Development Schemes			
Town Deal - Glass Futures Ph 2	4,759	4,589	(170)
Town Deal - Cannington Shaw	751	724	(27)
Town Deal - Digital Infrastructure	2,074	2,041	(33)
Town Deal - Health Hub	943	887	(56)
St Helens Manufacturing and Innovation Campus Strategic Acquisitions	60	60	0
Bold Forest Garden Masterplan	368	281	(87)
Life Science Investment Zone TIF			
Project Halo pre-development	1,135	786	(349)
TOTAL	**25,726**	**23,494**	**(2,232)**

NEIGHBOURHOODS & ENVIRONMENTAL SERVICES PORTFOLIO	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Air Quality - Indoor Monitoring Equipment	21	10	(11)
Air Quality Monitors	64	48	(16)
Energy Efficiency Works - PSDS4 (LCRCA led)	236	0	(236)
Red Brow Woods Path Improvement Works	71	71	0
St Helens Cemetery and Crematorium Flood Alleviation Scheme	11	11	0
West End Road - Sankey Valley	241	129	(112)
Resources and Waste Strategy	0	180	180
Food Waste Collection	168	168	0
Fleet Replacement Programme	1,678	1,414	(264)
Hardshaw Brook Depot Drainage and Surface Improvements	418	438	20
Hardshaw Brook Depot Phase 2 - Fuel Station	55	62	7
Hardshaw Brook Depot Phase 3 - Salt Barn	55	20	(35)
TOTAL	**3,018**	**2,551**	**(467)**

REGENERATION PORTFOLIO	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Building Capital Maintenance	500	22	(478)
New Asset Data System (Concerto)	20	3	(17)
Building Energy Management System	58	8	(50)
Church Square Service Deck	19	0	(19)
Wesley House Purchase	378	0	(378)
St Helens Town Centre Masterplan	390	23	(367)
St Helens Town Centre Phase 1 Investment	8,509	8,533	24
Hardshaw Brook Depot Review	8	1	(7)
Modernisation of St Helens Crematorium	39	0	(39)
The Gamble Building (Phase 4)	516	516	0
The Gamble Building Enabling Works	950	39	(911)
Earlestown Regeneration	402	108	(294)
Earlestown Market	1,613	1,853	240
Earlestown Town Hall (Internal)	3,181	5,033	1,852
Earlestown Railway Station	97	95	(2)
Public Spaces - Pride in Place	120	57	(63)
High Street and Town Centre Revitalisation - Pride in Place	380	0	(380)
Town Centre Bus Station Strategic Acquisitions	722	562	(160)
St Helens Multi Modal Interchange	13,751	11,889	(1,862)
St Helens Temporary Bus Hub	28	30	2
TOTAL	**31,681**	**28,772**	**(2,909)**

TOTAL ALL PORTFOLIOS	**73,325**	**65,067**	**(8,258)**

Annex E

TREASURY MANAGEMENT OUTTURN REPORT 2025/26

1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2025/26. This report meets the requirements of both the CIPFA *Code of Practice on Treasury Management* (‘the *Code*’) and the CIPFA *Prudential Code for Capital Finance in Local Authorities*.

1.2 During 2025/26, the minimum reporting requirements were that the full Council should receive the following reports:

(i) an annual Treasury Management Strategy Statement (approved by Council on 5 March 2025 and Audit & Governance Committee on 27 March 2025)

(ii) a mid-year treasury update report (considered by Council on 26 November 2025 and Audit and Governance Committee on 24 November 2025)

(iii) an annual review following the end of the year describing the activity compared to the strategy (this report)

(iv) regular treasury management reports to Council following consideration by Cabinet, via each Financial Monitoring Report

1.3 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policies and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council’s policies previously approved by Members.

1.4 The Council confirms that it has complied with the requirement under the *Code* to give prior scrutiny to all of the above treasury management reports by Cabinet before they were reported to the full Council.

1.5 The main contents of this report are:

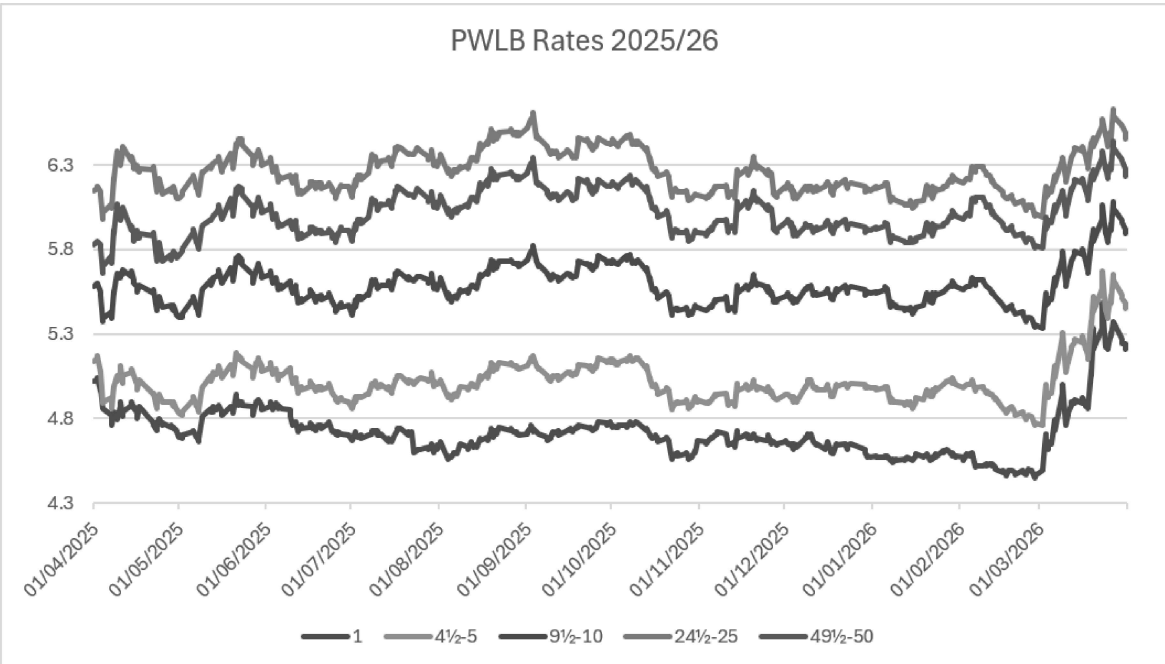
- borrowing activity 2025/26
- investment activity 2025/26
- effects on the Council budget
- the Council’s treasury position as at 31 March 2026
- performance measurement
- compliance with Treasury Limits and Prudential Indicators

2. BORROWING ACTIVITY 2025/26

2.1 The Treasury Management Strategy Statement 2025/26 did not identify any absolute requirement for the Council to undertake new external borrowing to finance ongoing capital activity. However, while levels of external borrowing remained significantly below the Capital Financing Requirement, the Statement recognised the possibility of needing to borrow to finance planned and historic activity. The Council's strategy has been to defer borrowing by using cash resources from reserves and balances.

2.2 A new loan of £25.0m was secured with PWLB in April of the 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.

2.3 During the year, the Council monitored Public Works Loan Board (PWLB) certainty rates. The graph below shows how rates have changed during the year, with significant volatility throughout the year before rates increased sharply in early March 2026 as a result of conflict between the US and Iran.

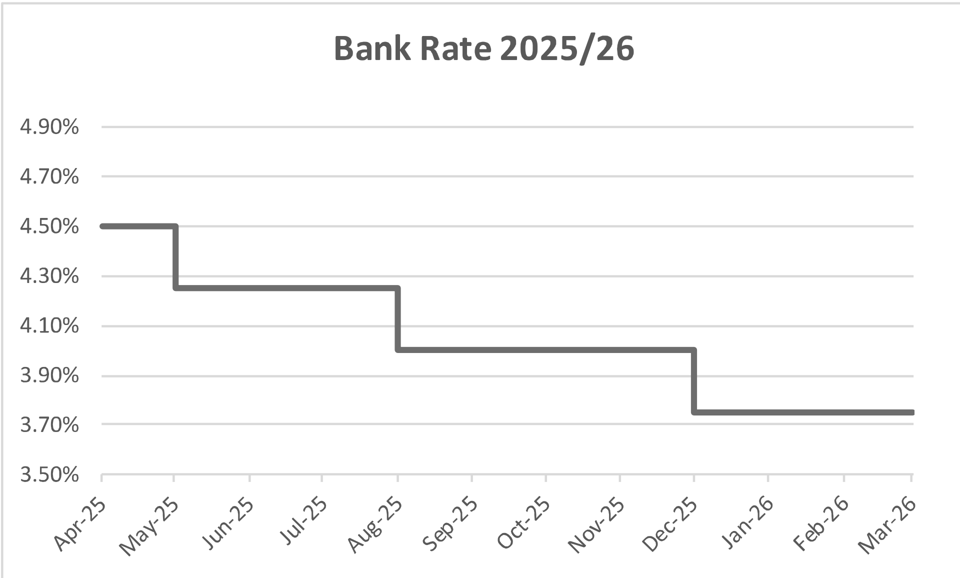


2.4 The strategy of financing capital expenditure by running down cash balances (i.e. in lieu of new borrowing) was formulated predominantly to minimise credit risks associated with holding investments and to protect the Council's budgetary position against diminishing investment returns. The strategy 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.

2.5 However, it must be noted that this strategy has led to the Council having an “under-borrowed” position, in that borrowing to fund historical capital spend has been deferred and may need 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 the absolute need to borrow given future approved borrowing within the capital programme.

3. INVESTMENT ACTIVITY 2025/26

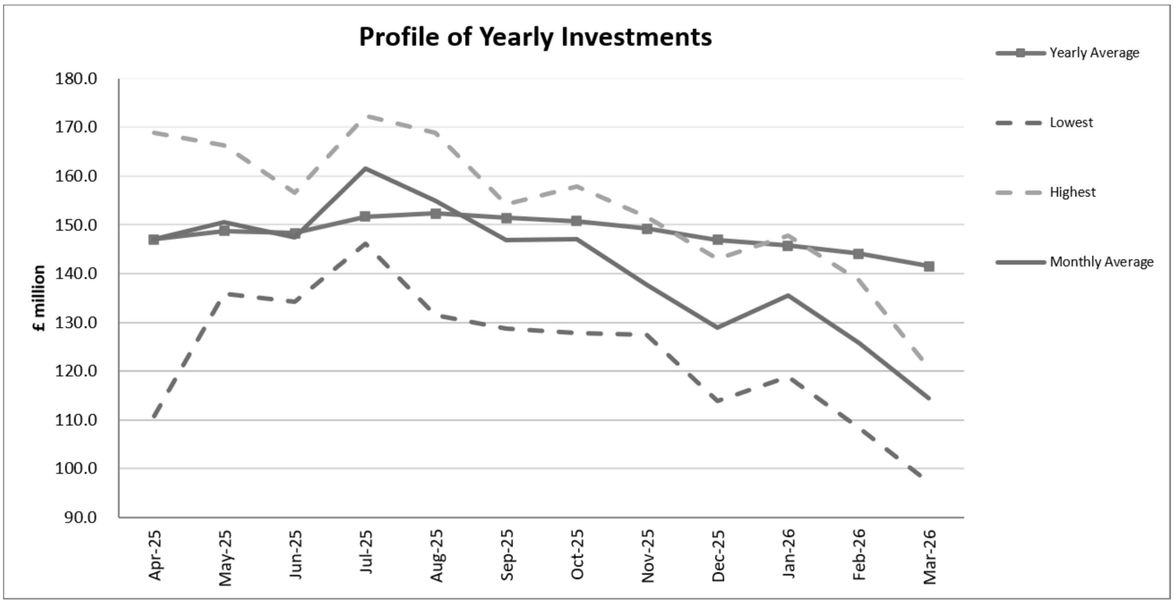
3.1 The Bank Rate was reduced three times in 2025/26 as inflation reduced from previous high levels towards the Bank of England’s 2% target. The chart below shows Bank Rate decreases in 2025/26.



3.2 Financial markets continue to face significant uncertainty, which has prompted a cautious approach. Investments continue to be dominated by low counterparty risk considerations. However, rates of return over the last few years have been relatively high due to Bank Rate remaining high following COVID and the cost-of-living crisis, albeit reductions during 2025/26 have led to small reductions in returns.

3.3 As detailed in the Annual Investment Strategy, the general policy objective of the Council is the prudent investment of its surplus funds. The Council’s investment priorities are the security of capital and liquidity of investments. The Council’s investment dealings in the year have been undertaken in order to achieve the optimum return on its investments, commensurate with the proper levels of security and liquidity, and having properly assessed all inherent risks. All investments made during the year have been made in accordance with this strategy.

3.4 The Council maintained an average balance of £141.550m during the year. The chart below profiles the values of investments held each month throughout the 2025/26 year.



4. EFFECTS ON THE COUNCIL BUDGET

4.1 The overall effect on the Council's revenue budget in 2025/26 is shown in Table 1.

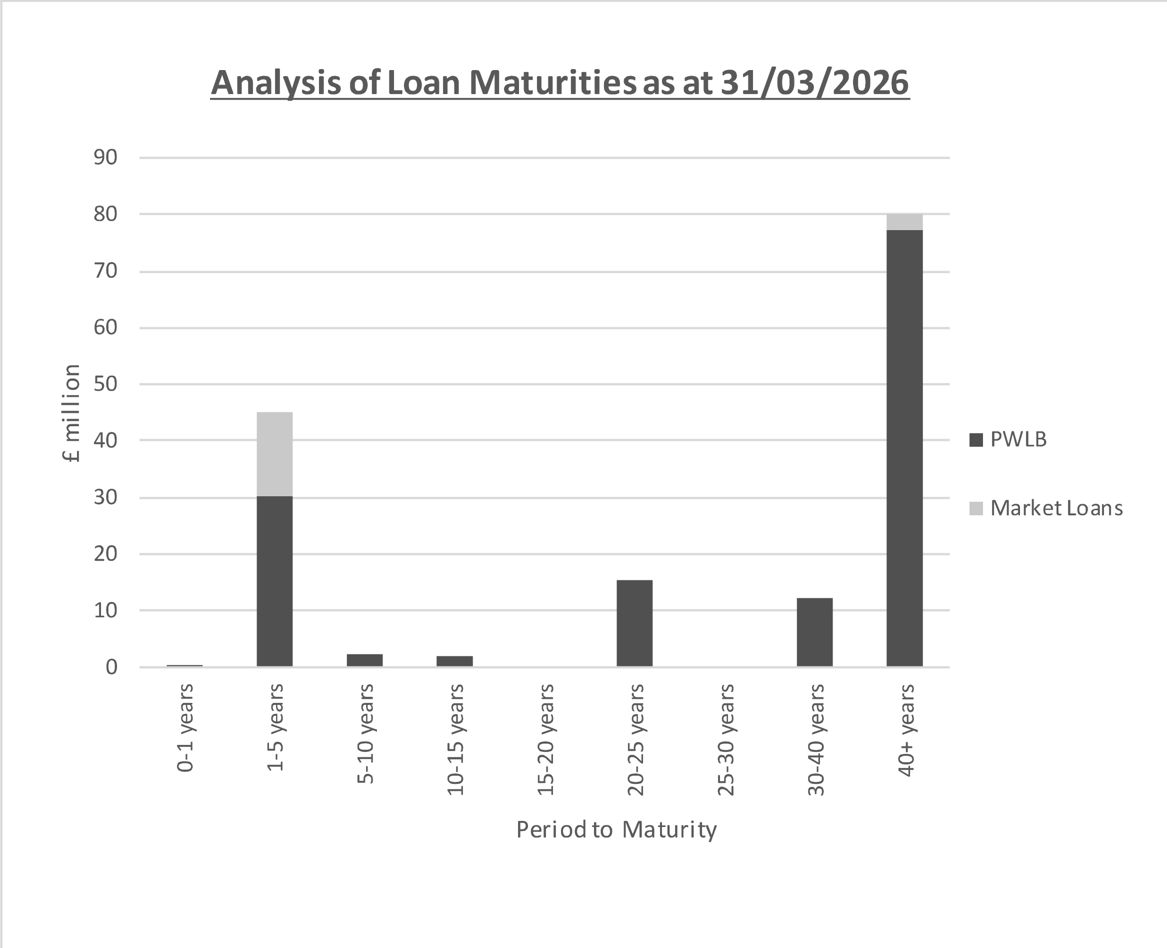
Table 1 – Treasury Allowed Estimate & Outturn 2025/26

Description	Allowed Estimate (£000)	Outturn (£000)	Over/ (Under)spend (£000)
Debt Management Costs	9,144	7,611	(1,533)
Investment Income	(4,510)	(5,810)	(1,300)
NET TREASURY COSTS	**4,634**	**1,801**	**(2,833)**

4.2 Debt management costs have reduced by £1.533m because of decisions around the continued deferral of additional borrowing, whilst investment income exceeded budget by £1.300m due to Bank Rate remaining higher than anticipated throughout the year, which resulted in enhanced market returns, and the timing of capital expenditure which resulted in higher levels of balances to invest.

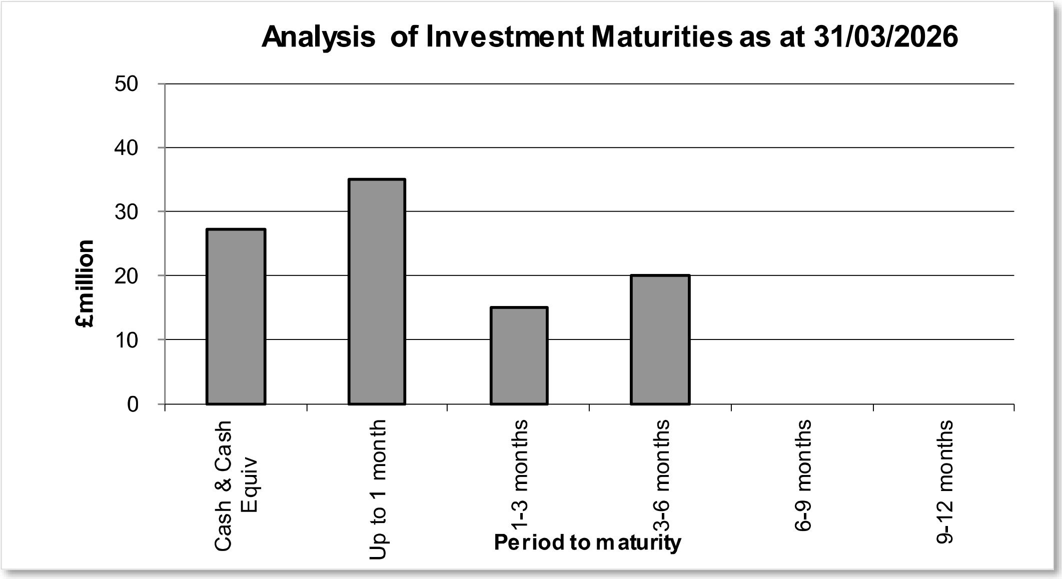
5. COUNCIL'S TREASURY POSITION

5.1 As at 31 March 2026, the Council's debt portfolio comprised PWLB and market debt totalling £157.481m. The maturity profile of the debt outstanding is highlighted in the chart below.

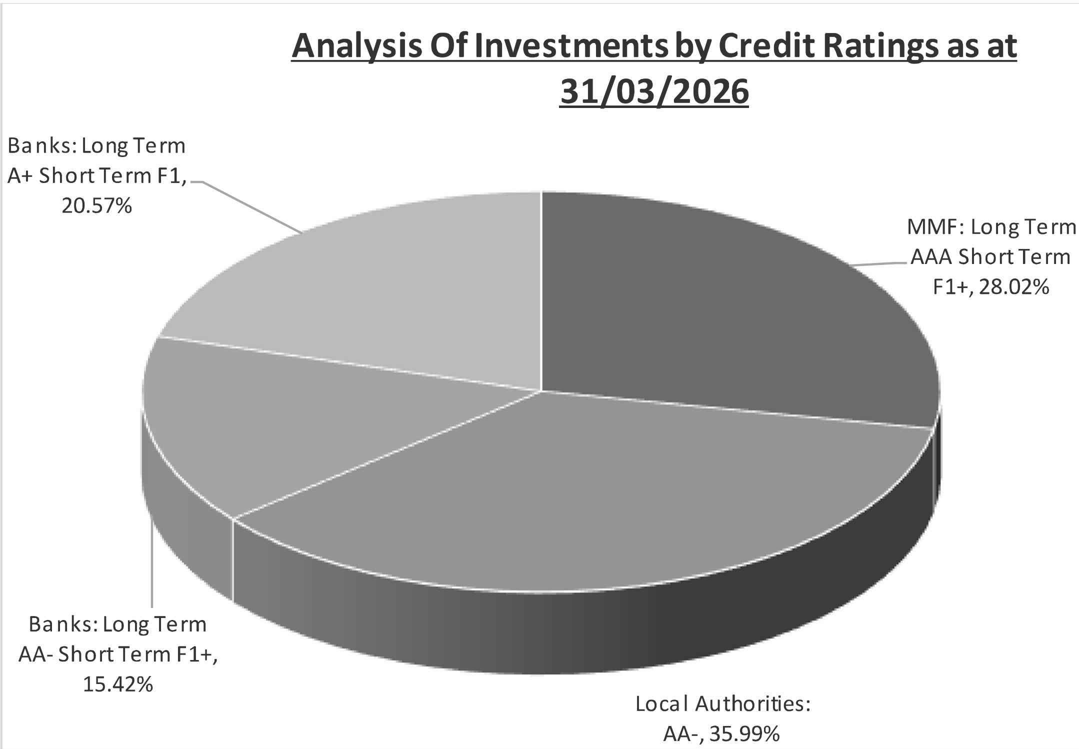


5.2 In accordance with the CIPFA Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender does have the right to increase the interest rate payable (as is the case with a Market Loan (LOBO – Lender Option Borrower Option 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, in reality, all of these loans (£15m) have maturity dates of more than 50 years.

5.3 The investments held at 31 March 2026 amounted to £97.245m (including funds held in relation to Merseyside Recycling and Waste Authority £15.055m and Schools £10.308m). The composition of these is shown in the chart below.



5.4 The pie chart below shows how the investments held by the Council at 31 March 2026 comply with the Council's Counterparty Criteria, which are reported within the Treasury Management Strategy Statement. It reports the credit ratings of those organisations with whom the Council holds investments and the percentage of investments within each criterion.



5.5 The investments in the pie chart break down as follows:

- 28.02% of investments are with the highest graded counterparties, i.e., those with the very best prospects and the lowest risk of failure, with extremely strong and stable characteristics.

- 15.42% of investments are held with counterparties who are graded AA-/F1+. These counterparties have strong prospects for ongoing viability, strong and stable fundamentals and a particularly good liquidity profile.
- 35.99% of investments are held with Local Authority counterparties who are graded AA-.
- The remainder of the Council's investments (20.57%) are with counterparties who are graded A+/F1. These have very strong prospects for ongoing viability and are not significantly vulnerable to foreseeable events.

6. PERFORMANCE MEASUREMENT

6.1 The performance measure for any new borrowing is to compare the average rate secured for the year compared to the average available for the year. The new borrowing that was taken in April 2025 was secured at a rate of 4.59% compared to the PWLB average across the relevant time horizon of 4.63%.

6.2 When analysing performance of the Council's investment activity, there are more readily identifiable indicators available to determine performance, as detailed in Table 2 below:

Table 2 - Investment Returns 2025/26

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%**
October	4.439%	3.959%	**4.281%**	**4.042%**	**0.239%**
November	4.390%	3.917%	**4.243%**	**3.987%**	**0.256%**
December	4.336%	3.963%	**4.259%**	**3.981%**	**0.278%**
January	4.283%	3.790%	**4.152%**	**3.908%**	**0.244%**
February	4.336%	3.775%	**4.186%**	**3.830%**	**0.357%**
March	4.546%	3.763%	**4.309%**	**3.757%**	**0.551%**
Average rate of return *	4.466%	4.017%	**4.329%**	**4.126%**	**0.203%**

6.3 Across the year, the Council has consistently performed above the accepted benchmark levels. 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, more importantly, managing the liquidity of the authority's investments for cash flow purposes.

7. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

7.1 During 2025/26, the Council complied with its legislative and regulatory requirements. The revised Treasury Limits and Prudential Indicators are included at Annex (i) and, where appropriate, outturn figures for the indicators have been produced by analysis.

Annex (i)

Treasury Limits and Prudential Indicators 2025/26			**2025/26 Revised Estimate**	**2025/26 Outturn**
1(i)	Proposed capital expenditure that the Council plans to commit to during the forthcoming and subsequent two financial years.	**Capital Expenditure (£m)**	73.325	64.479
1(ii)	Additional in-year borrowing requirement for capital expenditure.	**In Year Capital Financing Requirement (CFR) (£m)**	3.603	(0.023)
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)**	224.370	220.385
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) Investments Held (£m) Net Requirement (£m)	 157.480 (72.590) 84.890	 157.481 (82.190) 75.291
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%	3.45%

Treasury Limits and Prudential Indicators 2025/26			**2025/26 Revised Estimate**	**2025/26 Outturn**
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
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)**	220.673	Complied within limit
7	This is the limit beyond which external debt is not normally expected to exceed.	**Operational Limit for External Debt (£m)**	203.951	Complied within limit
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%	Complied within limit
		Upper Limit for Variable Interest Rate Exposure	50%	Complied within limit
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%	Complied within limit
10	This indicator is used to highlight where an authority may be borrowing in advance of need	**Gross Debt and the CFR (£m)**	35.747	32.120