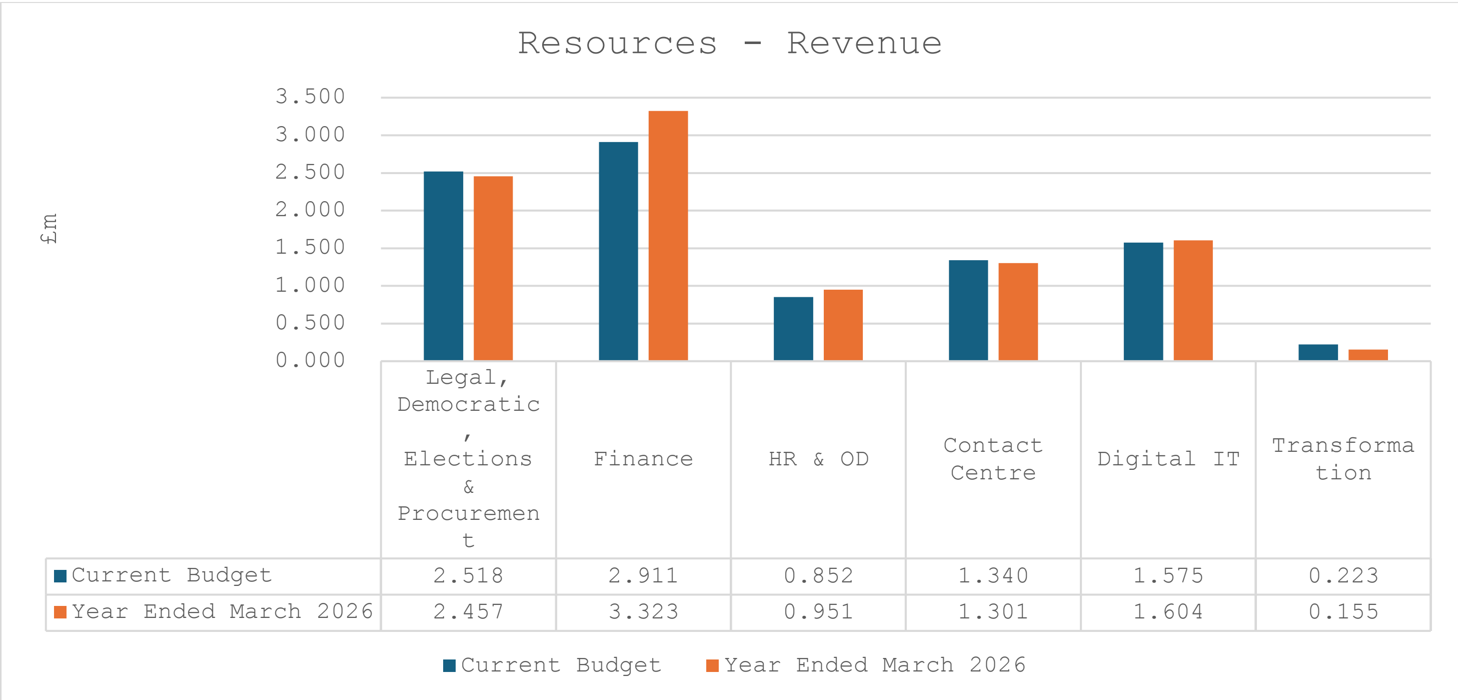
Appendix 2 – Detailed Narrative on Forecast March 2026

Resources

Revenue:

Resources are reporting a £0.372m overspend against a budget of £9.419m.
The Resources directorate faced a challenging financial position, with forecast pressures increasing over the year, with significant pressures being outside the control of the Council. The most significant pressure remains within Finance, driven by sustained demand and subsidy issues associated with exempt supported accommodation (very much outside the control of the Council), while HR reported pressures linked to staffing-related costs and the non-delivery of planned savings. These pressures are being partially offset by favourable positions across several other service areas, including Legal, Contact Centre and Land Charges, and Transformation. The directorate worked hard over the year to monitor closely and pursue mitigating actions where possible, whilst again recognising that some of the pressures are driven by demand-led and external factors. A big thank you to all the teams that managed to deliver our services whilst addressing the tough financial climate.



Legal, Democratic, Elections & Procurement Variation (£0.061m) Underspend	The underspend relates to the recovery of fees paid for legal costs, based on time charged for negotiating complex legal agreements that concluded towards the end of the financial year. This recovery is intended to help offset ongoing locum and agency fees, which may not otherwise be recoverable in high-demand areas such as planning and procurement.

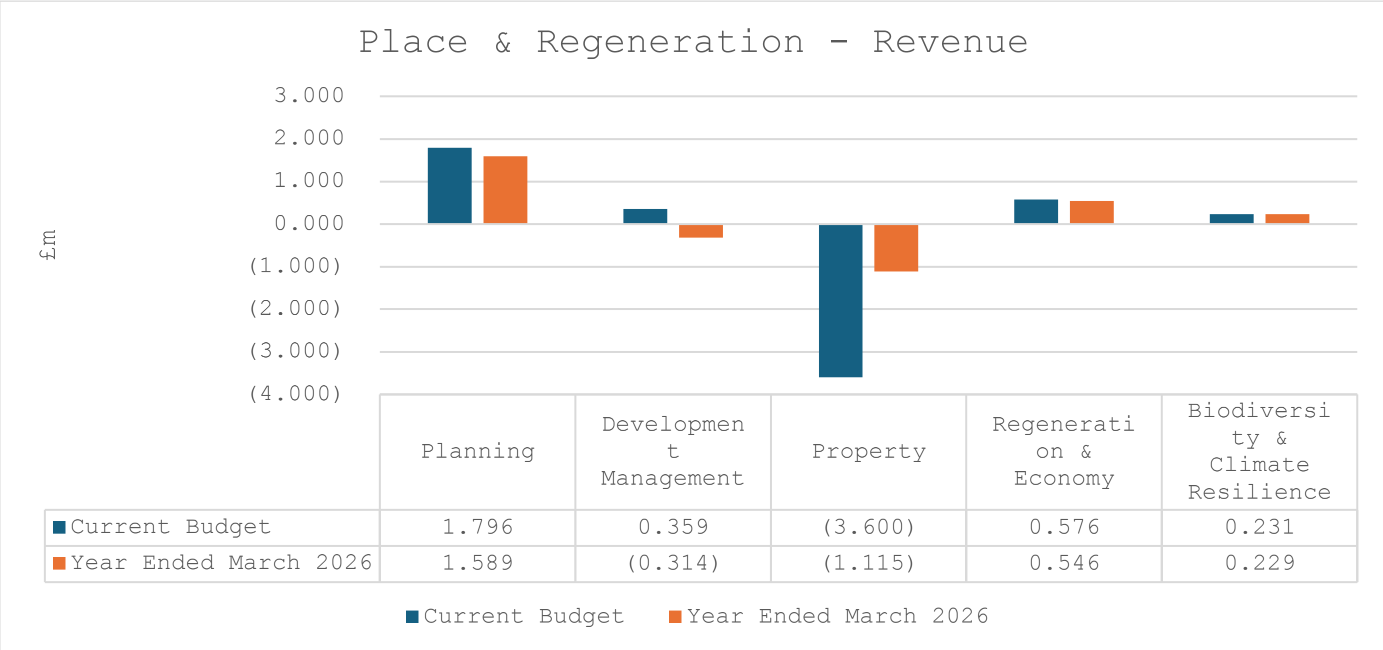
Variations To January's Forecast (£0.061m)	
Finance Variation £0.412m Overspend Variation to January's Forecast £0.329m	The overspend is driven by a 30% monetary increase in Exempt Supported Accommodation costs since 2024/25, alongside subsidy loss linked to Universal Credit migration. This has resulted in the proportion of Housing Benefit payments which are not fully funded by Housing Benefit Subsidy Grant increasing, which means the council receives a lower amount of income to fund payments it is obliged to make. Subsidy pressures total £972,229.52, primarily from 0% subsidy cases (£482,971.72), partial subsidy cases (£217,847.15), and eligible error (£269,990.45), with no local authority error reported. The eligible error element reflects overpayments that are correctly classified in line with Department for Work and Pensions (DWP) subsidy rules, but which nevertheless attract reduced or nil subsidy, resulting in a direct cost to the Council. This is a nationally recognised pressure, as local authorities across England are experiencing rising exempt supported accommodation caseloads combined with Housing Benefit subsidy levels that do not fully meet costs, highlighted by the Public Accounts Committee and the National Audit Office as a systemic funding issue rather than a local anomaly. https://www.nao.org.uk/reports/investigation-into-supported-housing/ https://publications.parliament.uk/pa/cm5803/cmselect/cmpubacc/1330/report.html Month 10 forecast was based on the Mid Year Estimate supplied to the Government on 31st August 2026 the outturn position has shown that figures have moved on from the mid-year estimate. Historically there has not been significant changes between the MYE and outturn. However, following this movement, changes in the approach to monitoring have been identified that should allow for more timely information to be used in 2026/27. The Benefits team has in place tighter controls and mitigations but cannot eliminate the pressure entirely as there is a duty to make payments to those that qualify. In practice this includes strengthening scrutiny of exempt supported accommodation claims (rent reasonableness checks, evidence of care/support, targeted reviews of high-cost providers), using subsidy reconciliation work to limit losses and amend any errors identified.
HR & OD Variation £0.099m Overspend	The main driver of the overspend is the corporate decision not to proceed with changes to the current overtime policy, resulting in the non-delivery of £0.041m savings. Other overspends have emerged during the year, that were not anticipated at the time of budget setting for 2025/26. These overspends include legal costs for employment advice, graduate recruitment costs, training

	software license costs and consultants fees relating to the structure project. In addition to these costs, the learning and development budget was exceeded by £0.024m.
Variation to January's Forecast £0.012m	Minor changes across the service.
Contact Centre Variation (£0.039m) Underspend	Customer Services is showing an underspend due to vacant hours on the establishment. Land Charges is showing a small underspend due to additional income.
Variation to January's Forecast (£0.004m)	Posts that became vacant during February and March, but were not filled by end of year, resulted in a further in year saving. Additional savings further to Statutory Maternity Pay adjustments.
Digital IT Variation £0.029m Overspend	Minor overspends across the service.
Variation to January's Forecast £0.014m	
Transformation Variation (£0.068m) Underspend	Underspend is due to current Business Process Analyst Vacancy, which was held as vacant whilst the new Transformation and Change Office (TCO) structure was being finalised, as well as costs associated with licensing fees and IT equipment and some consulting fees. A new TCO structure will be implemented for the 2026/27 financial year.
Variation to January's Forecast £0.011m	Business Process Analyst Vacancy remains vacant.

Place & Regeneration

Revenue:

Place & Regeneration are reporting a £1.070m overspend against a budget of (£0.638m). The overarching overspend position is driven by external market forces which the services are working collectively to mitigate the impact of and improve the long-term forecasting of. This has been offset by underspends elsewhere including Planning Policy where local plan examination has delayed forecast expenditure and achieving a higher than forecast income in Development Management through a high volume of applications which will need to be resourced into 26/27. Additionally, Regeneration and Growth have brought in additional funding support to facilitate studies to unlock stalled delivery sites and invest in detailed technical studies which have been delivered on top of planned business.



Planning & Development Management Planning Variation (£0.207m) underspend Development Management Variation Underspend (£0.673m)	Building Control has ended the year underspent (£0.050m) mainly due to a saving on staffing costs due a delayed appointment for land drainage services. Planning Policy, Conservation & Design has also ended with an underspend (£0.159m) due mainly to a delay to the Local Plan Examination and therefore delayed cost. The displaced cost is expected to be incurred in 26/27. Additional income received by Development Management has resulted in a significant underspend position of (£0.673m) but this includes significant fees for work continuing in 26/27 with associated costs for temporary staff. Overall, the two services have resulted in an underspend of (£0.880m).

Variation to January's Forecast Planning (£0.186m) Development Management (£0.324m)	The main changes since the last monitoring month comprise the delay to Local Plan Examination expenditure and the above underspend, an increased Building Control underspend, and higher Development Management fee income than expected. There may be some pressure on the Planning Policy budget in 2026/27 for the Local Plan Examination which might require a draw on the reserve. There is a need to ensure that the committed Development Management work is resourced in 2026/27 in addition to new Development Management activity.
Property Variation £2.485m Overspend Variation to January's Forecast £0.331m	The overspend for the 2025/26 outturn is primarily due to lower than expected rental income from delayed lettings, reduced renewal rates and tenant failures. Offsetting this, we have received higher turnover rents, improved insurance recovery, and improved income from Lock29. To strengthen future reporting next year, we have completed a full data review, introduced improved processes for regular financial updates, and have recruited an in-house resource to replace the current supplier role, ensuring greater clarity and robustness. While unforeseen events remain a risk, these measures will significantly reduce volatility and improve confidence in future forecasts. Within property there has also been increased agency staff costs pending permanent recruitment, increased repair, maintenance and security costs, capitalised salaries being less than budgeted. These increases are offset by reduced expenditure on utilities, and improved car park income The variation since January 2026 has occurred principally because of increased bad debt provision following tenant failure, operating costs and rent free associated with new lettings, offset by increased income. Unforeseen events related to the economy remain a risk we continue to review and monitor regularly.
Regeneration & Economy Variation (£0.030m) Underspend Variation to January's Forecast (£0.030m)	Regeneration & Growth has reported a £0.030m underspend in 2025/26. This is due to the new service structure being implemented which has delayed the commissioning of the Economic Prosperity Strategy whilst staff were allocated to new roles. The Strategy will be commissioned during 2026/27. The savings identified for the Regeneration & Growth service were non-deliverable in-year however, these savings have been mitigated elsewhere within the service. It may prove difficult to achieve similar in subsequent financial years due to limited core service budget.
Biodiversity & Climate Resilience	

Variation (£0.002m) Underspend Variation to January's Forecast (£0.006m)	Biodiversity & Climate Resilience is reporting to budget for the 2025/26 outturn. The previous forecasted overspend was mitigated through a reduction in consultancy scope.

Neighbourhood Services

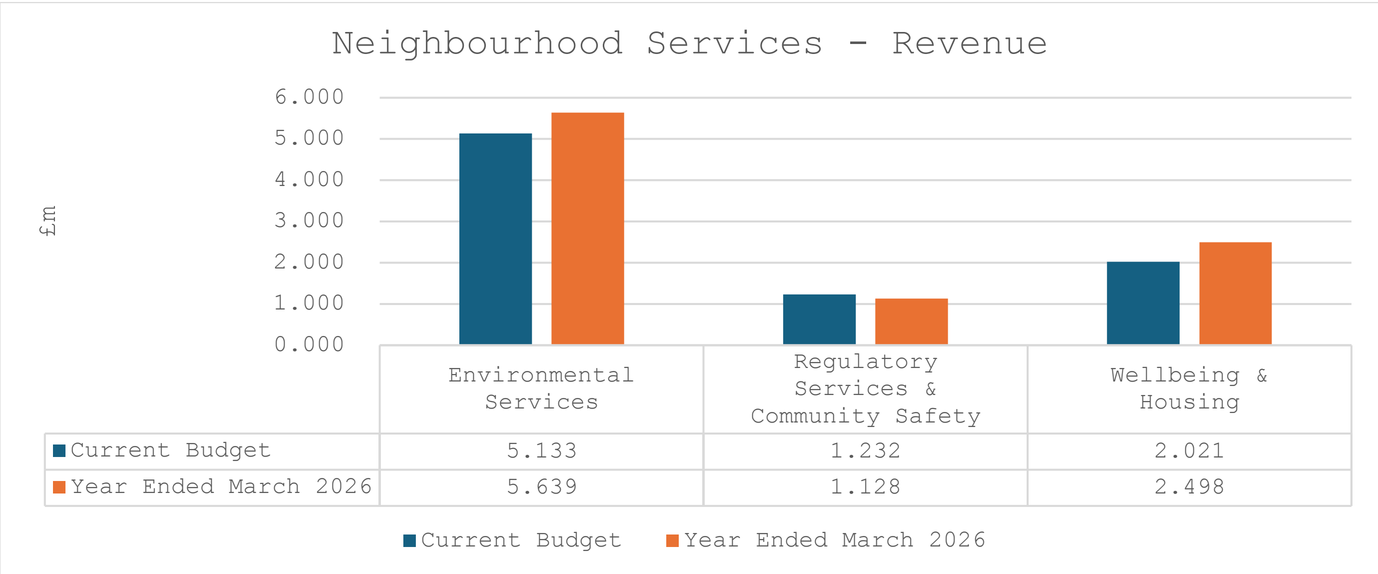
Revenue:

Neighbourhood Services are reporting a £0.879m overspend against a budget of £8.386m.

The Neighbourhood Services department overspent across the 2025/2026 fiscal year due to a combination of factors, including the rising demand to provide Temporary Accommodation (TA), staffing shortages in essential front-line services due to sickness levels, and additional complexity in adopting the Agency arrangement in our leisure centres which will reduce our total spend.

Throughout the year, the department has looked at all opportunities to reduce costs, including holding vacant posts, delaying non-statutory or essential works, and increasing income where possible through commercial services. This is reflected in the projected overspend significantly reducing in the final outturn, with an improvement of £0.206m at year end.

The Iran war will have a material impact on the 26/27 budget, due to rising fuel costs and higher recycling processing costs, which will be factored into future financial planning.



Environmental Services Variation £0.506m Overspend	The pressure of £0.506m within Environmental Services is primarily due to staffing pressures and agency costs within Waste and Recycling. Changes in the global market for recycled materials fell

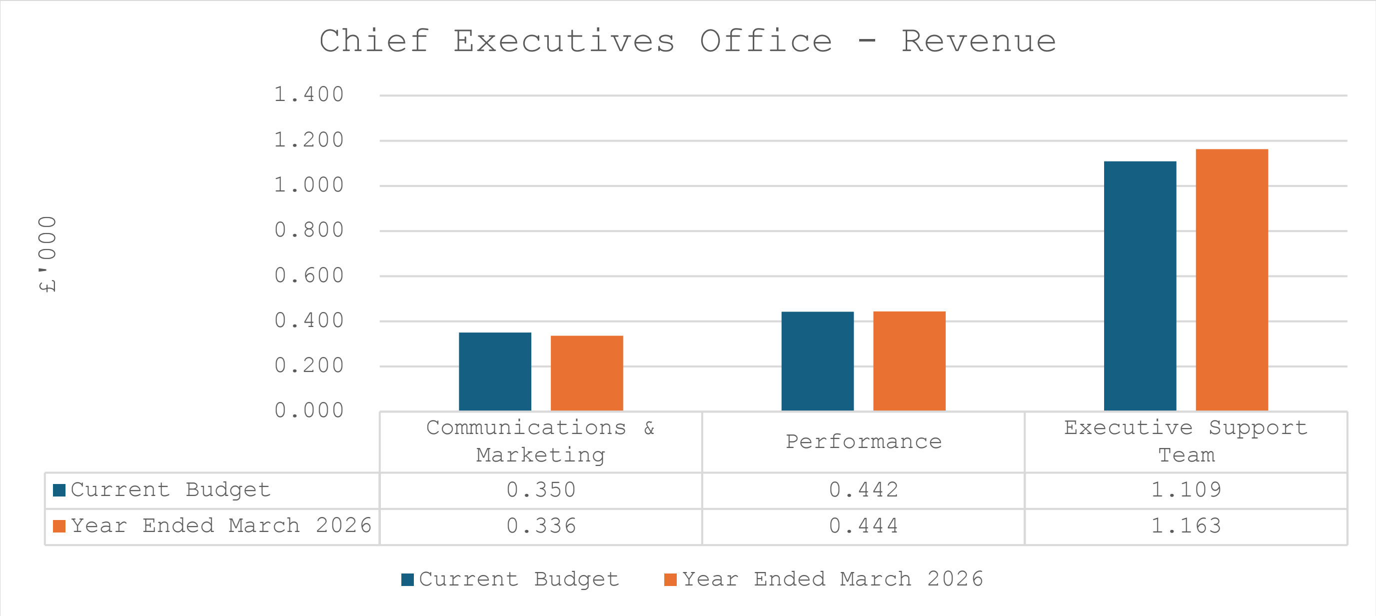
	more than anticipated and this resulted in the recycling processing cost increasing. This has been part offset by holding open vacancies within Street Cleansing, Landscaping and Admin teams. In addition, to this there has been growth in income across the services. More glass has been collected because of the introduction glass in the blue recycling bins.
Variation to January's Forecast (£0.199m)	The movement of (£0.199m) is partially a result of a reduced level of agency staff requirements, as sickness levels fell across the service. Additionally, income rose due to higher glass tonnage recycling through the blue recycling bins, additional S106 contributions for refuse bins, an increase in income through a rise in business waste customers, and an increase in street cleansing income. Non recruitment to several vacant posts across the service in addition to delaying spend in less critical, front-line services within Admin, Landscaping and Arboriculture Services has helped mitigate this overspend. Additional income streams have been generated by the Waste and Recycling Service because of closer joint working and contracts with other local partners.
Regulatory Services & Community Safety Variation (£0.104m) Underspend Variation to January's Forecast (£0.015m)	 Regulatory Services and Community Safety outturn shows a (£0.104m) underspend. The variation from January's reporting is mainly due to additional savings from staffing costs as well as reduced kennel fees and improved fines income,
Wellbeing & Housing Variation £0.477m Overspend	 The outturn is an overspend primarily due to rising Temporary Accommodation costs, along with IT license costs and legal fees. This rise in TA costs has been experienced by most authorities across the UK and is a national challenge. We have been taking every step to reduce this rising pressure, and capital funding has been allocated for 2026/27 onwards to provide more temporary accommodation across Cherwell to reduce the revenue spend.

Variation to January's Forecast £0.007m	The position has improved by a further £0.007 in the last month of the year. Over the course of the year, it has been possible to underspend on some provisions within the budget and reduce the forecasted overspend. The Council has also received increases in grant aid increasing budget provision for temporary accommodation.

Chief Executives Office

Revenue:

Overall, the Service is 2% over budget for the 25/26 financial year which is largely due to unplanned recruitment costs reported in December 2025.



Communications & Marketing Variation (£0.014m) Underspend Variation to January's Forecast (£0.004m)	Communications is underspent in this financial year due to lower costs on external print and design that had been budgeted for at the start of the year. Some external costs relating to printing, etc have been less than originally forecast.
Performance Variation £0.002m Overspend Variation to January's Forecast £0.002m	Performance finished the financial year with a minor overspend across the service.

Executive Support Team Variation £0.054m Overspend Variation to January's Forecast £0.033m	Overall, the Service is over budget for the 25/26 financial year which is largely due to some unplanned recruitment costs. Every opportunity is being taken where possible to make savings that will mitigate the expected overspend. There has been some movement in the budget due to recognition of staff costs that had not previously been apportioned to this service area.

Executive Matters

Revenue:

Executive Matters are reporting a (£1.322m) underspend against a budget of £5.132m.

Executive Matters Variation (£1.322m) Underspend Variation to January's Forecast £0.106m	Executive Matters are reporting an underspend of (£1.322m) consisting of (£0.500m) dividend received from Graven Hill, an increase to the Provision for bad and doubtful debts of £0.351m, Compensatory Pension Strain charges of £0.236m, an over recovery of net interest of (£1.111m), an underspend on external audit of (£0.253m) and minor underspends across the service amounting to (£0.045).

Policy Contingency

Revenue:

Policy Contingency are reporting a (£2.003m) underspend against a budget of £1.995m, the movement in Policy Contingency is shown in the table below: -

Original Budget	**(2.428)**	**Notes**
Inflation Contingency	0.060	for the development resource required for property projects
Inflation Contingency	0.031	Climate Change Redundancy
General Contingency	0.091	Redundancies
General Contingency	0.005	Climate Change Action Plan 25/26
General Contingency	0.004	Research & Stakeholder Engagement for Mental Health Provision of young people
General Contingency	0.005	To mitigate the Carbon Budgeting challenge
General Contingency	0.107	Glass Recycling implementation
General Contingency	0.050	New Arts Feasibility study
General Contingency	0.005	LCMB Carbon Budgeting invoice
General Contingency	0.040	To support The Hill Banbury
General Contingency	0.010	Devolution
General Contingency	0.025	Interim Programme Director (Heyford) as approved by CLT.
General Contingency	0.010	Climate Action Plan 2026–2027

General Contingency	0.010	Senior restructure - balance to be funded from Policy contingency
General Contingency	(0.021)	NED costs - move from Property to PC
General Contingency	(0.006)	Minor Underspend in service
Remaining Budget	**(2.003)**	

Funding

Funding is reporting an overspend of £0.459m against a budget of £26.195m.

Funding	
Variation £0.459m Overspend	The main reason for the overspend of £2.558m (prior to the request from reserves) is due to a shortfall on Business Rates transactions credited to the General Fund at the end of the year, due to a higher levy on growth and lower pooling income than estimated. It is estimated there will be a surplus on Business Rates transactions credited to the Collection Fund of £2.859m to offset this but due to statutory accounting requirements this is not available to the Council until 2026/27. This timing issue has been mitigated by a transfer request from reserves in 2025/26 and this will be replenished in 2026/27 when the income can be recognised.
Variation to January's Forecast £0.459m	Detailed as above.