Potential General Fund Balance forecasts

This information was produced following a question in advance of the meeting from one of the Members of the Finance, Audit and Risk Committee. It was referenced at that meeting, and was then shared with all Members of the Finance, Audit and Risk Committee, and included as an addendum to the Cabinet report.

The table below starts with the forecast budget gap table from the Medium Term Financial Strategy. It then looks at the reserves that are available to support General Fund expenditure as detailed in the Strategy and the 2025/26 budget. It then combines these to look at the impact on reserves of the positive and negative case for our future funding, assuming that the Council does not deliver any savings. This is against a likely recommended (by Chief Finance Officer) minimum General Fund reserve balance of £3 million.

Amounts in £m	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Forecast spend from 2025/26 budget	22.40	22.71	22.70	22.77
Temporary Accommodation Grant	0.37	0.37	0.37	0.37
Budget monitoring impacts	0.03	0.03	0.03	0.03
Change in pay inflation	0.40	0.80	0.80	0.80
Change in contract inflation	0.30	0.60	0.60	0.60
Change in fees and charges inflation	(0.20)	(0.40)	(0.40)	(0.40)
Revised forecast spend	**23.30**	**24.11**	**24.10**	**24.17**
Forecast funding range	20.90 to 21.77	20.79 to 22.53	20.72 to 23.32	21.20 to 23.85
Forecast budget gap	**1.53 to 2.40**	**1.58 to 3.32**	**0.78 to 3.38**	**0.32 to 2.97**

General Fund balance b/f	14.8
Business Rate gains from releasing provision	2.3
MHCLG reserve previously forecast to be used (26/27 and 27/28)	2.5
Equivalent reserves balance to support General Fund expenditure	19.6

Positive case on future funding	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Equivalent General Fund b/f	19.6	18.07	16.49	15.71
In-year budget gap	1.53	1.58	0.78	0.32
Equivalent General Fund b/f	18.07	16.49	15.71	15.39

Negative case on future funding				
Equivalent General Fund b/f	19.6	17.2	13.88	10.5
In-year budget gap	2.40	3.32	3.38	2.97
Equivalent General Fund b/f	17.2	13.88	10.5	7.53

In the negative case, the overall reserves are still above the minimum level in 2029/30 but have reduced by over 60%, and are about 1.5 years away from going below the minimum level.