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| Policy, Finance and Development Committee | Tuesday, 24 March 2026 | Matter for Information and Decision |
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Report Title: **Budget Monitoring Report (Q3 2025/26)**

Report Author(s): **Colleen Warren (Chief Finance Officer / S151 Officer)**
Simon Ball (Finance Manager / Deputy S151 Officer)
Aseel Qassim (Senior Finance Business Partner)

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| Purpose of Report: | To provide the Committee with the forecast Outturn position for the Council for the financial year 2025/26, at the end Quarter 3, April – December. |
| Report Summary: | <p>The outturn position for the year on the General Fund is a £494k overspend compared to the revised budget of £7.718m for 2025/26.</p> <p>The outturn for the HRA is an underspend of £39k, compared to the budget of £71k.</p> <p>Spending on the Council’s HRA Capital Programme currently shows slippage.</p> |
| Recommendation(s): | <p>That the Committee:</p> <p>A. Notes the contents of the Quarter 3 report and the Appendices; and</p> <p>B. Approves the carry forward of slippage as shown in the Capital projects.</p> |
| Senior Leadership, Head of Service, Manager, Officer and Other Contact(s): | <p>Colleen Warren (Chief Finance Officer / S151 Officer) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk</p> <p>Simon Ball (Finance Manager / Deputy S151 Officer) (0116) 257 2624 simon.ball@oadby-wigston.gov.uk</p> <p>Aseel Qassim (Senior Finance Business Partner) (0116) 257 2890 aseel.qassim@oadby-wigston.gov.uk</p> |
| Strategic Objectives: | Our Council (SO1) |
| Vision and Values: | "Our Borough - The Place to Be" (Vision) Resourceful & Resilient (V4) |
| Report Implications: - | |
| Legal: | There are no implications directly arising from this report. |
| Financial: | The implications are as set out in this report. |
| Corporate Risk Management: | Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputational Damage (CR4) Economy / Regeneration (CR9) |

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| Equalities and Equalities Assessment (EA): | There are no implications directly arising from this report. EA not applicable |
| Human Rights: | There are no implications directly arising from this report. |
| Health and Safety: | There are no implications directly arising from this report. |
| Statutory Officers' Comments: - | |
| Head of Paid Service: | The report is satisfactory. |
| Chief Finance Officer: | The report is satisfactory. |
| Interim Monitoring Officer: | The report is satisfactory. |
| Consultees: | <ul style="list-style-type: none"> • Senior Leadership Team • Heads of Service • Budget Managers |
| Background Papers: | 2025/26 Revenue Budgets, Medium Term Financial Plan and 2025/26 - 2029/30 Capital Programmes – Full Council February 2025 |
| Appendices: | <ol style="list-style-type: none"> 1. General Fund Variance Detail 2. Housing Revenue Account Variances 3. Statement of Movement on Reserves 4. Capital Programmes (General Fund and HRA) 5. Treasury Management Indicators |

1. Introduction

- 1.1 In February 2025, the Council approved its revenue and capital budgets for the general fund and the HRA for the 25/26 Financial year.
- 1.2 This is the Quarter 3 monitoring report for the 2025/26 financial year and this report details the forecast outturn position for the year. Although inflationary pressures have eased, there is still considerable pressure on the Council's budgets, most notably due to homelessness, and therefore the ability to deliver services within the budget set by Full Council.

2. Summary

- 2.1 This report covers the General Fund Revenue, Housing Revenue Accounts and the Capital Programmes for the current financial year.
- 2.2 The General fund outturn is currently forecast to be £494k overspent compared to budget, an improvement of £86K over the previous quarter.
- 2.3 The Council has made considerable efforts to achieve a balanced out-turn and whilst this has been largely successful in most services areas, the council has seen overspends due to the national homelessness crisis, and the attendant cost upon the Council of providing temporary accommodation to the homeless in our area.

(Continued overleaf)

Table 1

| Service | Revised Budget 25/26 | Forecast 25/26 | Variance 25/26 |
|---|----------------------|------------------|----------------|
| | £ | £ | £ |
| Senior Leadership Team | 378,400 | 404,907 | 26,507 |
| Finance & Resources | 3,256,211 | 3,205,999 | (50,212) |
| The Built Environment | 1,205,214 | 1,782,291 | 577,077 |
| Law & Democracy | 486,010 | 497,629 | 11,619 |
| Community & Wellbeing, | (311,818) | (305,732) | (3,914) |
| Corporate Assets | 552,772 | 492,508 | (60,264) |
| Depot | 1,047,110 | 1,069,184 | 22,074 |
| Customer Services & Business Transformation | 1,094,120 | 1,065,234 | (28,886) |
| Net Revenue Expenditure | 7,718,019 | 8,212,020 | 494,001 |
| Financed by: | | | |
| Funding | 8,050,735 | 8,351,620 | 300,885 |
| Earmarked Reserves | (197,000) | (514,239) | (317,239) |
| General Fund Reserve | (135,716) | 374,639 | 510,355 |
| Total Financing | 7,718,019 | 8,212,020 | 494,001 |

2.4 The HRA has seen a reduction in expenditure resulting in a favourable variance of £39k as shown below in Table 2.

Table 2

| HRA | Revised Budget 25/26 | Forecast 25/26 | Variance 25/26 |
|--|----------------------|----------------|-----------------|
| | £ | £ | £ |
| Housing Revenue Account | (4,437,600) | (4,464,803) | (27,203) |
| Estate Management | 2,161,450 | 2,187,966 | 26,516 |
| Repairs & Maintenance | 1,260,090 | 1,309,862 | 49,772 |
| Older Persons Service & Community Care | 132,900 | 113,651 | (19,249) |
| Cleaning | 193,160 | 182,980 | (10,180) |
| Capital Charges | 761,400 | 702,251 | (59,149) |
| Net Revenue Expenditure | 71,400 | 31,907 | (39,493) |
| Financed by: | | | |
| Housing Revenue Reserve | 71,400 | 31,907 | (39,493) |
| Earmarked Grants | 0 | 0 | 0 |
| Total Financing | 71,400 | 31,907 | (39,493) |

3. General Fund and HRA Balances

3.1 The General fund outturn is expected to be a deficit of £375k, as opposed to the £146k surplus that was budgeted for.

3.2 The HRA outturn shows a favourable variance, making a net contribution to the HRA reserves, in Table 3.

3.3 Per item 7.2 of the 2024-25 outturn report, a transfer of £834K from the HRA reserve will be made to an HRA contingency reserve, leaving the HRA reserve at a minimum balance equal to 15% of the budgeted gross income for 2025-26, as is best practise.

Table 3

| Balances | Opening Balances 2025/26 | Adjustments 2025/26 | Forecast Outturn 2025/26 | Closing Balances 2025/26 |
|----------------------------------|--------------------------|---------------------|--------------------------|--------------------------|
| | £ | £ | £ | £ |
| General Fund Balances | (1,540,066) | 0 | 374,639 | (1,165,427) |
| Housing Revenue Account Balances | (1,758,702) | 834,057 | 31,907 | (892,738) |

4. General Fund Revenue Outturn Position 2025/26

4.1 Table 4 below shows the major variances. Detailed analysis of the variances are shown in **Appendix 1**.

Table 4 – Major Variances over £30k

| Service Area | Team | Q2 Under/Over spends | Q1 Key reasons for forecast variance |
|-----------------------|------------------------------------|----------------------|--|
| Depot | Refuse Collection | 48,209 | £59K additional staffing cost due to long term sickness partly offset by £9K salary savings due to vacancies. |
| | Fleet Management | (32,658) | £28K saving on fuel due to price decrease |
| Finance & Resources | Corporate Management Financial | (51,164) | £67K saving on contingency budget for audit fees, £7K additional costs for previous year ill-health insurance |
| | Corporate Management Non-Financial | (49,473) | £72K saving on debt charges due to reduced interest rates partly offset by a £17K overall increase in insurance costs. |
| | Council Tax | 61,894 | £47K agency staff partly offset by £14K salary savings due to maternity cover and vacant posts, £18K additional postage charges. |
| The Built Environment | Homelessness | 644,959 | Increase in demand for temporary accommodation. Primarily caused by S21 evictions, care leavers and hospital discharges. Pressures caused by statutory rent allowance rates not keeping up with cost of rented property. |
| | Development Control | (59,061) | £24K vacancy savings, £16K additional income from planning performance agreements, and £33K additional planning application fees |

(Continued overleaf)

4.2 Income – The table below details the income as at Quarter 3.

Table 5

| | Prior Year Outturn £ | Forecast Income 25/26 £ | 25/26 Budget £ | Variance |
|------------------------------------|-------------------------|----------------------------|-------------------|----------|
| Law & Democracy | | | | |
| Environmental Protection | (1,141) | 0 | 0 | 0 |
| Dog Control Service | (456) | (1,000) | (1,000) | 0 |
| Legal and Admin Fees | (19,676) | (22,000) | (25,000) | 3,000 |
| Taxi Licences | (236,509) | (215,812) | (209,350) | (6,462) |
| Other Licences | (22,438) | (10,035) | (10,900) | 865 |
| Alcohol and Entertainment Licences | (22,736) | (35,035) | (34,700) | (335) |
| Gambling Act Licences | (3,116) | (1,772) | (900) | (872) |
| Selective Property Licence Scheme | (33,530) | (397,661) | (360,000) | (37,661) |
| The Built Environment | | | | |
| Planning Application Fees | (165,810) | (290,000) | (273,000) | (17,000) |
| Pre Application advice | (18,598) | (22,500) | (22,500) | 0 |
| Corporate Assets | | | | |
| Allotment Rent | (12,601) | (14,000) | (15,000) | 1,000 |
| Bowls Season Tickets | 0 | 0 | 0 | 0 |
| Cricket Pitch | 0 | 0 | 0 | 0 |
| Football Rugby | (19,110) | (17,326) | (14,100) | (3,226) |
| Pavilion Hire | (37,263) | (27,400) | (24,890) | (2,510) |
| Cemeteries | (150,650) | (176,000) | (150,000) | (26,000) |
| Parking Income | (767,181) | (786,000) | (834,000) | 48,000 |
| Parking Penalties | (51,921) | (26,200) | (11,000) | (15,200) |
| Depot | | | | |
| White Goods & Special Collections | (30,312) | (33,200) | (28,000) | (5,200) |
| Green Waste | (601,555) | (586,260) | (610,000) | 23,740 |

5. Business Rates

5.1 The only element of the Council Funding that is not fully fixed for the year at budget stage is Business Rates. The table below shows the outturn in respect of Business Rates for 2025/26.

(Continued overleaf)

Table 6 – Business Rates 2025/26

| | Original Budget 2025/26 | Outturn | Variance |
|------------------------------------|------------------------------------|--------------------|-----------------|
| | £ | £ | £ |
| NNDR Income | (5,250,788) | (5,250,788) | 0 |
| Tariff | 3,885,494 | 3,885,494 | 0 |
| Section 31 Grants - Funded Reliefs | (1,353,186) | (1,467,707) | (114,521) |
| Levy | 295,764 | 406,942 | 111,178 |
| Renewable energy | (11,456) | (11,456) | 0 |
| Previous year's (surplus)/deficit | 178,840 | 178,840 | 0 |
| Total Financing | (2,255,332) | (2,258,675) | (3,343) |

5.2 Due to the complexities of the Collection Fund, it is important to note that the largest element of this position 'NNDR income' is fixed based on the amount forecast at budget setting. Any variance from the actual NNDR income in 2025/26 will impact on the budget in 2026/27, in the form of the surplus/deficit for the previous year. The cumulative deficit at the end of 2024/25, that will impact on the budget in 2025/26 is £660k but this deficit will be split within the pool.

6. Housing Revenue Account (HRA)

6.1 For 2025/26 the Councils Housing Revenue Account (HRA) net revenue budget was set with a net contribution from reserves of £71k. As at Q2, it is anticipated that there will be a net deficit of £32k, leaving the HRA reserve at £893k at year end.

6.2 The major variances over £30k for the HRA are shown below. Detailed analysis of the variances are shown in **Appendix 2**.

Table 7

| Service Area | (Under)/ Overspends | Key reasons for variance |
|---------------------|--------------------------------|---|
| Capital Charges | (59,149) | Impact of slippage of £871K related to the New Housing Initiatives capital project on short-term borrowing costs and interest receivable. |

7. Earmarked Reserves

7.1 The Council holds a number of earmarked revenue reserves over both the General Fund and HRA. These reserves are sums set aside for specific purposes and to mitigate against potential future known or predicted liabilities. A number of these reserves are budgeted for use over the period of the MTFS.

7.2 The £350K increase in general fund earmarked reserves over what was budget for 25/26 is due to an increase in the expected receipts under the Extended Producer Responsibility scheme.

- 7.3 The increase in housing revenue earmarked reserves is due to the movement of £834K to a contingency reserve, as referenced in 3.3.
- 7.4 Contributions to/from reserves are noted below and detailed analysis of reserves are shown on **Appendix 3**.

Table 8

| Reserves | Opening Balance 01/04/25 | Increase | Decrease | Closing Balance 31/03/26 |
|---------------------------------|-----------------------------|-------------|-----------|-----------------------------|
| | £ | £ | £ | £ |
| General Fund Earmarked Reserves | (691,172) | (890,239) | 292,882 | (1,288,529) |
| General Fund Grants | (1,032,017) | (200,823) | 45,999 | (845,841) |
| Housing Revenue Reserves | (974,946) | (2,334,057) | 1,963,501 | (1,345,502) |
| 1-4-1 Housing Reserve | (1,421,450) | (100,000) | 788,500 | (732,950) |

8. Capital Programme

- 8.1 The 2025/26 Capital Programme was set at Full Council in February 2025. Table 9 below shows a summary of the 2025/26 capital programme; the full capital programme is shown in **Appendix 4**.
- 8.2 The outturn for the General Fund capital programme is forecast to be £3.569m. Slippage on fleet replacement of approximately £480K is expected due to long lead times on new vehicles.
- 8.3 The outturn for the HRA capital programme is £1.760m with slippage of £2,075k due to a delay on the New Housing Initiatives scheme, as further development options are being investigated. There has been slippage on other projects due to issues with contractors, and capacity constraints.

Table 9 – Capital Programme Summary

| Fund | Revised Budget | Outturn | Variance to Budget |
|---|----------------|--------------|--------------------|
| | 2025/26 | 2025/26 | 2025/26 |
| | £'000 | £'000 | £'000 |
| General Fund Schemes | | | |
| Vehicle Refurbishment | 1,349 | 862 | (487) |
| Waste Project | 580 | 593 | 13 |
| Sports Facilities Improvement Programme | 524 | 524 | 0 |
| UKSPF | 81 | 118 | 37 |
| Other | 830 | 767 | (63) |
| GF Total | 3,364 | 2,864 | (500) |
| Housing Revenue Account | | | |
| New Housing Initiatives | 1,871 | 789 | (1,082) |
| Decarbonisation of Housing Stock | 0 | 39 | 39 |
| Other | 1,964 | 932 | (1,032) |
| HRA Scheme Total | 3,835 | 1,760 | (2,075) |
| Total | 7,199 | 4,624 | (2,575) |

Details of the Capital Programme financing are included in **Appendix 4**.

9. Treasury Management as at Quarter 3

- 9.1 The report includes an update on Treasury Management activities to 31 December 2025. This is required to comply with both the "Code of Practice on Treasury Management in Local Government" and the Council's own Treasury Management Policy Statement.
- 9.2 The Code requires the Section 151 Officer to ensure that the treasury management function operates in accordance with treasury management practices adopted by Council. There are no issues of non-compliance with these practices that need be brought to Member's attention.
- 9.3 As at 31 December 2025, the total debt portfolio of the Council (including HRA debt) was £33.784m offset by investments of £6.2m, resulting in an overall net debt position of £27.584m.

| External Borrowing | As At 31/03/25 £m | As At 31/12/25 £m |
|----------------------------------|----------------------------------|----------------------------------|
| Fixed Rate PWLB | 16,877 | 16,784 |
| Other Local Authorities | 18,500 | 17,000 |
| Total Gross External Debt | 35,377 | 33,784 |
| Investments | (1,600) | (6,200) |
| Total Net External Debt | 33,777 | 27,584 |

- 9.4 The total accrued interest received to 31 December 2025 on temporary investments amounted to £162,107 (2024/25 £165,802). A summary of the total amount invested in 2025/26 to date is given at **Appendix 5.1**.
- 9.5 **Prudential Indicators**
The Local Government Act 2003 requires Councils to comply with the Prudential Code for Capital Finance in Local Authorities when carrying out their budgeting and treasury management activities. Fundamental to this is the calculation of a number of prudential indicators which provide the basis for management and monitoring of borrowing and investments. These indicators were agreed by Council on 20 February 2025. An update on the indicators is provided at **Appendix 5.2**.