



Policy, Finance and Development Committee	Tuesday, 09 September 2025	Matter for Information and Decision
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Report Title: **Budget Monitoring Report (Q1 2025/26)**

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

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 1, April – June.
Report Summary:	<p>The outturn position for the year on the General Fund is a £469k overspend compared to the budget of £7.727m for 2025/26.</p> <p>The outturn for the HRA is an underspend of £62k, 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 1 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 Financial 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>
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)
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.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Senior Leadership Team • Heads of Service • Budget Managers
Background Papers:	<u>2025/26 Revenue Budgets, Medium Term Financial Plan and 2025/26 - 2029/30 Capital Programmes – Full Council February 2025</u>
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 1 monitoring report for the 2025/26 financial year and this report details the forecast outturn position for the year. Although inflationary pressures have eased since their peak, they are still running over target at present, and there is 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 Whilst there are still a number of variables, especially this early in the financial year, based on the latest set of assumptions the forecast outturn position at the end of Quarter 1 for 2025/26 is outlined in Table 1.
- 2.3 The Council has made considerable efforts to achieve a balanced out-turn and whilst this has been largely successful the council has seen overspends due to the national homelessness crisis and the cost of the Council providing temporary accommodation to the homeless in our area.

(Continues overleaf)

Table 1

Service	Original Budget 25/26	Forecast 25/26	Variance 25/26
	£	£	£
Senior Leadership Team	378,400	397,070	18,670
Finance & Resources	3,699,711	4,138,065	438,354
The Built Environment	827,014	881,644	54,630
Law & Democracy	555,210	466,456	(88,754)
Community & Wellbeing,	(311,818)	(311,549)	269
Corporate Assets	461,135	410,628	(50,507)
Depot	1,042,410	1,144,429	102,019
Customer Services & Business Transformation	1,075,320	1,069,269	(6,051)
Net Revenue Expenditure	7,727,382	8,196,012	468,630
Financed by:			
Funding	8,050,735	8,348,361	297,626
Earmarked Reserves	(197,000)	(514,239)	(317,239)
General Fund Reserve	(126,353)	361,891	488,244
Total Financing	7,727,382	8,196,012	468,630

2.4 The HRA has seen a reduction in expenditure resulting in a favourable variance of £62k as shown below in Table 2.

Table 2

HRA	Original Budget 25/26	Forecast 25/26	Variance 25/26
	£	£	£
Housing Revenue Account	(4,437,600)	(4,436,952)	1,008
Estate Management	2,161,450	2,151,245	(10,205)
Repairs & Maintenance	1,260,090	1,252,020	(8,070)
Older Persons Service & Community Care	132,900	132,655	(245)
Cleaning	193,160	190,060	(3,100)
Capital Charges	761,400	720,000	(41,400)
Net Revenue Expenditure	71,400	9,388	(62,012)
Financed by:			
Housing Revenue Reserve	71,400	9,388	(62,012)
Earmarked Grants	0	0	0
Total Financing	71,400	9,388	(62,012)

3. General Fund and HRA Balances

- 3.1 The General fund outturn is expected to be a deficit of £362k, as opposed to the £126k surplus that was budgeted for.
- 3.2 The HRA outturn shows a favourable variance, reducing the forecast use of HRA reserves from £71k to £9k in Table 3.

- 3.3 Per item 7.2 of the 2024-25 outturn report, a transfer of £825K 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	361,891	(1,178,175)
Housing Revenue Account Balances	(1,758,702)	824,669	9,388	(924,645)

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	Q1 Under/Over spends	Q1 Key reasons for forecast variance
Corporate Assets	Env Development & Operational	(64,309)	Vacancy savings partly offset by the funding for Neighbourhood Services urgent risks programme outlined below.
Depot	Depot	83,011	£10K additional staffing costs due to the restructure of Neighbourhood Services. £60K cost of Neighbourhood Management urgent risks programme. £5K training for two HGV Operator Licences
Finance & Resources	Council Tax	51,879	Hired staff for maternity cover and vacant post
	Housing Benefits	326,052	£287K excess of non-rent rebate paid through homelessness scheme over rebate that can be claimed back, due to temporary accommodation rates exceeding LHA allowable rates. £27K of additional audit fees from 23/24.
	Revenues and Benefits Manager	38,295	£32K interim backfill cost for Head of Revenues & Benefits.
Law & Democracy	Land Charges	(64,421)	Government funding to assist implementation of local land charges.
	Land Charges	57,121	Appropriation of surplus grant for local land charges to reserve, in anticipation of future transition costs.
	Legal and Admin Section	(75,636)	Vacancy savings due to restructure.
	Selective Property Licence Scheme	(55,005)	£101K extra income due to increase in size of scheme, partly offset by £15K for additional post necessitated by increase in size of scheme and £30K reduced recharge due to a reduction in the grant for administration of warm homes scheme

The Built Environment	Homelessness	126,943	Increase in demand for emergency accommodation.
	Forward Planning	161,487	Costs related to new local plan work. To be funded by specific grant received in 24/25
	Forward Planning	(161,487)	Appropriation of 24/25 grant from reserve to fund local plan.
	Development Control	(30,226)	£12K vacancy savings. £16K additional income from planning performance agreements.

4.2 Inflationary pressures continue to affect services across the Council, as noted below-

- Homelessness- as noted in paragraph 2.3
- Utilities, especially electric is still very high; discussions are being held with suppliers to ensure that meter readings are taken, and actual costs are reported.

4.3 Income – The table below details the income as at Quarter 1.

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)	(25,000)	(25,000)	0
Taxi Licenses	(236,509)	(205,412)	(209,350)	3,938
Other Licences	(22,438)	(10,900)	(10,900)	0
Alcohol and Entertainment Licences	(22,736)	(35,035)	(34,700)	(335)
Gambling Act Licenses	(3,116)	(900)	(900)	0
Selective Property Licence Scheme	(33,530)	(461,000)	(360,000)	(101,000)
The Built Environment				
Planning Application Fees	(165,810)	(273,000)	(273,000)	0
Pre Application advice	(18,598)	(22,500)	(22,500)	0
Corporate Assets				
Allotment Rent	(12,601)	(15,000)	(15,000)	0
Bowls Season Tickets	0	0	0	0
Cricket Pitch	0	0	0	0
Football Rugby	(19,110)	(12,401)	(14,100)	1,699
Pavilion Hire	(37,263)	(24,890)	(24,890)	0
Cemeteries	(150,650)	(150,000)	(150,000)	0
Parking Income	(767,181)	(834,000)	(834,000)	0
Parking Penalties	(51,921)	(11,000)	(11,000)	0
Depot				
White Goods & Special Collections	(30,312)	(28,000)	(28,000)	0
Green Waste	(601,555)	(610,000)	(610,000)	0

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.

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)	(1,365,736)	(12,550)
Levy	295,764	308,230	12,466
Renewable energy	(11,456)	(11,456)	0
Previous year's (surplus)/deficit	178,840	178,840	0
Total Financing	(2,255,332)	(2,255,416)	(84)

- 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 Q1, it is anticipated that the required contribution will be £9K, leaving the HRA reserve at £1.749m 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
Estates Management	(36,324)	Vacancy savings and reduced hours on various posts.
Capital Charges	(41,400)	Impact of slippage of £870K related to the New Housing Initiatives capital project on short-term borrowing costs.

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 £825K to a contingency reserve, as reference 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)	(855,239)	0	(1,546,411)
General Fund Grants	(1,032,017)	0	341,000	(691,017)
Housing Revenue Reserves	(974,946)	(2,324,669)	1,963,501	(1,336,115)
1-4-1 Housing Reserve	(1,421,450)	(100,000)	1,000,000	(521,450)

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 £3.347m. No slippage is expected at this point.
- 8.3 The outturn for the HRA capital programme is £2.963m with slippage of £870k due to a delay on the New Housing Initiatives scheme, as further development options are being investigated.
- 8.4 Approval is requested to re-profile the underspent capital budgets for 2024/25 thus increasing capital budgets for 2025/26 by the reported slippage amounts for the General Fund and HRA. Capital spend against the revised budgets will be monitored during 2025/26.

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	1,349	0
Waste Project	580	593	13
Sports Facilities Improvement Programme	524	524	0
UKSPF	81	81	0

Other	830	800	(30)
GF Total	3,364	3,347	(17)
Housing Revenue Account			
New Housing Initiatives	1,871	1,000	(871)
Decarbonisation of Housing Stock	0	0	0
Central Heating	200	200	0
Other	1,764	1,764	0
HRA Scheme Total	3,835	2,964	(871)
Total	7,199	6,311	(888)

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

9. Treasury Management as at Quarter 1

- 9.1 The report includes an update on Treasury Management activities to 30 June 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 of 30 June 2025, the total debt portfolio of the Council (including HRA debt) was £35.331m offset by investments of £5.0m, resulting in an overall net debt position of £30.331m.

Table 10

External Borrowing	As At 31/03/25 £m	As At 30/06/25 £m
Fixed Rate PWLB	16,877	16,831
Other Local Authorities	18,500	18,500
Total Gross External Debt	35,377	35,331
Investments	(1,600)	(5,000)
Total Net External Debt	33,777	30,331

- 9.4 The total accrued interest received to 31 March 2025 on temporary investments amounted to £48,106 (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**.