



Report to: Cabinet Meeting – 9 December 2025

Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance

Director Lead: Sanjiv Kohli, Deputy Chief Executive, Director - Resources

Lead Officer: Nick Wilson, Business Manager – Financial Services

Report Summary	
Type of Report	Open, Non-Key Decision
Report Title	Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2026 as at 30 September 2025
Purpose of Report	To update Members with the forecast outturn position for the 2025/26 financial year for the Council's General Fund and Housing Revenue Account revenue and capital budgets. To show performance against the approved estimates of revenue expenditure and income; report on major variances from planned budget performance; and report on variations to the Capital Programme for approval; all in accordance with the Council's Constitution.
Recommendations	That Cabinet: (a) note the General Fund projected favourable outturn variance of £0.062m; (b) note the Housing Revenue Account projected unfavourable outturn variance of £0.201m to the Major Repairs Reserve; (c) approve the variations to the Capital Programme at Appendix E; (d) approve the Capital Programme revised budget and financing of £46.823m; and (e) note the Prudential indicators at Appendix H.
Alternative Options Considered	Not applicable.

Reason for Recommendations	To consider the forecast outturn position for the 2025/26 financial year for the Council's General Fund and Housing Revenue Account revenue and capital budgets.
	To show performance against the approved estimates of revenue expenditure and income; report on major variances from planned budget performance; and report on variations to the Capital Programme for approval; all in accordance with the Council's Constitution.

1.0 Background

Overview of General Fund Revenue Projected Outturn for 2025/26

Current position (as at 30 September 2025): variances

- 1.1 Table 1 shows a projected unfavourable variance on Service budgets against the revised budget of £0.359m, with an overall favourable variance of £0.062m to be transferred to General Fund reserves. This forecast outturn position is based on meetings which took place with Business Managers during October, whereby they have analysed actual income and expenditure to 30 September 2025 and forecasted forward the additional income and expenditure expected to be incurred to the end of March 2026. Further details of the variances projected against each of the portfolio holder budgets are provided in **Appendix A**.

Table 1: General Fund revenue outturn for 2025/26 financial year as at 30 September 2025

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Climate and the Environment	3.480	3.376	3.136	(0.240)
Health, Wellbeing and Leisure	0.929	1.082	0.849	(0.233)
Heritage, Culture and the Arts	0.895	0.920	0.930	0.010
Housing	0.464	0.447	0.798	0.351
Public Protection and Community Relations	3.282	3.343	3.478	0.135
Strategy, Performance and Finance	9.668	10.355	10.673	0.318
Sustainable Economic Development	2.004	2.318	2.336	0.018
Net Cost of Services	20.722	21.841	22.200	0.359
Other Operating Expenditure	5.120	5.063	5.063	0
Finance & Investment Income/Expenditure	(1.572)	(1.572)	(1.418)	0.154
Taxation & Non-Specific Grant Income	(25.230)	(25.251)	(25.780)	(0.529)
Net Cost of Council Expenditure	(0.960)	0.081	0.065	(0.016)
Transfer to/(from) Usable Reserves	0.316	(0.883)	(0.883)	0
Transfer to/(from) Unusable Reserves	0.644	0.802	0.756	(0.046)
Transfer to/(from) General Reserves	0	0	0.062	0.062

- 1.2 A unfavourable variance of £0.359m is currently being projected on service budgets managed by business managers. This represents 1.62% of the total service budgets. A variance analysis is detailed at **Appendix A**.
- 1.3 There have been significant issues in recruitment seen across the Council over the last few financial years. This has been felt across the Local Government sector, with similar issues being seen in a number of neighbouring authorities. As a result of this, the forecast vacancy savings target for 2025/26 was set at 4%.
- 1.4 A favourable variance of £0.073m on employee related expenditure includes £0.885m of vacancy savings target, representing 4% of the total budget for employees within each Business Unit. Actual vacancies forecast currently is a favourable variance of £0.958m, which represents 4.10% (3.17% as at 30 June 2025) of the total employee budget. This is kept under regular review.
- 1.5 Non-Service expenditure is projected to have a favourable variance of £0.375m against the revised budget of £21.760m. These budgets primarily relate to income from council tax, national non-domestic rates (NNDR, or 'business rates') and investment interest. The favourable variance of £0.529m on Taxation & Non-Specific Grant Income relates to an expected additional surplus from the Nottinghamshire Business Rates pooling arrangements of £0.300m over and above the £1.000m that was budgeted for and a reduction in levy payable to Nottinghamshire County Council of £0.146m. An additional £0.039m over the budgeted £0.119m is expected to be received in respect of the Internal Drainage Board levy grant.
- 1.6 The projected unfavourable variance of £0.154m on the financing and investment line within Non-service elements is primarily due to the timing of Treasury Management decisions and the prevailing interest rate environment, which differs from the forecast. Additionally, there is no forecast dividend from Arkwood.
- 1.7 There is a forecasted favourable variance of £0.046m on the transfer to unusable reserves. This results from a lower Minimum Revenue Provision (MRP) charge than budgeted. The original budget assumed £1.4m of borrowing within the 2024/25 Capital Programme, but actual borrowing was not required due to a £5.734m underspend reported to Cabinet on 8 July 2025. Consequently, the associated £0.046m MRP charge has been deferred.

Current position (as at 30 September 2025): revised budget compared to original budget

- 1.8 As at 30 September 2025, there have been net transfers totalling £1.041m from reserves. Below is a table summarising the reserves movement and which portfolio the budget has been transferred either (to) of from:

Earmarked Reserve	CE £'m	HWL £'m	HCA £'m	H £'m	PPCR £'m	SPF £'m	SED £'m	Total £'m
Capital Exp Charged To Rev	0.043	0.036	0.010	0.085	0.027	0.234	0.065	0.500
Capital Project Feasibility	0	0	0	0	0	0	0.100	0.100
Change Mngmt/Capital Fund	0	0	0	0	0	0.189	0	0.189
Commer Plan Invest To Sav	0	0	0	0	0	0.014	0	0.014
Csg/Enforcement Reserve	0.002	0	0	0	0.015	0	0	0.017
Domestic Homicide Review	0	0	0	0	(0.001)	0	0	(0.001)
Eem Reserve	0	0.005	0	0	0	0	0	0.005
Emergency Planning Reserve	(0.045)	0	0	0	0	0	0	(0.045)
Ict & Digital Services	0	0	0	0	0	0.100	0	0.100
Management Carry Forward	0	0	0.069	0	0.039	0.033	0.081	0.222
Repairs And Renewals Fund	(0.107)	(0.008)	(0.006)	(0.041)	(0.036)	(0.014)	(0.005)	(0.217)
Revenue Grants Unapplied	0	0	0	0	0	0.083	0.072	0.155
Theatre Centenary Legacy	0	0	0.002	0	0	0	0	0.002
Total Earmarked Reserves Movement	(0.107)	0.033	0.075	0.044	0.044	0.639	0.313	1.041

Current Position (as at 30 September 2025) compared to previous position (as at 30 June 2025)

- 1.9 The previous budget monitoring report as at 30 June 2025 projected a unfavourable variance against the revised budget of £0.395m on Service budgets. This report projects a unfavourable variance against the revised budget of £0.359m on Service budgets. *Table 2* summarises the changes in variance against directorate budgets between the reports for the two quarters. Further details of these changes by directorate are in **Appendix B**.

Table 2: General Fund revenue outturn: changes in variance by directorate between this report and the report as at 30 June 2025

	Variance £'m
Net Cost of Services variance: as at 30 June 2025 (09/09/2025 Cabinet)	0.395
Climate and the Environment	(0.199)
Health, Wellbeing and Leisure	(0.151)
Heritage, Culture and the Arts	(0.026)
Housing	0.370
Public Protection and Community Relations	0.053
Strategy, Performance and Finance	(0.114)
Sustainable Economic Development	0.031
Net Cost of Services variance: as at 30 September 2025 (09/12/2025 Cabinet)	0.359

Overview of Projected Housing Revenue Account (HRA) Outturn for 2025/26

- 1.10 With reference to the 'Variance' column in *Table 3*, the HRA accounts show a projected unfavourable variance on the Net Cost of HRA Services against the revised budget of £0.172m and a reduced transfer to the Major Repairs Reserve of £0.201m:

Table 3: HRA revenue outturn for 2025/26 financial year as at 30 September 2025

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	24.975	25.617	25.262	(0.355)
Income	(31.341)	(31.347)	(30.820)	0.527
Net Cost of HRA Services	(6.366)	(5.730)	(5.558)	0.172
Other Operating Expenditure	0.013	0.013	0.013	0
Finance & Investment Income/Expenditure	4.243	4.243	4.272	0.029
Taxation & Non Specific Grant Income	0	0	0	0
(Surplus)/Deficit on HRA Services	(2.109)	(1.474)	(1.273)	0.201
Movements in Reserves				
Transfer to/(from) Usable Reserves	(0.263)	(0.898)	(0.898)	0
Transfer to/(from) Unusable Reserves	(6.245)	(6.245)	(6.245)	0
Transfer to/(from) Major Repairs Reserve	8.617	8.617	8.416	(0.201)
Total	0	0	0	0

- 1.11 The unfavourable variance of £0.029m on the Finance & Investment Income/Expenditure line, this relates to the forecasted earlier than anticipated requirement for external borrowing therefore increasing the interest payable costs.
- 1.12 The main reasons for the £0.172m unfavourable variance on services are detailed at **Appendix C** and the main reasons for the changes in variance between this report and the report for the previous quarter, ended 30 June 2025, are in **Appendix D**.

Overview of Projected Capital Outturn 2025/26

- 1.13 The table below summarises the position for the Capital Programme as at 30 September 2025 and is split between General Fund and Housing Revenue Account.

	Original Approved Budget £'m	Current Approved Budget £'m	Revised Budget updated for Approval £'m	Actual Spend to 30 September 2025 £'m	Forecast Outturn £'m
General Fund	35.489	33.433	28.089	7.552	28.089
Housing Revenue Account	23.295	21.807	18.734	4.626	18.734
Total	58.784	55.240	46.823	12.178	46.823

- 1.14 As projects are developed and spending commitments are made, budget requirements can change. It is a requirement that Cabinet approve all variations to the Capital Programme. Following the meeting of 9 September 2025, the total approved budget was £55.240m. The additions and amendments that now require approval are detailed in **Appendix E** and summarised as follows:

	General Fund		Housing Revenue Account	
	2025/26 £'m	2026/27 £'m	2025/26 £'m	2026/27 £'m
Additions/Reductions	£1.219m	£0.000m	£0.149m	£0.000m
Reprofiles	£(6.563)m	£6.563m	£(3.222)m	£3.222m
Total	£(5.344)m	£6.563m	£(3.073)m	£3.222m

- 1.15 If these variations are approved, then the revised budget will be reduced to £46.823m. A more detailed breakdown at scheme level, including comments on projects progress, can be found at **Appendix F** (General Fund) and **Appendix G** (Housing Revenue Account).

Capital Programme Resources

- 1.16 The Capital resources available to the Council are not static. Capital receipts are generated throughout the year, additional grants and contributions are paid to the Council, and borrowing may be increased to fund some projects.
- 1.17 In summary, the revised budget of £46.823m will be financed as follows, with every attempt to minimise the impact on the Council's revenue budget of financing costs:

	General Fund £'m	Housing Revenue Account £'m	Total £'m
External Grants & Contributions	7.730	1.152	8.882
Capital Receipts	1.379	0.273	1.652
Community Infrastructure Levy	0.100	0.000	0.100
Revenue Contributions	3.740	4.743	8.484
Borrowing	15.140	12.566	27.706
Total	28.089	18.734	46.823

Capital Receipts

- 1.18 The Council has been successful in securing capital receipts for both general fund and HRA in previous years and continues to do so. The current level of capital receipts is detailed in the table below:

	General Fund £'m	HRA Receipts £'m	HRA 1-4-1 Receipts £'m	Total £'m
Balance at 1st April 2025	1.201	0.035	0.059	1.295
Received up to end of Sept 2025	0.000	1.064	1.596	2.660
Estimated receipts for remainder of the financial year	0.950	0.334	0.501	1.785
Approved for financing	1.379	0.000	0.273	1.652
Available Capital receipts balance at 31 March 2026	0.722	1.433	1.883	4.038
Estimated Receipts 2026/27 - 2028/29	5.956	0.602	0.903	7.461
Approved for Financing 2026/27 - 2028/29	5.175	0.601	0.077	5.853
Estimated Uncommitted Balance	1.503	1.434	2.709	5.646

Prudential Indicators

- 1.19 The Treasury Management Code of Practice 2021 stipulates that quarterly update reports on prudential indicators are now required from 2023/24 onwards.
- 1.20 The prudential indicators are set within the Treasury Management Strategy, Capital Strategy and the Investment Strategy and the three strategies were approved by Audit and Governance Committee on 19 February 2025 and Full Council on 6 March 2025. The summary of the prudential indicators can be found at **Appendix H**.
- 1.21 As can be seen from **Appendix H**, the Council was fully compliant with all of the indicators as set within the Treasury Management Strategy, Capital Strategy and Investment Strategy.

2.0 Proposal/Options Considered and Reasons for Recommendation

- 2.1 To consider the forecast outturn position for the 2025/26 financial year for the Council's General Fund and Housing Revenue Account revenue and capital budgets.
- 2.2 To: show performance against the approved estimates of revenue expenditure and income; report on major variances from planned budget performance; and report on variations to the Capital Programme for approval; all in accordance with the Council's Constitution.

3.0 Implications

- 3.1 In writing this report and in putting forward recommendation's officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability, and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

General Fund, Housing Revenue Account Revenue and Capital Monitoring Outturn Report to 31 March 2026 as at 30 June 2025.