



Report to: Policy & Performance Improvement Committee – 16 March 2026

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

Lead Officer: Nick Wilson, Business Manager – Financial Services

| Report Summary           |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Report Title</b>      | Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2026 as at 31 December 2025                                                                                                                                                                                                                                                                                                                                 |
| <b>Purpose of Report</b> | <p>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.</p> <p>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.</p> |
| <b>Recommendations</b>   | <p>That the Policy &amp; Performance Improvement Committee note:</p> <p>(a) the General Fund projected outturn variance of £0m;</p> <p>(b) the Housing Revenue Account projected favourable outturn variance of £0.117m to the Major Repairs Reserve;</p> <p>(c) the Capital Programme revised budget and financing of £53.759m.</p>                                                                                                                          |

## 1.0 Background

### 1.1 Overview of General Fund Revenue Projected Outturn for 2025/26

#### Current position (as at 31 December 2025): variances

1.1 *Table 1* shows a projected favourable variance against the revised budget of £0.385m on Service budgets, with an overall variance of £0m that would need to be transferred to the General Fund reserve. This is based on meetings which took place with Business Managers during January, whereby they have analysed actual income and expenditure to 31 December 2025 and forecasted forward to the end of March 2026 the additional income and expenditure currently expected to be incurred. Further details of the variances projected against portfolio holder budgets are in **Appendix A**.

Table 1: General Fund revenue outturn for 2025/26 financial year as at 31 December 2025

|                                           | Original<br>Budget<br>£'m | Revised<br>Budget<br>£'m | Projected<br>Outturn<br>£'m | Variance<br>£'m |
|-------------------------------------------|---------------------------|--------------------------|-----------------------------|-----------------|
| Climate and the Environment               | 3.480                     | 2.844                    | 2.256                       | (0.588)         |
| Health, Wellbeing and Leisure             | 0.914                     | 1.097                    | 0.838                       | (0.259)         |
| Heritage, Culture and the Arts            | 0.858                     | 0.952                    | 0.792                       | (0.160)         |
| Housing                                   | 0.360                     | 0.308                    | 0.518                       | 0.210           |
| Public Protection and Community Relations | 3.423                     | 3.654                    | 3.601                       | (0.053)         |
| Strategy, Performance and Finance         | 9.683                     | 11.187                   | 10.876                      | (0.311)         |
| Sustainable Economic Development          | 2.004                     | 2.434                    | 2.075                       | (0.359)         |
| Vacancy Factor & Notional Savings         | 0.000                     | (1.135)                  | 0.000                       | 1.135           |
| <b>Net Cost of Services</b>               | <b>20.722</b>             | <b>21.341</b>            | <b>20.956</b>               | <b>(0.385)</b>  |
| Other Operating Expenditure               | 5.120                     | 5.063                    | 5.062                       | (0.001)         |
| Finance & Investment Income/Expenditure   | (1.572)                   | (1.572)                  | (1.728)                     | (0.156)         |
| Taxation & Non-Specific Grant Income      | (25.230)                  | (25.251)                 | (25.775)                    | (0.524)         |
| <b>Net Cost of Council Expenditure</b>    | <b>(0.960)</b>            | <b>(0.419)</b>           | <b>(1.485)</b>              | <b>(1.066)</b>  |
| Transfer to/(from) Usable Reserves        | 0.316                     | (1.110)                  | 0.001                       | 1.111           |
| Transfer to/(from) Unusable Reserves      | 0.644                     | 1.529                    | 1.484                       | (0.045)         |
| Transfer to/(from) General Reserves       | 0                         | 0                        | 0                           | 0               |

- 1.2 An favourable variance of £0.385m is currently being projected on service budgets managed by business managers. This represents 1.84% 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 An unfavourable variance of £0.046m 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 £0.839m, which represents 3.61% (4.10% as at 30 September 2025) of the total employee budget. This is kept under regular review. The vacancy savings target of £0.885m and the notional savings target of £0.250m have been moved out of individual portfolios and placed into a separate portfolio to provide a more accurate and transparent representation of each portfolio's financial position.
- 1.5 Non-Service expenditure is projected to have a favourable variance of £0.681m 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 £0.524m 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 favourable variance of £0.156m on the financing and investment line within Non-Service elements is due to external borrowing being required later than originally expected, reducing the forecast interest payable by £0.308m. In addition, higher-than-forecast interest rates and cash balances have increased investment income, resulting in a favourable variance of £0.255m. These positive variances are partly offset by a reduced financial contribution from Arkwood, which was budgeted at £0.800m (£0.500m in dividend and £0.300m in interest income). Currently Arkwood are not forecasting to pay a dividend for the current financial year, however there is an increase in the forecast amount of interest payable to £0.401m, meaning that overall there is a shortfall in income of £0.399m.
- 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.
- 1.8 The total favourable position across services, non-service expenditure, and MRP is £1.111m. This amount is forecast to be transferred to the capital provision earmarked reserve to support the Ollerton Town Centre Regeneration scheme, which currently has a projected financing shortfall. Using this underspend—rather than borrowing to fund the gap—will significantly reduce future revenue costs that the Council would otherwise incur through borrowing.

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

- 1.9 With reference to the 'Variance' column in Table 2, the HRA accounts show a projected unfavourable variance on the Net Cost of HRA Services against the revised budget of £0.237m and an increased transfer to the Major Repairs Reserve of £0.117m:

*Table 2: HRA revenue outturn for 2025/26 financial year as at 31 December 2025*

|                                          | Original Budget<br>£'m | Revised Budget<br>£'m | Projected Outturn<br>£'m | Variance<br>£'m |
|------------------------------------------|------------------------|-----------------------|--------------------------|-----------------|
| Expenditure                              | 24.975                 | 25.680                | 25.479                   | (0.201)         |
| Income                                   | (31.341)               | (31.347)              | (30.909)                 | 0.438           |
| <b>Net Cost of HRA Services</b>          | <b>(6.366)</b>         | <b>(5.667)</b>        | <b>(5.430)</b>           | <b>0.237</b>    |
| Other Operating Expenditure              | 0.013                  | 0.013                 | 0.011                    | (0.002)         |
| Finance & Investment Income/Expenditure  | 4.243                  | 4.243                 | 3.891                    | (0.352)         |
| Taxation & Non-Specific Grant Income     | 0                      | 0                     | 0                        | 0               |
| <b>(Surplus)/Deficit on HRA Services</b> | <b>(2.109)</b>         | <b>(1.411)</b>        | <b>(1.528)</b>           | <b>(0.117)</b>  |
| <b>Movements in Reserves</b>             |                        |                       |                          |                 |
| Transfer to/(from) Usable Reserves       | (0.263)                | (0.961)               | (0.961)                  | 0               |
| Transfer to/(from) Unusable Reserves     | (6.245)                | (6.245)               | (6.245)                  | 0               |
| Transfer to/(from) Major Repairs Reserve | 8.617                  | 8.617                 | 8.734                    | 0.117           |
| <b>Total</b>                             | <b>0</b>               | <b>0</b>              | <b>0</b>                 | <b>0</b>        |

1.10 The main reasons for the £0.237m unfavourable variance on services are detailed at **Appendix B**. In relation to the favourable variance of £0.352m on the Finance & Investment Income/Expenditure line, this relates to the forecasted later than anticipated requirement for external borrowing therefore reducing the interest payable costs.

### Overview of Projected Capital Outturn 2025/26

1.11 The table below summarises the position for the Capital Programme as at 31 December 2025 and is split between General Fund and Housing Revenue Account.

|                         | Original Approved Budget<br>£'m | Current Approved Budget<br>£'m | Revised Budget updated for Approval<br>£'m | Actual Spend to 31 Dec 2025<br>£'m | Forecast Outturn<br>£'m |
|-------------------------|---------------------------------|--------------------------------|--------------------------------------------|------------------------------------|-------------------------|
| General Fund            | 35.489                          | 28.089                         | 36.892                                     | 13.492                             | 36.892                  |
| Housing Revenue Account | 23.295                          | 18.734                         | 16.867                                     | 7.584                              | 16.867                  |
| <b>Total</b>            | <b>58.784</b>                   | <b>46.823</b>                  | <b>53.759</b>                              | <b>21.076</b>                      | <b>53.759</b>           |

1.12 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. The below table details the changes that have been approved and are due to be approved on 9 December 2025 and account for the difference between the Revised budget updated for approval of £53.759m and the original budget of £58.784m above.

| Scheme                                         | General Fund<br>£'m | HRA<br>£'m     |
|------------------------------------------------|---------------------|----------------|
| <b>Original Budget</b>                         | <b>35.489</b>       | <b>23.295</b>  |
| Slippage from 2024/25                          | 4.812               | 3.004          |
| Quarter 1 approved changes reported to PPIC on | (6.869)             | (4.493)        |
| Quarter 2 approved changes reported to PPIC on | (5.343)             | (3.072)        |
| <b>Total Revised Budget</b>                    | <b>28.089</b>       | <b>18.734</b>  |
| <b>Reprofiles to future years</b>              |                     |                |
| Clipstone Holding Centre                       | (0.642)             |                |
| Southern Link Road Contribution                | (0.469)             |                |
| Housing Regeneration Loan Facility             | (3.000)             |                |
| Phase 6 Cluster 2 - S106 Purchase              |                     | (0.771)        |
| Phase 6 Cluster 4 - Bowbridge Road             |                     | (0.400)        |
| Other Reprofiles                               | (0.477)             | (0.783)        |
| <b>Additions/Reductions</b>                    |                     |                |
| Housing Regeneration Loan Facility             | 13.592              |                |
| Other Additions/Reductions                     | (0.201)             | 0.087          |
| <b>Total Change</b>                            | <b>8.802</b>        | <b>(1.867)</b> |
| <b>Revised budget to be approved</b>           | <b>36.892</b>       | <b>16.867</b>  |

1.13 A more detailed breakdown at scheme level, including some comments on projects progress, can be found at **Appendix C** (General Fund) and **Appendix D** (Housing Revenue Account).

## **2.0 Implications**

2.1 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 September 2025 to Cabinet on 9 December 2025.