



Report to: Cabinet Meeting – 24 March 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, Ext. 5317

Report Summary	
Type of Report	Open Report / Non-Key Decision
Report Title	Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2026 as at 31 December 2025
Purpose of Report	<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>
Recommendations	<p>That Cabinet:</p> <ul style="list-style-type: none"> (a) note the General Fund projected outturn variance of £0m; (b) note the Housing Revenue Account projected favourable outturn variance of £0.117m 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 £53.759m; 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 31 December 2025): variances

- 1.1 *Table 1* shows a projected favourable variance on Service budgets against the revised budget of £0.385m, with an overall favourable variance of £0m to be transferred to General Fund reserves. This forecast outturn position 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 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 31 December 2025

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'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
Net Cost of Services	20.722	21.341	20.956	(0.385)
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)
Net Cost of Council Expenditure	(0.960)	(0.419)	(1.485)	(1.066)
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 A 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.

Current position (as at 31 December 2025): revised budget compared to original budget

1.9 As at 31 December 2025, there have been net transfers totalling £0.541m 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	0.044	0.036	0.010	0	0.112	0.234	0.065	0.501
Capital Project Feasibility	0	0	0	0	0	0	0.100	0.100
Change Mngmt/Capital Fund	0	0	0	0	0	0.320	0	0.320
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
Election Expenses Fund	0	0	0	0	0	(0.011)	0	(0.011)
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 Forwards	0	0	0.069	0	0.039	0.033	0.081	0.222
Repairs And Renewals Fund	(0.079)	0	(0.006)	(0.041)	(0.036)	0.056	(0.005)	(0.111)
Residential Food Waste	(0.728)	0	0	0	0	0	0	(0.728)
Revenue Grants Unapplied	0	0	0	0	0	0.084	0.072	0.156
Theatre Centenary Legacy	0	0	0.002	0	0	0	0	0.002
Total Earmarked Reserves Movement	(0.806)	0.041	0.075	(0.041)	0.129	0.830	0.313	0.541

Current Position (as at 31 December 2025) compared to previous position (as at 30 September 2025)

1.10 The previous budget monitoring report as at 30 September 2025 projected a unfavourable variance against the revised budget of £0.359m on Service budgets. This report projects a favourable variance against the revised budget of £0.385m 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 September 2025

	Variance £'m
Net Cost of Services variance: as at 30 September 2025 (09/12/2025 Cabinet)	0.359
Climate and the Environment	(0.181)

Health, Wellbeing and Leisure	(0.004)
Heritage, Culture and the Arts	(0.133)
Housing	(0.090)
Public Protection and Community Relations	(0.066)
Strategy, Performance and Finance	(0.003)
Sustainable Economic Development	(0.267)
Net Cost of Services variance: as at 31 December 2025 (24/03/2026 Cabinet)	(0.385)

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

1.11 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 £0.237m and an increased transfer to the Major Repairs Reserve of £0.117m:

Table 3: HRA revenue outturn for 2025/26 financial year as at 31 December 2025

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	24.975	25.680	25.479	(0.201)
Income	(31.341)	(31.347)	(30.909)	0.438
Net Cost of HRA Services	(6.366)	(5.667)	(5.430)	0.237
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
(Surplus)/Deficit on HRA Services	(2.109)	(1.411)	(1.528)	(0.117)
Movements in Reserves				
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
Total	0	0	0	0

1.12 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.

1.13 The main reasons for the £0.237m 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 September 2025, are in **Appendix D**.

Overview of Projected Capital Outturn 2025/26

1.14 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 £'m	Current Approved Budget £'m	Revised Budget updated for Approval £'m	Actual Spend to 31 December 2025 £'m	Forecast Outturn £'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
Total	58.784	46.823	53.759	21.076	53.759

1.15 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 December 2025, the total approved budget was £46.823m. 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	£13.391	£0.000	£0.087	£0.000
Reprofiles	(£4.589)	£4.589	(£1.954)	£1.954
Total	£8.802	£4.589	(£1.867)	£1.954

1.16 If these variations are approved, then the revised budget will be increased to £53.759m. 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

1.17 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.

1.18 In summary, the revised budget of £53.759m 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	7.414	0.342	7.756
Capital Receipts non 1-4-1	1.621	0.802	2.423
Capital Receipts 1-4-1	0.000	0.273	0.273
Community Infrastructure Levy	0.000	0.000	0.000
Revenue Contributions	2.344	0.000	2.344
Major Repairs Reserve	0.000	11.223	11.223
Total	25.513	4.227	29.740

Capital Receipts

1.19 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 Dec 2025	0.000	1.343	2.014	3.356
Estimated receipts for remainder of the financial year	0.950	0.635	0.953	2.538
Approved for financing	1.554	0.802	0.273	2.629
Available Capital receipts balance at 31 March 2026	0.597	1.211	2.752	4.560
Estimated Receipts 2026/27 - 2028/29	6.086	1.588	2.382	10.056
Approved for Financing 2026/27 - 2028/29	6.647	0.789	2.158	9.594
Estimated Uncommitted Balance	0.036	2.010	2.976	5.022

Prudential Indicators

1.20 The Treasury Management Code of Practice 2021 stipulates that quarterly update reports on prudential indicators are now required from 2023/24 onwards.

1.21 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**.

1.22 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.

Implications Considered			
Yes – relevant and included / NA – not applicable			
Financial	N/A	Equality & Diversity	N/A
Human Resources	N/A	Human Rights	N/A
Legal	N/A	Data Protection	N/A
Digital & Cyber Security	N/A	Safeguarding	N/A
Sustainability	N/A	Crime & Disorder	N/A
LGR	N/A	Tenant Consultation	N/A

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

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