

Report to: Audit and Accounts Committee Meeting: 8 July 2026
 Director Lead: Nick Wilson, Director Financial Services, Revenues & Benefits and S151
 Lead Officer: Andrew Snape, Head of Financial Services ext. 5523

| Report Summary | |
|--------------------------|--|
| Report Title | Provisional Financial Outturn Report to 31 March 2026 |
| Purpose of Report | <p>To present to Members the provisional 2025/26 financial outturn position on the Council’s revenue and capital budgets, including:-</p> <ul style="list-style-type: none"> • General Fund Revenue • Housing Revenue Account • Capital Programme • Provisions and Impaired Estimates on Debtors • Usable Reserves • Collection Fund <p>This report provides Members with a summary of actual income and expenditure compared to the revised budget and how any surpluses/deficits have been allocated to/from reserves.</p> |
| Recommendations | <p>That the final outturn of revenue and capital spending for 2025/26 be noted;</p> <p>That the variation to the capital programme, as set out in paragraph 1.4 be noted;</p> <p>That the capital financing proposals as set out in table 4 at paragraph 1.5 of the report, be noted;</p> <p>That the movement in Provisions and Impaired Estimates on Debtors be noted; and</p> <p>That the individual contributions to, and withdrawals from, the revenue and capital Usable Reserves, be noted.</p> |

1.0 Background

Overview of Provisional General Fund (GF) Revenue Outturn for 2025/26

- 1.1 The accounts show a favourable variance of £0.719m on service budgets, with a total favourable variance of £0.801m, over and above the previous budget monitoring report as at 31 December 2025 report agreed transfer of £1.111m to the capital provision earmarked reserve, as follows:-

Table 1: General Fund Revenue Outturn for 2025/26 Financial Year as at 31 March 2026

| | Budget £'m | Outturn £'m | Variance £'m |
|---|----------------|----------------|-----------------|
| Net Cost of Services | 17.851 | 17.132 | (0.719) |
| Other Operating Expenditure | 5.053 | 5.031 | (0.022) |
| Finance & Investment Income & Expenditure | 0.315 | (0.218) | (0.533) |
| Taxation & Non Specific Grant Inc | (25.103) | (25.696) | (0.593) |
| Net Cost of Council Expenditure | (1.884) | (3.751) | (1.867) |
| Transfer to/(from) Unusable Reserves | 4.253 | 4.208 | (0.045) |
| Transfer to Capital Provision | 0 | 1.111 | 1.111 |
| Transfer to/(from) Usable Reserves | (2.369) | (1.568) | 0.801 |
| Transfer to/(from) General Balance | 0 | 0 | 0 |

- 1.2 Based on the table above, usable reserves have increased by £0.801m. The statutory General Fund balance has not varied during the year and remains at £1.500m, which is in accordance with the Medium-Term Financial Plan approved on 6 March 2025.

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

- 1.3 The financial outturn position to 31 March 2026 for the HRA before appropriations to reserves is a deficit of £0.243m. *Table 2* summarises these variances.

Table 2: HRA Revenue Outturn for 2025/26 Financial Year as at 31 March 2026

| | Revised Budget £'m | Outturn £'m | Variance £'m |
|--|--------------------------|----------------|-----------------|
| Net Cost of HRA Services | (5.376) | (5.263) | 0.113 |
| Other Operating Expenditure | 3.244 | 3.533 | 0.289 |
| Finance & Investment Income/Expenditure | 4.335 | 4.176 | (0.159) |
| Taxation & Non Specific Grant Income | (0.192) | (0.192) | 0 |
| (Surplus)/Deficit on HRA Services | 2.011 | 2.254 | 0.243 |
| Movements in Reserves | | | |
| Transfer to/(from) Unusable Reserves | (10.652) | (10.652) | 0 |
| Transfer to/(from) Usable Reserves | 0.024 | 0.024 | 0 |
| Transfer to Major Repairs Reserve - Depreciation | 6.368 | 6.051 | (0.317) |
| Transfer to Major Repairs Reserve – Revenue Contribution | 2.249 | 2.323 | 0.074 |
| Total | 0 | 0 | 0 |

Overview of Provisional Capital Outturn for 2025/26

- 1.4 The accounts show actual expenditure excluding the GF Loan of £29.068m, resulting in of £5.948m or 17% of the revised budget. Some slippage in capital schemes is expected at the end of the financial year as timing of expenditure changes. To ensure the overall project budget remains intact, it is proposed that reprofiling of £5.104m (£2.718m GF and £2.386m HRA). This is because there are commitments in place or schemes still expected to start. For clarity, where a scheme has been completed, any remaining budgets will not be carried forward. The whole of the variance on the GF loan for £9.185m has been proposed to be reprofiled.

Table 3: GF and HRA Capital Outturn for 2025/26 Financial Year as at 31 March 2026

| Spend Type | Budget Approved as per Cabinet 24/3/25 £'m | Revised Post Cabinet £'m | Outturn £'m | Variance £'m |
|-------------------------|--|--------------------------|---------------|-----------------|
| GF | 14.835 | 14.878 | 11.923 | (2.955) |
| GF REFCUS* | 3.271 | 3.271 | 2.915 | (0.356) |
| GF Total | 18.106 | 18.149 | 14.838 | (3.311) |
| HRA | 16.867 | 16.867 | 14.230 | (2.637) |
| HRA REFCUS* | 0.000 | 0.000 | 0.000 | 0.000 |
| HRA Total | 16.867 | 16.867 | 14.230 | (2.637) |
| GF and HRA Total | 34.973 | 35.016 | 29.068 | (5.948) |
| GF Loan | 18.786 | 18.786 | 9.601 | (9.185) |
| Total | 53.759 | 53.802 | 38.669 | (15.133) |

*REFCUS relates to Revenue Expenditure funded from Capital under Statute i.e. expenditure on non-Council-owned assets e.g. disabled facilities grants.

- 1.5 Total Capital spend in the year of £38.669m has been financed by a combination of borrowing, external grants and contributions, receipts, major repairs reserve and revenue contributions. It is proposed that Cabinet approve the revised capital financing proposals as summarised in *Table 4*:

Table 4: Proposed 2025/26 GF and HRA Capital Outturn Financing

| Source of Financing | GF Programme £'m | HRA Programme £'m | Total £'m |
|---------------------------------|------------------|-------------------|---------------|
| External Grants & Contributions | 6.842 | 0.192 | 7.034 |
| Capital Receipts non-1-4-1 | 1.607 | 0.500 | 2.107 |
| Capital Receipts 1-4-1 | 0.000 | 0.706 | 0.706 |
| Revenue Contributions | 2.074 | 10.605 | 12.679 |
| Borrowing | 13.916 | 2.227 | 16.143 |
| Total Financing | 24.439 | 14.230 | 38.669 |

Provisions for Future Liabilities

- 1.6 Provisions are made when an event has taken place that gives the Council an obligation that probably requires settlement, can be reasonably estimated, but where the timing of the payment is uncertain. Good practice requires that any movements in a Provision should be approved separately by Cabinet. The provisions in the table below relate to alterations and appeals against the rateable values (RV) provided for on properties in the National Non-Domestic Rating list (NNDR). The amounts shown in the Statement of Accounts (and hence in the table below) relate to this Council's element for the provision for appeals. 2023/24 saw the release of a refreshed rating list from the valuation office. This is the third such list since rates retention came into effect in April 2013. As a result of the new list being released, from April 2023 no further appeals for the prior lists are able to be lodged, this in turn has resulted in lower threats to our rating income. During the year 2025/26, £0.575m was charged against the provision in due to RV adjustments in relation to the 2017 and 2023 rating lists and £0.250m was added to the provision (£0.035m was removed from the 2017 list provision and £0.284m was added for the 2023 list provision). 40% of all provisions are applicable to NSDC (£0.230m charge and £0.100m increase therefore £0.130m as the NSDC share). The provisions provided for in *Table 6* are the Council's 40% share, as follows:

Table 5: 2025/26 Movements in GF Provision – NNDR

| General Fund Provision (NNDR) – Period of Settlement for Appeals | Balance B/Fwd 01/04/2025 £'m | Movement in Year £'m | Actual Balance 31/03/2026 £'m |
|--|------------------------------|----------------------|-------------------------------|
| Provision for Appeals – NNDR settled within 12 months | (0.304) | (0.187) | (0.491) |
| Provision for Appeals – NNDR settled after 12 months | (0.317) | 0.317 | 0.000 |
| Provision for Appeals – NNDR Total | (0.621) | 0.130 | (0.491) |

- 1.7 The Council receive external advice (from Analyse Local) relating to the level of provision that should be held. Analyse Local have used their knowledge and understanding from a national perspective to estimate the total liability for the 2023 list. From this national level estimate we have applied an understanding from a more local perspective and experience of previous appeal settlement levels and have adjusted the estimate to £1.229m, the provision for the 2017 list is now zero. This total provision of £1.229m is at Collection Fund level of which this Council recognises 40% (£0.491m) due to its share of the overall NNDR income.

Impaired Estimates on Debtors

- 1.8 Impaired Estimates on Debtors is an estimation of the amount that will remain uncollectable after a certain time period and may require write off in the future accounts of the Council. The calculation is based upon on the age and amounts of debt owed to

the Council based on a hierarchical percentage i.e. the older the debt, the greater likelihood of non-collection. Good practice requires that movements in the Impaired Estimates on Debtors should be approved separately by Members. *Table 6* details these:

Table 6: 2025/26 Movements in GF and HRA Impaired Estimates on Debtors

| Debtor Type | Balance B/Fwd 01/04/2025 £'m | Write Offs in Year £'m | (Increase) / Decrease in Provision £'m | Actual Balance 31/03/2026 £'m |
|--|---------------------------------|---------------------------|---|----------------------------------|
| GF - Sundry Debts | (0.125) | 0.057 | (0.105) | (0.173) |
| GF - Housing Benefit | (0.818) | 0.026 | 0.021 | (0.771) |
| GF – Impaired Estimates on Debtors | (0.943) | 0.083 | (0.084) | (0.944) |
| HRA - Sundry and Other Debts | (0.015) | 0.006 | (0.011) | (0.020) |
| HRA - Former Tenants | (0.385) | 0.041 | (0.164) | (0.508) |
| HRA - Current Tenants | (0.091) | 0.014 | (0.093) | (0.170) |
| HRA – Impaired Estimates on Debtors | (0.491) | 0.061 | (0.268) | (0.698) |

Usable Capital Reserves

1.9 A Reserve is created for a specific future purpose or to cover contingencies. In accordance with the Code; these Usable Reserves must be separately identified between those that are retained for Capital purposes and those that are retained for Revenue purposes. Again, good practice dictates that any movements in existing reserves, or the creation of any new reserves, be approved by Members.

1.10 Capital reserves are used to fund spend incurred on the approved capital programme. *Table 7* details the position as at 31 March 2026:

Table 7: Capital Reserves used to Fund GF and HRA Capital Programmes as at 31 March 2026

| Capital – Type of Reserve Used to Fund Capital Programme | Balance B/Fwd 01/04/2025 £'m | Cont'n in Year £'m | Use in Year £'m | Actual Balance 31/03/2026 £'m | Anticipated balance at 31/03/2030 £'m |
|--|---------------------------------|-----------------------|--------------------|----------------------------------|--|
| Capital - GF | | | | | |
| Usable Capital Receipts | 1.201 | 1.412 | 1.606 | 1.007 | 0.462 |
| Capital Grants Unapplied | 13.387 | 0.565 | 0 | 13.952 | 6.909 |
| Capital – HRA | | | | | |
| Usable Capital Receipts – HRA | 0.058 | 1.635 | 0.706 | 0.987 | 0.484 |
| Usable Capital Receipts - RTB's | 0.035 | 2.089 | 0.500 | 1.624 | 1.580 |
| Capital Grants Unapplied | 0 | 0 | 0 | 0 | 0 |
| Major Repairs Reserve (MRR) | 10.502 | 8.374 | 15.645 | 3.231 | 0.481 |
| Capital - Total | 1.201 | 1.412 | 1.606 | 1.007 | 0.462 |

Usable Revenue Reserves

- 1.11 Revenue reserves are used to fund anything that is not capital in nature, albeit can be applied to capital expenditure if necessary. They cover such areas as donations, external grants and contributions for future service provision, or specific sums of money held for a specific purpose. The tables below show high level balances against the categories of the reserves that are held for each fund together with current approved commitments and hence a forecast balance. **Appendix A** details the movement on General Fund Reserves and **Appendix B** shows HRA Reserves.

| General Fund | Opening Balance £'m | Closing Balance £'m | Commitments £'m | Forecast Balance £'m |
|------------------------------|------------------------|------------------------|--------------------|-------------------------|
| Budget funding reserve | (9.013) | (8.925) | 5.425 | (3.500) |
| Earmarked for Known Pressure | (8.761) | (8.555) | 5.973 | (2.582) |
| Ringfenced | (2.555) | (4.165) | 2.116 | (2.049) |
| Un-ringfenced | (13.786) | (13.717) | 11.531 | (2.186) |
| Working Balance | (1.500) | (1.500) | 0 | (1.500) |
| Total | (35.615) | (36.862) | 25.045 | (11.817) |

- 1.12 Overall the Council has increased its General Fund reserves position by £1.247m. This is attributed to:

| | £'m |
|---|---------------|
| Brought Forward Reserves balance | 35.615 |
| Budgeted increase in reserves | 0.316 |
| Contributions to Capital Expenditure | (1.772) |
| Transfer to Capital Provision (as per Q3 report to cabinet) | 1.111 |
| Favourable variance in cost of running Council | 0.801 |
| Other movements | 0.791 |
| Reserves balance as at 31st March 2026 | 36.862 |

| HRA | Opening Balance £'m | Closing Balance £'m | Commitments £'m | Forecast Balance £'m |
|------------------------------|------------------------|------------------------|--------------------|-------------------------|
| Earmarked for Known Pressure | (5.653) | (5.723) | 1.936 | (3.787) |
| Un-ringfenced | (2.000) | (2.000) | 0 | (2.000) |
| Total | (7.653) | (7.723) | 1.936 | (5.787) |

- 1.13 Service variances combined with non-service related income and expenditure variances has meant that overall the District Council has increased its Housing Revenue Account reserves by £0.070m. This increase has been identified as being related to:

| | £'m |
|--|--------------|
| Brought Forward Reserves balance | 7.653 |
| Budgeted use of reserves | (0.250) |
| HRA agreed Carry Forwards | 0.384 |
| Unused efficiency savings | 0.298 |
| Favourable variance in cost of running HRA | 0.070 |
| Other movements | (0.432) |
| Reserves balance as at 31st March 2025 | 7.723 |

The Collection Fund 2025/26

- 1.14 The Collection Fund accounts for the income from the collection of Council Taxes and Business Rates, and the subsequent disbursement to local authority preceptors and central government.
- 1.15 The in-year surplus on the Council Tax account was £1.195m, which reduced the overall position from a deficit of £1.262m at 1 April 2025 to a surplus of £0.067m at 31 March 2026.
- 1.16 The Code prescribes that the Statement of Accounts only show the element of Council Tax that relates to Newark & Sherwood District Council. In this regard, the share of the Council Tax surplus of £0.067m that relates to Newark & Sherwood District Council as at 31 March 2026 is £0.007m. A zero surplus/deficit was estimated during January 2026 meaning no income or expenditure is being managed during 2026/27 from or to Council Tax preceptors.
- 1.17 The in-year deficit on the Business Rates account was £1.161m, which changed the overall position from a surplus of £0.692m at 1 April 2025 to a deficit of £0.469m at 31 March 2026.
- 1.18 The Code prescribes that the Statement of Accounts only show the element of business rates that relates to Newark & Sherwood District Council. In this regard, the share of the business rates deficit that relates to Newark & Sherwood District Council as at 31 March 2026 is £0.188m. The Council declared an estimated deficit as at 31st March 2026 of £0.739m during January 2026, this will be recouped from preceptors during 2026/27. The share of this deficit relating to Newark & Sherwood District Council is £0.295m and has been included within the 2025/26 budget.
- 1.19 Impaired provisions on council tax and business rates debtors is an estimation of the amount that will remain uncollectable after a certain time period. This may be required to be written off in future by all preceptors depending on their share of the Collection Fund. The calculation is based upon on a historical experience of bad debt, i.e. experience shows 0.8% of net liability is written off for council tax, 0.7% for business rates. Where a debt is written off, for every £1.00 in council tax, £0.11p is reflected in the Councils accounts, the remaining balance is split between the remaining preceptors. For every £1.00 of business rates written off, £0.40 is reflected in the Councils accounts.

2025/26 Movements in CF Impaired Estimates on Debtors

| Debtor Type | Balance B/Fwd 01/04/2025 £'m | Write Offs in Year £'m | (Increase) / Decrease in Provision | Actual Balance 31/03/2026 £'m |
|---|------------------------------------|------------------------------|--|--|
| CF - Council Tax Debts | (3.787) | 0.547 | (1.070) | (4.310) |
| CF - Business Rates Debts | (0.865) | 0.035 | (0.106) | (0.936) |
| CF – Impaired Estimates on Debtors | (4.652) | 0.582 | (1.176) | (5.246) |

Pensions

- 1.20 The details regarding the Council's share of the Nottinghamshire County Council Pension Fund are provided for Members consideration at **Appendix C**.
- 1.21 Barnett Waddingham are the Pension Fund's appointed Actuary and their report sets out the assumptions used to prepare the IAS19 pension figures reported in the Council's accounts. It is best practice to consider these assumptions prior to agreeing their use and inclusion in the Statement of Accounts for 2025/26. The Audit & Accounts Committee considered these at their meeting in April 2026.

2.0 Proposal/Options Considered and Reasons for Recommendation

- 2.1 To approve the Financial Outturn position for the Council for the 2025/26 financial year.

3.0 Implications

- 3.1 In writing this report and in putting forward recommendations 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 | NA | Equality & Diversity | NA |
| Human Resources | NA | Human Rights | NA |
| Legal | NA | Data Protection | NA |
| Digital & Cyber Security | NA | Safeguarding | NA |
| Sustainability | NA | Crime & Disorder | NA |
| LGR | NA | Tenant Consultation | NA |

Background Papers and Published Documents

- Statement of Accounts files & working papers 2025/26
 Capital Finance Account's 2025/26 files
 Housing Revenue Account's 2025/26 files