NEWARK & SHERWOOD DISTRICT COUNCIL

Report to: Cabinet Meeting - 15 September 2026

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

Director Lead: Nick Wilson, Director Finance, Revenues & Benefits

Lead Officer: Andrew Snape, Head of Finance

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 2027 as at 30 June 2026
Purpose of Report	To update Members with the forecast outturn position for the 2026/27 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 unfavourable outturn variance of £0.665m; (b) note the Housing Revenue Account projected unfavourable outturn variance of £1.112m to the Major Repairs Reserve; (c) approve the variations to the Capital Programme at Appendix C; (d) approve the Capital Programme revised budget and financing of £73.110m; and (e) note the Prudential indicators at Appendix F.
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 2026/27

Current position (as at 30 June 2026): variances

1.1 *Table 1* shows a projected unfavourable variance against the revised budget of £1.530m on Service budgets, with an overall unfavourable variance of £0.665m that would need to be transferred from the General Fund reserve, based on the current forecast outturn position, sufficient reserves are available to cover this variance if required. This is based on meetings which took place with Budget Managers during July, whereby they have analysed actual income and expenditure to 30th June 2026 and forecasted forward to the end of March 2027 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 2026/27 financial year as at 30 June 2026

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Climate and the Environment	3.445	3.515	3.588	0.073
Corporate Services	3.459	3.617	3.584	(0.033)
Health, Wellbeing and Leisure	0.486	0.580	0.559	(0.021)
Heritage, Culture and the Arts	0.765	0.837	0.833	(0.004)
Housing	0.325	0.410	0.510	0.100
Public Protection and Community Relations	4.190	4.305	4.262	(0.043)
Strategy, Performance and Finance	7.778	8.234	8.064	(0.170)
Sustainable Economic Development	2.198	2.259	1.869	(0.390)
Vacancy Factor & Savings	(2.018)	(2.018)	0.000	2.018
Net Cost of Services	**20.628**	**21.739**	**23.269**	**1.530**
Other Operating Expenditure	5.386	5.386	5.386	0.000
Finance & Investment Income/Expenditure	(1.796)	(1.796)	(2.129)	(0.333)
Taxation & Non-Specific Grant Income	(26.064)	(26.064)	(26.428)	(0.364)
Net Cost of Council Expenditure	**(1.846)**	**(0.735)**	**0.098**	**0.833**
Transfer to/(from) Usable Reserves	0.739	(0.437)	(0.437)	0.000
Transfer to/(from) Unusable Reserves	1.107	1.172	1.004	(0.168)
Transfer to/(from) General Reserves	0.000	0.000	(0.665)	(0.665)

1.2 An unfavourable variance of £1.530m is currently being projected on service budgets managed by business managers. This represents 7.04% 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. The decision to increase the vacancy factor provision from 4% to 7.5% for 2026/27, approved as part of the Budget Strategy in July 2025, was informed by the 2024/25 outturn vacancy rate of 8.4%. The increase also reflected the anticipated continuation of recruitment challenges and the uncertainty associated with the forthcoming Local Government Reorganisation.

1.4 An unfavourable variance of £1.371m on employee related expenditure includes £1.768m of vacancy savings target, representing 7.5% of the total budget for employees within each Business Unit. Against the year-to-date budget, actual vacancies have generated a favourable variance of £0.204m, equivalent to 3.4% of the year-to-date employee budget. Vacancy levels and associated savings continue to be closely monitored and reviewed on a regular basis.

1.5 Non-Service expenditure is projected to have a favourable variance of £0.697m against the revised budget of £22.474m. These budgets primarily relate to income from council tax, national non-domestic rates (NNDR, or 'business rates') and investment interest. The favourable variance of £0.364m on Taxation and Non-Specific Grant Income primarily reflects an anticipated additional surplus of £0.360m from renewable energy properties within the business rates system. This is above the £1.145m included in the budget and arises as a result of the revaluation and subsequent reset of the business rates system.

1.6 The projected favourable variance of £0.333m within the Financing and Investment line of the Non-Service budget is primarily attributable to external borrowing being required later than originally anticipated, resulting in a reduction in forecast interest payable of £0.033m. In addition, higher-than-anticipated interest rates and increased cash balances have generated additional investment income, contributing a favourable variance of £0.190m. These favourable movements are further enhanced by the forecast overachievement of £0.110m in the financial contribution from Arkwood, with income projected at £1.210m against a budget of £1.100m.

1.7 A favourable variance of £0.168m is forecast on the transfer to unusable reserves, reflecting a lower Minimum Revenue Provision (MRP) charge than originally budgeted. The budget assumed £6.946m of borrowing within the 2025/26 Capital Programme; however, the full budgeted amount of borrowing was not required as planned due to reprofiling and slippage reported to Cabinet on 21 July 2026. As MRP is charged from the relevant scheme completion date, the associated MRP charge has been deferred where completion and the related borrowing requirement have moved into later periods.

Current position (as at 30 June 2026): revised budget compared to original budget

1.8 As at 30 June 2026, there have been net transfers totalling £1.111m from reserves. Below is a table summarising the reserves movement and which directorate the budget has been transferred either (to) of from:

Earmarked Reserve	C&E £'m	CS £'m	HWL £'m	HCA £'m	H £'m	PPCR £'m	SPF £'m	SED £'m	Total £'m
Capital Exp Charged To Revenue	0.020	0.093	0.095	0.059	0.060	0.114	0.485	0.005	0.931
Capital Project Feasibility	0	0	0	0	0	0	0	0.050	0.050
Eem Reserve	0	0	0	0	0	0.008	0	0	0.008
Homelessness Fund	0	0	0	0	0.005	0	0	0	0.005
MTFP Reserve	0	0	0	0	0	0	0.069	0	0.069
Repairs And Renewals Fund	0.009	0.013	0	0	0	0	0.004	0	0.026
Residential Food Waste	0.002	0	0	0	0	0	0	0	0.002
Revenue Grants Unapplied	0	0	0	0	0	0	0	0.020	0.020
Total Earmarked Reserves Movement	**0.031**	**0.106**	**0.095**	**0.059**	**0.065**	**0.122**	**0.558**	**0.075**	**1.111**

Overview of Projected Housing Revenue Account (HRA) Outturn for 2026/27

1.9 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 £1.077m and a reduced transfer to the Major Repairs Reserve of £1.112m.

Table 3: HRA revenue outturn for 2026/27 financial year as at 30 June 2026

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	25.550	26.601	27.278	0.677
Income	(32.243)	(32.227)	(31.826)	0.400
Net Cost of HRA Services	**(6.693)**	**(5.626)**	**(4.548)**	**1.077**
Other Operating Expenditure	0.013	0.013	0.013	0
Finance & Investment Income/Expenditure	4.348	4.348	4.383	0.035
Taxation & Non-Specific Grant Income	0	0	0	0
(Surplus)/Deficit on HRA Services	**(2.332)**	**(1.265)**	**(0.153)**	**1.112**
Movements in Reserves				
Transfer to/(from) Usable Reserves	(6.364)	(6.364)	(6.364)	0
Transfer to/(from) Unusable Reserves	(0.013)	(1.080)	(1.080)	0
Transfer to/(from) Major Repairs Reserve	8.709	8.709	7.597	(1.112)
Total	**0**	**0**	**0**	**0**

1.10 The main reasons for the £1.077m unfavourable variance on services are detailed at **Appendix B**. In relation to the unfavourable variance of £0.035m 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. Based on the current forecast outturn position, sufficient reserves are available to cover this variance from the Major Repairs Reserve if required.

Overview of Projected Capital Outturn 2026/27

1.11 The table below summarises the position for the Capital Programme as at 30 June 2026 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 June 2026 £'m	Forecast Outturn £'m
General Fund	40.047	51.949	44.322	4.083	44.322
Housing Revenue Account	29.942	32.329	28.788	3.001	28.788
Total	**69.989**	**84.278**	**73.110**	**7.084**	**73.110**

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. Following the meeting of 21 July 2026, the total approved budget was £84.278m including slippage from 2025/26. The additions and amendments that now require approval are detailed in **Appendix C** and summarised as follows:

	General Fund		Housing Revenue Account	
	2026/27 £'m	2027/28 £'m	2026/27 £'m	2027/28 £'m
Additions/Reductions	£1.303	£0.000	£1.105	£0.000
Reprofiles	(£8.931)	£8.931	(£4.646)	£4.646
Total	**(£7.628)**	**£8.931**	**(£3.541)**	**£4.646**

1.13 If these variations are approved, then the revised budget will be reduced to £73.110m. A more detailed breakdown at scheme level, including some comments on projects progress, can be found at **Appendix D** (General Fund) **and Appendix E** (Housing Revenue Account).

Capital Programme Resources

1.14 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.

1.15 In summary, the revised budget of £73.110m will be financed as follows, with every attempt to minimise the impact on the Council's revenue budget:

	General Fund £'m	Housing Revenue Account £'m	Total £'m
External Grants & Contributions	12.344	2.124	**14.468**
Capital Receipts	2.444	2.128	**4.572**
Capital Receipts 1-4-1	0	1.949	**1.949**
Revenue Contributions	11.128	5.188	**16.316**
Borrowing	18.406	17.399	**35.805**
Total	**44.322**	**28.788**	**73.110**

Capital Receipts

1.16 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 2026	**1.007**	**1.624**	**0.988**	**3.619**
Received up to end of June 2026	0.000	0.134	0.201	**0.335**
Estimated receipts for remainder of the financial year	3.681	0.370	0.760	**4.811**
Approved for financing	2.444	2.128	1.949	**6.521**
Available Capital receipts balance at 31 March 2027	**2.244**	**0.000**	**0.000**	**2.244**
Estimated Receipts 2027/28 - 2029/30	2.540	1.036	1.556	**5.132**
Approved for Financing 2027/28 – 2029/30	4.778	0.613	0.250	**5.641**
Estimated Uncommitted Balance	**0.006**	**0.423**	**1.306**	**1.735**

Prudential Indicators

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

1.18 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 Accounts Committee on 4 March 2026 and Full Council on 5 March 2026. The summary of the prudential indicators can be found at **Appendix F.**

1.19 As can be seen from **Appendix F**, the Council was fully compliant with all of the indicators as set within the Treasury Management Strategy, Capital Strategy and Investment Strategy.

2.0 <u>Proposal/Options Considered and Reasons for Recommendation</u>

2.1 To consider the forecast outturn position for the 2026/27 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 <u>Implications</u>

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 2027 as at 30 June 2026.