

Finance and Economic Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Tuesday, 24 February 2026 at 2.00 pm
Council Chamber - Council Offices, St. Peter's Hill,
Grantham. NG31 6PZ

Committee Councillor Bridget Ley (Chairman)
Members: Councillor Gareth Knight (Vice-Chairman)

Councillor Matthew Bailey, Councillor Tim Harrison, Councillor Graham Jeal,
Councillor Gloria Johnson, Councillor Max Sawyer, Councillor Lee Steptoe and
Councillor Murray Turner

Agenda

This meeting can be watched as a live stream, or at a later date, [via the SKDC Public-I Channel](#)

- 1. Public Speaking**
The Council welcomes engagement from members of the public. To speak at this meeting please register no later than 24 hours prior to the date of the meeting via democracy@southkesteven.gov.uk
- 2. Apologies for Absence**
- 3. Disclosure of Interests**
Members are asked to disclose any interests in matters for consideration at the meeting.
- 4. Minutes from the previous meeting** (Pages 3 - 18)
To confirm the minutes of the meetings held on 18 November 2025.

Published and dispatched by democracy@southkesteven.gov.uk on 16 February 2026.

☎ 01476 406080

Karen Bradford, Chief Executive
www.southkesteven.gov.uk

5. **Updates from previous meeting** (Page 19)
6. **Announcements or updates from the Leader of the Council, Cabinet Members or the Head of Paid Service**
7. **General Fund Finance Update Report: Quarter 3 (April to December) 2025** (Pages 21 - 32)

To present the Council's forecast 2025/26 financial position as at end of December 2025 with specific regard to:

 - General Fund Revenue Budget
 - General Fund Capital Programme
8. **Housing Revenue Account (HRA) Update Report: Quarter 3 (April to December) 2025** (Pages 33 - 44)

To present the Council's forecast 2025/26 financial position as at end of December 2025.

The report covers the following areas:

 - Housing Revenue Account (HRA) Revenue Budget
 - Housing Revenue Account (HRA) Capital Programme
9. **Turnpike Depot Closure Report** (Pages 45 - 53)

This update provides a closure report on the construction of the new Waste Depot at Turnpike Close, Grantham
10. **Update on UK Shared Prosperity Fund 2025-26** (Pages 55 - 66)

To provide the Committee with an update regarding progress on the UK Shared Prosperity Fund 2025-26 allocation.
11. **Update on Grantham Southern Relief Road** (Pages 67 - 71)

To provide the committee with an update as the progress on the Grantham Southern Relief Road.
12. **Work Programme 2025/26** (Pages 73 - 74)
13. **Any other business, which the Chairman, by reason of special circumstance decides is urgent**

Minutes

Finance and Economic Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Tuesday, 18 November 2025, 10.00 am

**Council Chamber – South Kesteven
House, St. Peter’s Hill, Grantham,
NG31 6PZ**

Committee Members present

Councillor Bridget Ley (Chairman)
Councillor Gareth Knight (Vice-Chairman)

Councillor Tim Harrison
Councillor Graham Jeal
Councillor Gloria Johnson
Councillor Max Sawyer
Councillor Murray Turner
Councillor Paul Martin

Cabinet Members present

Councillor Ashley Baxter (Leader of the Council)
Councillor Richard Cleaver (Cabinet Member for Property and Public Engagement)
Councillor Philip Knowles (Cabinet Member for Corporate Governance and Licensing)
Councillor Virginia Moran (Cabinet Member for Housing)
Councillor Paul Stokes (Deputy Leader of the Council)

Officers

Richard Wyles (Deputy Chief Executive, S151 Officer)
David Scott (Assistant Director of Finance, Deputy S151 Officer)
Claire Moses (The Head of Service (Revenues, Benefits and Customer Service))
Gyles Teasdale (Head of Service – Property & ICT)
Charles James (Policy Officer)
Amy Pryde (Democratic Services Officer)

35. Public Speaking

There were none.

36. Apologies for Absence

An apology for absence was received from Councillor Lee Steptoe.

Councillor Paul Martin filled the Conservative Vacancy for this meeting.

37. Disclosure of Interests

There were none.

38. Minutes from the previous meeting

The minutes from the meeting held on 23 September 2025 were proposed, seconded and **AGREED** as an accurate record.

39. Updates from previous meeting

All actions were complete.

40. Announcements or updates from the Leader of the Council, Cabinet Members or the Head of Paid Service

The Cabinet Member for Property and Public Engagement updated the Committee on the following arrangements:

- Free parking in Grantham car parks on Fridays in December (1st – 19th)
- Four hours free parking in the run up to Christmas (Monday to Thursday) (1st- 24th Dec) at Stamford's largest car park, the Cattlemarket Car Park.

41. Corporate Plan 2024-27: Key Performance Indicators Report - Mid-Year (Q2) 2025/26

The Cabinet Member for Corporate Governance and Licensing presented the report.

The Corporate Plan 2024-2027 was adopted by Council on 25 January 2024. It was proposed actions, key performance indicators (KPIs) and targets would be developed by the relevant Member led Committees, which would retain oversight of the performance management arrangements at a strategic level.

This report is the third of the reporting cycle and covers the period July to September 2025 (Quarter 2 2025/26).

Appendix A presented the overall performance against the fifteen actions.

Twelve of the actions are rated Green. These were actions on or above target as planned

Three actions were rated as Under Review. These are actions that are being considered requiring amendments.

One Member raised a query in relation to 'ECON6' and why the priority had taken 18 months to strategically leverage the Council's procurement spend to maximise social value.

The Deputy Chief Executive and S151 Officer confirmed that social value was a different definition to local supply and was included in tender specifications that stipulated the amount of social value and reinvestment back into the community, for example workshops, apprenticeships and training. Social value was now included in the recently approved Contract Procedure Rules.

A query was raised on 'COUN12' and why the priority was below target.

The Cabinet Member for Corporate Governance and Licensing clarified the target was 'under review' as an ongoing exercise. The new finance system had only recently gone live, therefore this KPI would be updated once fully operational to enable the requirements of the target to be met.

The Policy Officer outlined a clerical error within the table of the report.

The Assistant Director of Finance (Deputy S151 Officer) confirmed an update on COUN8 regarding the new finance system would be included within the next quarterly report.

The Committee:

Noted and reviewed the current performance against the Corporate Plan Key Performance Indicators in relation to the delivery of the Corporate Plan 2024-27.

42. Turnpike Close Depot Update - November 2025

The Cabinet Member for Property and Public Engagement presented the report.

Works had continued to progress on site since commencement in October 2024 and are now passing from the Construction Phase to the Mobilisation Phase. This is a critical point in the final fitting out and commissioning stages of the project.

Since the previous update in September, the contractor has outlined an additional 2-week delay to the completion of the Construction Phase of the project, moving back the anticipated construction completion from the 30th October 2025 to the 11th November 2025.

The overall delay has been incurred due to a combination of issues within the construction programme. However, the predominant reason for the additional delay in handover is due to the delays caused by Anglian Water with respect to the connection of the building's hydrant main to infrastructure on Turnpike Close.

These works were originally scheduled to be undertaken in October, prior to completion of the original construction phase. However, due to a gas leak on Harlaxton Road causing traffic diversion via Swingbridge Road, Anglian Water were unable to secure the necessary permit to work from LCC Highways to facilitate the works. Anglian Water did initially indicate they would be unable to reschedule these works until Late November. However, after pressure was put upon the management of Anglian Water these works have been rescheduled and commenced on 3rd November.

The mobilisation period has been reviewed following the change in the construction handover date and works have been adjusted to work in parallel to the end of the construction phase from the 3rd November with the view to facilitate a new target Go-live of week commencing 1st December. The programming of the project has however been adjusted to provide a contingency period of two weeks reporting a Go-Live on the 15th December to accommodate any possible further unforeseen delays.

The Council were still awaiting a permit from the Environment Agency.

Officers involved were thanked for their diligent work on the project over the last 12 months.

The Deputy Chief Executive (S151 Officer) clarified the permit application was sent in February 2025, Environment Agency reviewed it in August 2025 and in October 2025, the Environment Agency confirmed the permit had been 'duly made'. At present, the Council had not received the permit. The new site could be operated from, however, waste could not be stored on the site without the permit.

In terms of contingency, Environment Agency could provide a temporary permit or the Council could apply for a three-month exemption, meaning waste could be stored on the new site until the permit is received by the Council.

It was queried whether issues with Anglian Water had been fully addressed and whether the 'go live' date would be delayed any further.

Members recognised the overall success of the project.

A query was raised on when proposals would be brought forward for the use of the site at Mowbeck Way.

A solution was in place to secure short-term lettings on the site, which had received some interest.

Clarification was sought around the difference between the mobilisation period and the operation go-live period.

Concern was raised on the Mowbeck Way site becoming void and the potential for anti-social behaviour.

ACTION: For a report to be brought the Committee in the future to outline proposals for the Mowbeck Way site.

The Head of Service (Property and ICT) confirmed that mobilisation would take place when the Council take control and liability of the site. During this period, services would be transferred from Mowbeck Way to the new site.

The operational go-live period would mean completion of the mobilisation phase meaning services would resume as usual from the new site.

The Chairman formally thanked the team and all Officers involved in the project.

The Committee:

Noted the current position of the delivery of the new Waste Depot at Turnpike Close, Grantham.

43. Leisure Investment Reserve proposals

The Deputy Leader of the Council presented the report.

The Council was currently focussing significant resources in tackling a backlog of maintenance across a varied range of corporate property assets. This work commenced in 2023 and was likely to continue for the next ten years. During this period, significant resources have been invested in the leisure facilities including roof and infrastructure repairs, replacement of boilers and plant, investment in external decorations, repairs to the wave machines at Bourne and Stamford and investment in carbon and energy reduction schemes.

As the primary focus had been on dealing with maintenance, there have been limited resources available to improve the decoration and replace worn out fixtures and fittings at the facilities. In recognition of the need to invest in these elements of the facilities, it was agreed to create a dedicated reserve to the value of £500k to enable investment in the facilities.

It was agreed that an improvement plan for each of the locations be developed focussing on those areas where there is a strong interface with the customers and where there is clear evidence of an investment requirement.

A proposed methodology had been developed on information from a range of sources. This approach was presented to the Committee on 23rd September 2025 and received support as a way forward.

Following the meeting, external consultants had been appointed to visit each Centre and prioritise the proposed works focussing on the following customer experience areas:

- Changing areas
- Reception areas
- Public toilets
- Meeting rooms
- Other communal areas

These visits took place during October 2025 and the consultants were accompanied by staff from the Council and representatives from Leisure SK Ltd. The overwhelming conclusion was that the funding should be primarily focused on the changing areas and facilities as these have the most negative impact on the customers and have not been adequately maintained for a number of years. In respect of the Meres leisure centre, this will be the changing village adjacent to the pools.

In summary the priority focus is to be:

- Fixtures and fittings
- Replacement of missing items – seats, handles etc
- Decoration improvements
- Deep cleaning
- Replacement of ceiling tiles

The Deputy Chief Executive (S151 Officer) provided a visual presentation to the Committee to outline the immediate obvious issues at each of the sites (3 leisure centres and SK Stadium).

One Member formally requested a explanatory press release be prepared to inform residents of the financial figures and planned works.

The Deputy Chief Executive (S151 Officer) accepted the £500k was a low amount of funding and it was felt a higher amount of money could be spent on each of the sites, however, the funding was capped at £500k.

The Meres leisure centre and SK Stadium were in worse condition due to having the highest usage, this had been reflected in the allocation and share of the £500k and also recognises the need for a further allocation of £500k to the Leisure Investment Reserve within the Cabinet budget proposals for 2026/27.

It was further clarified that the report at present had been reviewed by a consultant, and a specification had not yet been to the market. The feedback from the consultant only provided advice on where the most return for the investment would be.

(Councillor Tim Harrison arrived at the meeting at 10:40am)

One Member noted that all Council assets should be well looked after. It was felt that further funding would be required to refurbish the buildings.

The Cabinet Member for Property and Public Engagement confirmed it was Cabinet's priority to ensure funding is explored to maintain Council assets.

The Deputy Chief Executive (S151 Officer) clarified the figures provided were provisional until the Council went out to market. The Council were developing the new contract procedural rules and exploring the use of local supply chains to source the work.

One Member noted that local residents had provided negative feedback on the Meres Leisure Centre changing facilities.

One Member highlighted they would prefer to see the initial funding spent on Bourne and Stamford Leisure Centres before working on the upgrades at the Meres Leisure Centre, it was felt the facilities at the Meres were in the worst condition.

South Kesteven stadium was primarily used by Grantham Football Club and other community groups. It was suggested that £100,000 on the stadium may be best spent elsewhere and the stadium upgrades be reviewed once the lease with Grantham Football Club had been arranged.

The Committee were reminded that South Kesteven Stadium served the whole District and not just Grantham.

One Member offered to provide a tour of the stadium to provide a visual insight of the upgrades it required.

It was suggested a communication strategy be created to inform the users of the leisure centres and stadium on the overdue maintenance planned.

Clarification was sought around the meaning of 'contract to preliminaries'

The Head of Service (Property and ICT) clarified contract to preliminaries referred to costs associated with the contract being on site which included welfare costs and any set up for compounds and the hire of equipment to carry out the works.

The Cabinet Member for Property and Public Engagement clarified that all centres and the stadium were a priority, rather than a specific one.

One Member hoped that residents of South Kesteven would benefit from the refurbishment of the changing room facilities across all the Centres prior to Local Government Reorganisation.

It was highlighted that a new leisure centre was due to open in Spalding in 2026. Concern was raised that this may have a negative impact on Bourne Leisure Centre facilities.

It was proposed, seconded and **AGREED**:

1. **To support the allocation of the funding of £500k to refurbish the changing room facilities across all the Centres.**
2. **Recommend that Cabinet consider a further allocation of £500k to the Leisure Investment Reserve within their budget proposals for 2026/27.**

44. General Fund Quarter 2 Budget Monitoring Report 2025/26

The Leader of the Council presented the report which outlined the Council's forecast 2025-26 financial position in respect of September 2025 revenue and capital budgets.

The report had previously been presented and approved by Cabinet on 4 November 2025.

The General Fund was performing strongly and currently had a underspend of £499,000. The underspend was mainly due to fuel price reductions, utility cost reductions, lower tariffs, an increase in car parking income, planning fee income and green waste income.

The salary vacancy continued to be monitored and was on track to be achieved by 31 March 2026.

In terms of the capital programme, there was an overall of 1.26% variance for all schemes, which had been presented in table 4 of the report.

The report provided information regarding the collection rates for council tax and business rates which confirmed no areas of concern at this stage of the financial year.

A query was raised on whether the Council received any income from the cardboard waste collections.

It was clarified the Council were the waste collection authority and Lincolnshire County Council were the waste disposal authority. Therefore, the Council only incurred the costs of waste collection.

The return on investments was at 4.3% which seemed positive. It was queried what notice period was applied to notice accounts.

The Council take advice from MUFG on their investments. Investments had previously been discussed at a Governance and Audit Committee held on 13 November 2025.

A query was raised on whether the budget underspend was a 'one-off' or whether the Council would be in the same position in years to come.

It was noted the National Pay Award was 2% higher than budgeted for. It was questioned whether the Pay Award had come from the local priorities reserve and how this would be sustainable in future.

The Deputy Chief Executive (S151 Officer) confirmed the local priority reserve may not be required to fund the 3.2% Pay Award. Underspends and overachieving budget lines would be used to fund the Pay Award increase instead of the local priority reserve.

The Leader of the Council drew the Committee's attention to table 2 where significant variances were outlined.

A query was raised about whether the Council was considering lowering planning fees and encouraging people to apply for more development.

The Deputy Chief Executive (S151 Officer) informed the Committee that the majority of planning fees were set by Government and not by the Council. The reason for the increased income of budget of £250,000 was due to late notification from Government on the increases alongside additional planning applications.

In previous years, Government had not increased planning fees at all. The Council had budgeting on the assumption there would be no increase on planning fees.

One Member noted a £60,000 overspend on the decarbonisation scheme. A query was raised if there was a payback period for the overspend.

The Leader of the Council stated there would be around a 30-year pay back, however, the decarbonisation project at the Meres leisure centre would bring a reduction in their energy bills and would generate savings from utility consumption. The overspend would be a 'one-off' cost from the property reserve.

One Member raised a point in terms of the planning fee income. It was noted of the £250,000 surplus, £162,000 was related to a large solar farm planning application.

It was noted that local developers looking to build houses were critical of the discretionary fees of the Council.

The Assistant Director of Finance (Deputy S151 Officer) highlighted the only discretionary charges were during the pre-planning stage.

Green waste income was bringing in a £100,000 surplus over budget. A query was raised on whether the Council would explore bringing the cost of green waste down after making the saving.

The Council currently charged the second highest rate in the County for green waste. The routes had been changed to save a significant amount of money, therefore, understand how the income saved would be utilised was questioned.

The Deputy Chief Executive (S151 Officer) clarified the green waste round review was around cost avoidance due to the growth of the District as a whole. The routes became outdated, insufficient and were based on a different geographical layout.

(Councillor Graham Jeal left the meeting at 11:40).

The Committee:

1. Reviewed and noted the forecast 2025/26 outturn position for the General Fund Revenue and Capital budgets as at the end of September 2025.

45. Housing Revenue Account (HRA) Budget Monitoring Report 2025/26

The Leader of the Council presented the report.

The report had previously been presented and approved by Cabinet on 4 November 2025.

The forecast pressure had previously been highlighted in the budget monitoring report presented to Cabinet on 9 September 2025. Since the report, the forecast has since increased to a projected overspend of £2.781m.

This overspend was due to the clearance for maintenance backlog, tackling void turnaround times and improving performance from 79 days in March 2025 to 54 days in August 2025. Another factor was properties being left in a poor condition by outgoing tenants, the increase in material costs and emerging legislative responsibilities and new statutory obligations.

A preliminary breakdown of the forecast overspend is attributable to the factors revealed:

- £1.7m on addressing backlogs and meeting performance targets.
- £0.35m in inflationary and other additional material costs.
- A potential £0.85m in regulation changes.

It was requested the Committee support the report to tackle the issue and ensure sufficient resources were available for the service to continue working on backlog.

The Deputy Chief Executive (S151 Officer) clarified the spend pressures on this particular budget first came to Officers attention in February 2025 (Q3 report). It was noted social landlords were experiencing a high amount of pressure from regulators and lack of funding.

A concern was raised that the 30-year business plan for the HRA needed to show a solvent and sustainable financial outlook, however, problems were arising for the next 2-3 years.

In order to meet these unbudgeted costs, the only viable option available is to propose the use of the HRA reserves in the following way:

- £1.000m from the Reactive Repairs Reserve
- £1.781m from the HRA Priorities Reserve

Governance and Audit Committee had previously created a £1m reserve to deal with the HRA overspend at year end.

Collection of £14.761m as of 5 October 2025 against an annual debt of £29.856m, as shown in table 4 of the report, the collection rate was 0.65% below target equating to £0.167m.

One Member requested further clarification on the breakdown of the overspend as a third of the money was projected for legislation changes.

Concern was raised on the possibility of providing 'value engineering' in the future in terms of housing in order to save money. It was felt that housing may fall behind again due to the lack of funding.

The Government had consulted on rent convergence, where social rents could be harmonised to affordable rent levels. There are opportunities for the Council to consider a £1-2 increase on those properties per week. This model could result in around £600,000 additional rental income.

Concern was raised around the New Renters Right Bill and how this would accumulate pressure on the Council via repairs.

It was confirmed any obligations and pressures would be included within the budget reported to Cabinet.

One Member highlighted that more legislations, responsibilities, obligations and costs given to social landlords, the greater the demand for social housing be brought onto local authorities as private landlords were selling their properties.

It was requested whether a figure for the cost of void properties in terms of lost rent could be provided.

Some tenants left properties in poor condition, one Member felt that more regular inspections were necessary.

The Leader of the Council clarified problems around access to tenants' properties related to essential maintenance, fire, and electrical safety inspections. In some cases, Court Orders were sought on some Council tenants where they had refused to leave.

One Member shared his disappointment that the HRA had a projected overspend of £2.781m.

The Leader of the Council highlighted the overspend was a direct consequence of the neglect of housing services from the previous administration. It was felt housing should be expanded in order to accommodate many individuals on the housing register.

The Cabinet Member for Housing clarified the housing service area had made major improvements in their team.

The Deputy Chief Executive (S151 Officer) emphasised the £2.7m figure was a forecast for March 2026. As at the end of September 2025, the Council were not overspending on that line, however, resources were being put into place to expect a possible overspend of £2.781m.

A query was raised on whether the Council could request S106 contributions from housing developers.

The HRA was a ringfenced fund and S106 contributions would be for health, education and not for housing.

Concern was raised that another aspect may expedientially take the HRA out of scale.

Each time re-let a house, new carpets AWABS Law – make buildings fit without significant increases in rent.

Housing developments had a requirement for 10-30% of the properties to be affordable or social housing (housing associations or Council).

The Committee were reminded that reserves were set out in the Council report.

The Committee:

Reviewed and noted the forecast 2025/26 outturn position for the HRA Revenue and Capital budgets as at the end of September 2025.

46. Localised Council Tax Support Scheme Proposals 2026/27

The Leader of the Council presented the report which reviewed the council tax support scheme and its sustainability.

Despite the scheme being a local scheme, due to the nature of protection provided to pensioners and vulnerable working age customers, the Council will always incur some costs over which it has no influence.

Due to the protections from changes to pensioners and vulnerable working age customers, any reduction in cost to the proposed scheme can only be applied to the 883 working age customers, or 12.19% of the caseload. This means out of the

Council's current share of the cost of £737,053 – only £89,847 (12.19%) can be influenced by any change made to the current scheme. This is a reduction from 14.34% at the same point in 2024.

A consultation had taken place for a no change scheme in September 2025 and of the 7,243 surveys issued, 440 people responded at a response rate of 6%.

Overall, 83% of respondents agreed with the principles of the current scheme, and 84% of respondents agreed the Council had worked hard to ensure that its Council Tax Support Scheme was fair, protects pensioners and those in vulnerable groups, and responds to local concerns.

A query was raised on the discretionary council tax payment fund and whether people were aware of the fund or if the criteria was too strict. There was £30k of the fund available and only £8.5k had been used.

The Head of Service (Revenues, Benefits, Customer Service and Community) clarified that many people were unaware of the fund, however, work was being undertaken to promote the fund.

One Member queried whether Lincolnshire County Council were content with the current scheme, as their political control had recently changed.

The Leader of the Council confirmed Lincolnshire County Council were content with the current scheme.

It was proposed, seconded and **AGREED**:

- 1. Consider and comment on the feedback from the public consultation.**
- 2. Recommend to Cabinet a 'no change' Local Council Tax Support Scheme for 2026/27.**

47. Discretionary Payment Policies 2026/27

The Leader of the Council presented the report which detailed two discretionary payment policies that are reviewed each year.

The policies provide flexibility and support available to eligible residents, alongside alleviating poverty, preventing homelessness and addressing individual needs.

The administration of the Discretionary Council Tax Payment Policy was at the Council's discretion. Funding was solely provided by SKDC and each year, a provision of £30,000 was made.

It was proposed to make one change to the policy from 1 April 2026. The change was to limit the amount of household capital to £4,000.

The administration of a Discretionary Housing payment policy was based on guidance from Department of Working Pensions, as well as areas of eligibility which were at the discretion of the Council. Funding was determined by Department of Working Pensions on an annual basis. For 2026/27, they had provisionally confirmed a no change to the existing funding allocation (£156,000).

An integration of the Discretionary Housing payment into the crisis resilience fund would be a phased approach by March 2029.

Both policies and relevant changes were included as part of a local council tax support consultation, with 90% of respondents agreeing to the policies with no change.

Concern was raised on the £4,000 limit on household capital during cost-of-living pressures. It was queried how the Council decided the £4,000 limit was the right 'cut off' point and was anything in place to monitor the impact of people just above the limit.

The Head of Service (Revenues, Benefits, Customer Service and Community) confirmed that applications could be reconsidered in any circumstances of crisis where an individual has dropped below the £4,000 limit. Any changes implemented would be monitored thoroughly.

It was confirmed the Council would communicate with residents on the £4,000 limit, any changes that were due to be implemented and inform them that if circumstances were to change, a reapplication should be made.

A query was raised on whether the Council work towards the £30,000 contribution level or whether the level needed to be increased.

The Head of Service (Revenues, Benefits, Customer Service) clarified the contribution level was monitored on a monthly basis. In 2024, there was an underspend of £82. The team would continue to review the level and should there be a need to increase it, a delegated decision would be taken in-year to the Deputy Chief Executive (S151 Officer).

One Member queried whether ongoing support and advice was taking place following the 'one-off' payment.

The Head of Service (Revenues, Benefits, Customer Service) assured the Committee that support was being provided.

ACTION: For the Head of Service (Revenues, Benefits, Customer Service and Community) to provide case studies on how residents and tenants were being supported.

It was proposed, seconded and **AGREED** to:

1. Consider and comment on the feedback from the public consultation.
2. Recommend to Cabinet the Discretionary Council Tax Payment Policy for 2026/27 with a change to limit the amount of household capital (claimant and/or partner) to £4,000
3. Recommend to Cabinet a 'no change' Discretionary Housing Benefit Policy for 2026/27.

48. Work Programme 2025/26

The Committee noted the Work Programme 2025/26.

The following items would be brought to the meeting being held on 24 February 2026:

- General Fund Quarter 3 Budget Monitoring Report 2025/26
- Housing Revenue Account (HRA) Budget Monitoring Report 2025/26
- Turnpike Depot Update – Closure Report
- UKSPF 25/26 allocation update
- Economic Development Strategy 2024-28 Update
- Car Parking charges

The Chairman queried when an update would be brought back to the Committee on St Martins Park, Stamford. The item would be added to 'unscheduled items' until a date was known.

A further query was raised about when a fees and charges document would be brought to the Committee.

It was confirmed that fees and charges would be considered at the Budget Overview and Scrutiny Committee meeting being held on 13 January 2026.

49. Any other business, which the Chairman, by reason of special circumstance decides is urgent

There were none.

50. Close of meeting

The Chairman closed the meeting at 12:40.

This page is intentionally left blank

ACTION SHEET

Finance and Economic Overview and Scrutiny Committee

To provide members with an update on actions agreed at the meeting held on 18 November 2025.

Min No	Agenda Item	Action	Assigned to	Comment/Status	Deadline
42	Turnpike Close Depot Update – November 2025	For a report to be brought the Committee in the future to outline proposals for the Mowbeck Way site.	Democratic Services	Added to Work Programme under 'unscheduled items'.	Complete
47	Discretionary Payment Policies 2026/27	For the Head of Service (Revenues, Benefits, Customer Service and Community) to provide case studies on how residents and tenants were being supported.	Claire Moses (Head of Service (Revenues, Benefits, Customer Service and Community))	Email sent to Committee Members on 10 December 2025.	Complete

This page is intentionally left blank



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Finance and Economic Overview and Scrutiny Committee

Tuesday, 24 February 2026

Report of Councillor Ashley Baxter
Leader of the Council,
Cabinet Member for Finance, HR and
Economic Development

General Fund Finance Update Report: Quarter 3 (April to December) 2025

Report Author

Richard Wyles, Deputy Chief Executive and s151 Officer

✉ Richard.wyles@southkesteven.gov.uk

Purpose of Report

To present the Council's forecast 2025/26 financial position as at end of December 2025 with specific regard to:

- General Fund Revenue Budget
- General Fund Capital Programme

Recommendations

Finance and Economic Overview and Scrutiny Committee is asked to:

Review and note the forecast 2025/26 outturn position for the General Fund Revenue and Capital budgets as at the end of December 2025.

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	All
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

1.1 The financial implications are included throughout the report.

Completed by: *Richard Wyles Deputy Chief Executive and s151 Officer*

Legal and Governance

1.2 As part of good governance, it is important members are kept updated in respect of the financial position of Council expenditure during the year.

Completed by: *James Welbourn, Democratic Services Manager*

Risk and Mitigation

1.3 A Risk Register is at Appendix B and shows that all known current financial risks are recognised and associated mitigating actions are in place.

Completed by: *Tracey Elliott, Governance and Risk Officer*

2 Background to the Report

2.1 During the current financial year, the Finance and Economic Overview and Scrutiny Committee (FEOSC) is provided with regular finance reports. These monitor and forecast (expenditure and income compared with the budgets approved by Council and provide explanations for any significant variances.

3 Revenue Budget 2025/26 – General fund

3.1 The net cost of service budget set by Council on 27 February 2025 was £26.968m (excluding HRA recharge). In order to show variances against all controllable budgets, investment income received from treasury management activity has also been included in the report.

3.2 Budgets have been updated to reflect approved budget carry forwards and in-year virements; these increase the controllable budget to £28.631m.

3.2 Table 1 shows the forecast outturn position as at 31 December 2025 and Table 2 shows the significant forecast variances.

Table 1 – General Fund Revenue Forecast Outturn Position

Directorate	Current Budget 2025/26 £'000	Forecast Outturn 2025/26 £'000	Variance £'000	Variance %
Corporate Governance & Public Protection	4,443	4,599	156	3.5%
Finance Property & Waste Services	13,142	13,243	101	0.8%
Growth & Culture	9,794	9,343	(451)	(4.6%)
Housing & Projects	2,033	1,988	(45)	(2.2%)
Net Cost of Service	29,412	29,173	(239)	(0.8%)
Investment Income	(781)	(903)	(122)	(15.6%)
(Surplus) / Deficit	28,631	28,270	(361)	(1.3%)

Table 2 – General Fund Revenue – Significant Variances

CROSS DIRECTORATE	£'000
<p>Fuel</p> <p>A reduction in inflationary price increases has resulted in a forecast underspend of (£266k). The underspend has increased from Q2 as the anticipated increases haven't been as high. The current projection models a 0.3% increase per week for the remainder of 2025/26. The budget was set using a price of 141p but actual prices have been as much as 28% below this remaining relatively stable with previously predicted increases not arising.</p>	(266)
<p>Utilities</p> <p>The council continues to financially benefit from energy prices secured via the ESPO utility procurement framework which are currently being purchased at a unit rate lower than the budgeted rate.</p>	(250)
<p>Salaries</p> <ul style="list-style-type: none"> A pay award in line with the national award for 2025/26 of 3.2% was endorsed by the Employment Committee. This award is in excess of the 2% budgeted and the resulting overspend of up to £244k can be funded from the Local Priorities Reserve. However, as the General Fund is currently showing an overall underspend, it may not be necessary to utilise the Reserve. Salary budgets are prepared with a 3% vacancy factor (£572k) to reflect staff turnover. 	317

<ul style="list-style-type: none"> • Including within the projected overspend are additional resource costs with the finance service relating to project support and backfill arrangement to support the migration to the new finance system. There has also been a number of vacancies in year requiring agency cover whilst recruitment took place. • Within the corporate governance directorate additional costs have been incurred to provide temporary monitoring officer cover during the year but these have been met by savings from the vacant director role and the previous Director of Growth post which was removed from the establishment. 	
<p>Investment Income Higher average interest has been achieved on investments which are currently averaging 4.27% return compared to 3.25% budget as well as higher than anticipated investment balances. This is marginally reduced from Q2 as a result of reduced level of investment balances.</p>	(122)

FINANCE, PROPERTY & WASTE SERVICES	£'000
<p>Car Park Income</p> <ul style="list-style-type: none"> • The recent extension to the Cattlemarket Car Park in Stamford has increased capacity by 146 spaces (a 53 % increase). Based on projected growth in ticket sales, this is expected to generate an additional £80k income in-year. This is a pro rata figure based on charges coming into effect from 29th August 2025. • This has been partly offset by a reduction of £20k in car park fine income due to staffing pressures on enforcement activity. 	(60)
<p>Green Waste Income Additional income of £130k has been received due to higher than budgeted take-up of the scheme. Over 31,000 households joined the green waste service for 2025/26.</p>	(130)
<p>Council Tax Administration Subsidy Grant The Local Council Tax Support Administration Subsidy Grant is no longer received separately as part of the net cost of service. This has now been rolled into Revenue Support Grant.</p>	195
<p>IT Licences There have been some budgetary pressures incurred during 2025/26 as a result of: higher than anticipated increases in annual licences; overlap in software support for the finance system; alongside an additional system implementation for Fix My Street.</p>	91
<p>Bulky Waste Income The additional vehicle intended to increase the bulky waste service capacity has not yet been delivered and a vehicle is currently being hired as a temporary solution. The income reduction is offset by vacancy savings as the required driver and loader are not yet recruited.</p>	78

Trade Waste Income Whilst retention rates are at 95% there has been some turnover in the customer base including two major customers with contracts worth a total of £20k cancelling the service during the current financial year. Marketing is underway to secure alternative contracts.	30
--	-----------

GROWTH AND CULTURE	£'000
Planning Fee Income Planning Fee Income has risen above estimated levels during Quarters 1 to 3. This is partially due to the Council receiving an application for a solar farm with combined application fees of £162k. In addition, the Government increased planning application fees in April 2025 for some applications, e.g. the fee for householder applications has doubled. This increase was not known at budget setting. An increase in the number of applications received in the Quarter has also contributed to the additional income.	(250)
LeisureSK (LSK) Ltd Under the new agency model LSK Ltd is projecting a surplus during the current financial year which will be passed back to the Council (under the operating model) and will be used to contribute towards the £150k cashflow support provided at the beginning of the financial year	(127)

4 Capital Budget 2025/26 – General Fund

- 4.1 The budget set by Council on 27 February 2025 was £15.179m. Budgets have been amended in line with the approved budget carry forwards and further budget approvals, increasing the 2025/26 budget to £18.444m.
- 4.2 Table 3 shows the forecast outturn position as at 31 December 2025 and Table 4 shows the significant forecast variances with further detail provided in Appendix A.

Table 3 – General Fund Capital Forecast Outturn Position

Directorate	Current Budget £'000	Forecast Outturn £'000	Variance £'000	Variance %
Corporate Governance & Public Protection	1,370	1,380	10	0.73
Finance, Property and Waste Services	12,218	10,980	(1,238)	(10.13)
Growth and Culture	2,032	1,939	(93)	(4.58)
Housing and Property	2,824	2,884	60	2.12
Total	18,444	17,183	(1,261)	(6.84)

Table 4 – General Fund – Significant Variances

Explanation of Significant Variance	£'000
<p>Street Scene Vehicle Procurement Following approval of the contract in October 2025 to procure 54 vehicles, the relevant orders have been raised but due to the large number of vehicles, delivery is now expected in April 2026. Therefore, a budget carry forward request has been made.</p>	(1,326)
<p>Vehicle Replacement Programme Overspend anticipated due to savings of £45k available on early purchase of freighter as opposed to delaying into 2026/27.</p>	200
<p>Depot The depot is now live and operational. Project closure reports are being prepared with an overall saving across the whole project of £129k.</p>	(99)
<p>Financial System Upgrade There were some additional project support costs required to ensure the finance system Go Live date was achieved in August 2025. This project is now completed and no further spend is required.</p>	54
<p>Decarbonisation Scheme Project commenced on site in July 2025 and due to complete by March 2026. Removal of Combined Heat and Power units and provision of temporary generators together with increased contract cost of £24k has resulted in an overspend of £60k. This is to be financed from Property Maintenance Reserve.</p>	60
<p>Council Chamber Audio Equipment This project has been carried forward into the next financial year with the overall budget increasing by £20k to £88k and included in the 2026/27 capital programme.</p>	(68)

4.3 As part of the 2026/27 Budget report being presented to Council on 26 February 2026 a total of **£1.389m** is being requested as Carry Forwards from the current year's programme into 2026/27:

- **£1.326m** Street Scene Vehicle Procurement
- **£0.040m** Cycle Shelter
- **£0.023m** Coronation Orchards -

5 Performance Update - Council Tax and Business Rates

5.1 Table 5 details the current collection rates against target for 2025/26.

Table 5 – Collection Rates

Target Rates	Council Tax	Business Rates
Target annual collection rate	98.33%	98.68%
Target collection rate to end of December 2025	82.61%	81.32%
Actual collection rate to end of December 2025	82.49%	80.81%
Variance compared to Target	(0.12%)	(0.51%)

5.2 Council Tax:

- Collection of **£91.430m** as of 31 December 2025 against an annual debt of **£110.838m**. As shown in the table above, the collection rate is below target (2024/25 collection) by **0.12%** or **£133,006** (SKDC share being **£11,971**). However, this is within 2025/26 tolerance target of +/- 1%.
- All 7 Districts in Lincolnshire share their collection rates each month. 6 of the Districts are also below their collection targets of which we are the closest to meeting the target.
- South Kesteven also have the highest net collectable debt in the county (**£110.838m**). The next highest debt is **£109.446m**.

5.3 Business Rates:

- Collection of **£37.458m** as of 31 December 2025 against an annual debt of **£46.352m**. As shown in the table above, the collection rate was **0.51%** or **£236,396** below target (2024/25 collection). However, this is within 2025/26 tolerance target of +/- 1%.
- All 7 District Councils in Lincolnshire share their collection rates each month. Only 2 Districts are above their collection target.
- South Kesteven has the second highest net collectable debt in the county (£46.352m), The highest Council's debt is £47.265m.

6 Reasons for the Recommendations

- 6.1 Members should be kept updated on the financial position of the Authority, because effective budget management is critical to ensuring financial resources are targeted towards the Council's priorities. Monitoring enables early identification of variations against the plan and timely corrective action.

7 Consultation

- 7.1 Budget Monitoring reports are presented throughout the Financial Year to the Cabinet and FEOSC to keep Members up to date regarding the projected financial outturn position.

8 Appendices

- 8.1 Appendix A – 2025/26 General Fund Capital Monitoring
- 8.2 Appendix B – 2025/26 Finance Risk Register

	Scheme Description	Latest Budget Annual £	Forecast Outturn £	Forecast Variance £	Carry Forward Request £	Comments
1	Disabled Facilities Grant	1,219,000	1,219,000	0		Works are progressing as expected. To date 131 applications have been approved and 111 have been completed. There is a potential for some works to slip into 2026/27 depending timings of works which may result in a carry forward being requested as part of the outturn review.
2	CCTV	151,000	161,000	10,000		Works continue to progress, an expected overspend of £10k on the camera installations and fibre circuits which are the projects carried over from 2024/25. The new £56k budget relates to University Square and works are progressing.
CORPORATE GOVERNANCE & PUBLIC PROTECTION		1,370,000	1,380,000	10,000	0	
3	Street Scene Vehicle Procurement	1,326,000	0	(1,326,000)	1,326,000	Procurement complete and final orders being confirmed. Due to the large number of vehicles being purchased delivery is now expected in April 2026. Therefore a budget carry forward request has been made.
4	Wheelie Bin Replacements	145,000	145,000	0		Bins are ordered when required, it is anticipated that all the budget will be utilised.
5	Food Waste	1,543,000	1,543,000	0		All vehicles and caddies required for the roll out of the new service have been delivered.
6	Bulky Waste Collection Vehicle	48,000	48,066	66		Procurement complete.
7	Waste Service In-Cab System	43,000	43,000	0		New In-cab system procured and initiation started. Final integration works to be completed by the end of the financial year.
8	Vehicle Replacement Programme	1,139,000	1,339,000	200,000		Overspend anticipated due to savings of £45K available on early purchase of freighter. Budget for 2026/27 has been adjusted accordingly. Procurements are staggered to ensure maintenance schedules are staggered.
9	Cattle Market Stamford	300,000	273,181	(26,819)		Works to main contract are now complete with surfacing works finished and car park live. Retention £26K is being held on the contract for 12 months. Chargers have also now been activated. Additional works came in under budget.
10	Mechanical & Electrical Replacement	220,000	220,000	0		All works are due to be completed by the end of the financial year
11	Depot	6,188,000	6,089,000	(99,000)		Depot is now live and operational (the budget shown is the carry forward from 2024/25). Project closure reports are being prepared with an overall saving across the whole project of £126k
12	Guildhall Arts Centre Roof	286,000	285,929	(71)		Roofing works and re-activation of the clock tower bell chime have now completed. Turret has been removed from site and refurbishment works ongoing with the view to re-instate the turret and undertake stonework repairs by the end of the financial year.
13	Cycle Shelter & Changing	40,000	0	(40,000)	40,000	Project under review and proposed for carry forward into 2026/27
14	Financial System Upgrade	200,000	254,217	54,217		New Unit 4 system went Live in August 2025. Overspend relates to additional consultancy support required from Unit 4 for Go Live preparation.
15	Deepings Community Centre Roof	150,000	150,000	0		Roofing works now completed. The balance of the works was funded from Shared Prosperity Fund.
16	Wharf Road Grantham Car Park	350,000	350,000	0		Main works have now completed on site. Some outstanding snagging works being undertaken prior to signoff. Retention to be held on this project.
17	Leisure SK Equipment Loan	240,000	240,000	0		Gym refurbishment project completed
FINANCE, PROPERTY & WASTE SERVICES		12,218,000	10,980,393	(1,237,607)	1,366,000	

	Scheme Description	Latest Budget Annual £	Forecast Outturn £	Forecast Variance £	Carry Forward Request £	Comments
18	Play Parks	231,100	229,603	(1,497)		A number of play parks across the district have been improved during the year including larger schemes hat Bourne Wellhead and Harrowby Lane (funded through s106).
19	Skate Park, Wyndham Park	125,000	125,000	0		Project complete - Skate Park formally opened in February 2026
20	Multi Use Games Area - Dysart Park	35,500	35,411	(89)		MUGA court funded by UKSPF and SEA reserve, due to be completed by end of financial year
21	Coronation Living Heritage Fund Orchards	33,000	10,000	(23,000)	23,000	Only £10k of Grant claims expected to paid out in the current financial year with the remainder being carried forward into 2026/27
22	Future High Street Fund	1,539,000	1,539,000	0		On track to fully spend by March 2026. Contracts are now all in place with works to be completed by the end of the financial year.
23	Council Chamber Audio Equipment	68,000	0	(68,000)		This project has been put on hold pending the outcome of LGR decision. Budget has been increased to £88k and included in the 2026/27 capital programme.
GROWTH & CULTURE		2,031,600	1,939,014	(92,586)	23,000	
24	Decarbonisation Scheme	2,824,000	2,884,000	60,000		Project commenced on site in July 2025 and due to complete by March 2026. Removal of CHP units and provision of temporary generators together with increased contract cost of £24K has resulted in an overspend of £60K which will be funded from reserves.
HOUSING & PROJECTS		2,824,000	2,884,000	60,000	0	
Grand Total		18,443,600	17,183,407	(1,260,193)	1,389,000	

Appendix B – General Fund Finance Risk Register

Risk	Likelihood	Impact	Residual Risk Score	Mitigating Action
1. Reduced funding levels from 2026/27 and beyond	4	3	14 Very High	The Government has recently concluded their funding review consultation and confirmed as part of the provisional budget announcements a multi-year settlement effective from 2026/27. The final settlement had a significant change with the announcement of reduced funding. Whilst a one-off off grant has been provided to mitigate the loss in 2026/27, there is no guarantee of additional funding in future years. Overall funding amounts will reduce over the three-year period and despite the transitional funding arrangements deficits are forecast from 2027/28. The Council will need to manage the funding reductions over the settlement period to ensure a balanced budget is achieved from 2027/28 onwards.
2. Capital programmes requiring borrowing in the medium term	3	3	12 High	Continue to undertake financial modelling to identify consequences of undertaking borrowing and align this with savings that will need to be approved before borrowing is undertaken in order to ensure ongoing affordability and financial sustainability. The capital programme can currently be financed without borrowing although this is kept under review.
3. Increase in bad debts as a result of economic circumstances	3	2	8 High	The Council has pro-active debt management procedures in place. Additional resources are being included within the 2026/27 budget proposals to support effective debt recovery.
4. Increased maintenance costs of council assets	3	2	8 High	The budget proposals for 2026/27 include further funding to help address backlog asset maintenance issues and capacity is under review to support the delivery of several large scale General Fund property projects. The medium-term outlook is a continuation of high levels of maintenance that will require financing.
5. Inflation increases beyond budgeted levels	2	2	5 Medium	Budget assumptions kept up to date with most recent projections and monthly sensitivity analysis is produced to monitor the impact of inflationary increases.
6. Fee Income volatility	2	2	5 Medium	Early monitoring of deviations and regular reporting to both budget holders and members.
7. Fuel price volatility	1	3	6 Medium	Weekly monitoring of fuel charge and proactive interventions to ensure optimisation of fuel consumption.

Impact	Critical None or very low tolerance to the risk	4	10 Medium	13 High	15 Very High	16 Very High
	Major Some tolerance to the risk	3	6 Medium	9 High	12 High	14 Very High
	Moderate Risk can be tolerated in most cases	2	3 Low	5 Medium	8 High	11 High
	Minor Risk can be tolerated	1	1 Low	2 Low	4 Medium	7 Medium
			1	2	3	4
			Unlikely	Possible	Likely	Certain
			Low but not impossible <20%	Fairly likely to occur 21% - 50%	More likely to occur than not 51% - 80%	Expected to occur in most circumstances >80%
			Likelihood			



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Finance and Economic Overview and Scrutiny Committee

Tuesday, 24 February 2026

Report of Councillor Ashley Baxter
Leader of the Council,
Cabinet Member for Finance, HR and
Economic Development

Housing Revenue Account (HRA) Update Report: Quarter 3 (April to December) 2025

Report Author

Richard Wyles, Deputy Chief Executive and s151 Officer

 Richard.wyles@southkesteven.gov.uk

Purpose of Report

To present the Council's forecast 2025/26 financial position as at end of December 2025. The report covers the following areas:

- Housing Revenue Account (HRA) Revenue Budget
- Housing Revenue Account (HRA) Capital Programme

Recommendations

Finance and Economic Overview and Scrutiny Committee is asked to:

- 1. Review and note the forecast 2025/26 outturn position for the HRA Revenue and Capital budgets as at the end of December 2025.**

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	All
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

- 1.1 The financial implications are included throughout the report. The HRA revenue expenditure continues to be under pressure to manage with the increased budget after the supplementary estimate approved by Council in November 2025. Mitigating actions have had to be put in place to reduce and control spending over the remainder of the 2025/26 financial year.
- 1.2 Members are reminded that the HRA is required to maintain a rolling 30-year HRA Financial Business Plan and the current spending levels are putting the Plan under financial strain and are not sustainable. As set out in the budget report for 2026/27 plans will need to be put in place over the next financial year as we approach the next budget setting cycle to bring the HRA back into balance over the long term.

Completed by: Richard Wyles Deputy Chief Executive and s151 Officer

Legal and Governance

- 1.3 As part of good governance, it is important members are kept updated in respect of the financial position of Council expenditure during the year.

Completed by: James Welbourn, Democratic Services Manager

Risk and Mitigation

- 1.4 A Risk Register is at Appendix B and shows that all known current financial risks are recognised and associated mitigating actions are in place.

Completed by: Tracey Elliott, Governance and Risk Officer

2 Background to the Report

- 2.1 The Finance and Economic Overview and Scrutiny Committee (FEOSC) is provided with regular finance reports for the HRA. These reports monitor and forecast expenditure and income compared with the budgets approved by Council and provide explanations for any significant variances.

3 Revenue Budget 2025/26 – HRA

3.1 The HRA revenue budget set by Council on 27 February 2025 showed a budgeted surplus of £8.059m. The HRA is budgeted to make a surplus in order that the surplus can be transferred to reserves in order to provide funding for the capital programme. Budgets have since been updated to reflect approved budget carry forwards from 2024/25, in-year virements and the supplementary estimate approved by Council on 20 November 2025. These changes have resulted in a reduction in the forecast net surplus of £4.904m.

3.2 Table 1 shows the forecast outturn position as at 31 December 2025.

Table 1 – HRA Revenue Forecast Outturn Position

Directorate	Current Budget £'000	YTD Budget £'000	YTD Actuals £'000	YTD Variance £'000	Forecast Outturn £'000	Variance £'000	Variance %
EXPENDITURE							
Repairs and maintenance	13,600	11,360	11,942	582	13,691	91	0.67
Supervision and Management - General	2,514	2,284	2,260	(24)	2,495	(19)	(0.76)
Supervision and Management - Special	2,322	1,978	1,547	(431)	2,249	(73)	(3.14)
Depreciation and Impairment of Fixed Assets	4,181	0	0	0	4,181	0	0
Accounting Adjustments	3,184	0	0	0	3,184	0	0
Total Exp	25,801	15,622	15,749	127	25,800	(1)	0.00
INCOME							
Dwelling Rents	(29,856)	(22,392)	(21,614)	778	(29,787)	69	0.23
Non-Dwelling Rents	(322)	(268)	(255)	13	(271)	51	15.84
Charges for Services and Facilities	(916)	(764)	(868)	(104)	(950)	(34)	(3.71)
Other Income	(18)	(15)	(42)	(27)	(42)	(24)	(133.33)
Total Income	(31,112)	(23,439)	(22,779)	660	(31,050)	62	0.20
Net Cost	(5,311)	(7,817)	(7,030)	787	(5,250)	61	1.15
Interest Payable	2,043	1,703	1,703	0	2,043	0	0
Investment income	(1,798)	(1,498)	(1,498)	(0)	(1,697)	101	5.62
Net Operating Surplus	(5,066)	(7,613)	(6,826)	787	(4,904)	162	3.20

- 3.3 Overall there is a forecast overspend of £162k across the HRA revenue budgets. Commentary is provided below on the key variances to note.

Repairs and Maintenance

- 3.4 As highlighted in the report to FEOSC on 23 September 2025, there was a significant emerging pressure on the repairs and maintenance budget which required additional budget to be put in place as approved by Council at the meeting on 20 November 2026.
- 3.5 These pressures have continued within the repairs and maintenance budgets and have been closely monitored. As part of the Quarter 3 forecast review there were further concerns based on an initial forecast overspend of £1.4m after taking into consideration actual spend, commitments and projected spend up to 31 March 2026.
- 3.6 In response to this concern, the Technical Services team supported by Finance colleagues has undertaken a thorough review of committed spend and projected spend in order to avoid such a significant overspend. A wide range of actions are being implemented to bring the situation back under control and ensure spend is within the approved budgets.
- 3.7 This review has taken a significant amount of officer time but several key actions have been identified and have been implemented. The following is a summary of the actions:
- Review of the expenditure to remove costs totalling £500k that had been incorrectly coded to revenue budgets that are eligible to be classified as capital expenditure.
 - Deferral of the accelerated programme of stock condition surveys until 2026/27 financial year. However, these were originally budgeted for 2026/27 so there will not be a budget issue arising from the deferral, reducing the forecast by £62k.
 - Allocation of £207k legacy Homelessness Prevention Grant to fund specific works for emergency accommodation.
 - Temporary pause of non-urgent structural works equating to £50k on properties except in cases where there is a health and safety risk.
 - Reviewing all commitments and adjusting to accurately reflect works to be completed by year end which reduced the forecast by £90k
 - Allocate where possible contractor repairs and void works on 90 day time frame to manage expenditure (unless repair presents a health and safety risk) has reduced the forecast by £430k.

Based on the latest financial modelling which is up to the end of January 2026 given the significance of the issue, it is anticipated that the temporary interventions outlined above will contain the projected overspend to £91k. To

help ensure this, weekly finance reports are being provided supported by weekly meetings with the service area to help manage the situation up to 31st March 2026.

Members are reminded that a delegation was put in place by Council to allow a further £250k to be allocated in the event of further financial pressures. Further funding may be necessary if the mitigations outlined above do not achieve the objective of reducing further expenditure.

Supervision and Management -General

- 3.8 Sale of Council Houses – The number of RTB's has reduced since the change in legislation and discount rates. This has led to a reduction in legal and valuation costs resulting in £19k underspend.

Supervision and Management – Special

- 3.9 Lifeline – The forecast has been reduced in line with current expenditure within the Supervision and Management Special heading. During the past two years, units have been replaced which has led to less repair call-outs. Where repairs have been required, they have been covered under warranties issued with the new units. This has resulted in a forecast underspend of £78k.

Income

- 3.10 Overall income levels are being maintained at budgeted levels although rent collection continues to be a challenge as universal credit continues to be rolled across the district. Universal Credit migration has reduced direct payments to the rent account. Previously, Housing Benefit would be paid direct to the rent account. However, for some of those tenants who have migrated to Universal Credit, housing costs are paid directly to them.
- 3.11 Homelessness Units – Recovery of costs has improved over the last year due to the appointment of a new Temporary Accommodation Officer. This has led to more efficient processes and a better recovery rate leading to increased income of £24k.
- 3.12 Investment Income – As a result of the increasing the budget in 2025/26 and the need to draw on reserves to finance this, there is a forecast reduction on investment income of £101k due to having lower balances than expected.

4 Capital Budget 2025/26 – HRA

- 4.1 The budget set by Council on 27 February 2025 was £31.771m. Budgets have been amended in line with approved carry forwards which have increased the 2025/26 budget to £32.354m.
- 4.2 Table 2 shows the forecast outturn position as at 31 December 2025 which is forecasting a potential underspend of £10.416m and Table 3 shows the significant forecast variances with supporting commentary.

Table 2 – HRA Capital Forecast Outturn Position

Directorate	Current Budget £'000	Forecast Outturn £'000	Variance £'000	Variance %
Energy Efficiencies Initiatives	5,041	5,122	81	1.61
Replacement Vehicles	765	0	(765)	(100.00)
New Builds	15,134	6,583	(8,551)	(56.50)
Refurbishment and Improvement	11,414	10,233	(1,181)	(10.35)
Total	32,354	21,938	(10,416)	(32.19)

Table 3 – HRA Capital – Significant Variances

Explanation of Significant Variance	£'000
<p>New Builds Programme</p> <ul style="list-style-type: none"> Swinegate development in Grantham completed in September 25 but was due to finish earlier in the year so the cashflow has been extended as a result of the delay. A purchase order has been raised for Larch Close, Grantham, and construction commenced in September 25. The scheme is now due to complete in December 26 following a significant delays as a result of amendments to the planning permission. Wellington Way, Market Deeping, contract was awarded for 11 units at £1.926m. It was hoped works would start in November 2025 but this has slipped to the New Year due to some pre-commencement planning conditions. Since the forecast position was declared, a further £190k has been approved for this scheme. <p>The cashflows for each scheme are shared with finance colleagues and discussed regularly but, due to delays, this has impacted the budget position.</p>	(8,551)
<p>Replacement Vehicles</p> <p>Vehicles have been ordered but delivery is not expected until next Financial Year. A carry forward has been submitted for the underspend.</p>	(765)

<p>Refurbishment and Improvement</p> <p>There are a number of capital schemes within this area which supporting investment in the housing stock to meet decent homes standards. During the year there has been some fluctuation regarding the prioritisation of works in order to meet emerging pressures. This is resulting in a number of under and overspends across the individual schemes which can be seen at Appendix A.</p> <p>There are two specific schemes – Alarm (£500k) and Fire Protection works (£600k) which are likely to be carried forward into 2026/27.</p>	<p>(1,181)</p>
<p>Total</p>	<p>(10,028)</p>

In respect of the refurbishment and improvement programme, there are a number of significant variances as priorities for expenditure have changed during the year. Budgets were set against existing stock condition survey information but works are checked through pre-inspections to ensure they are still required. This has resulted in movements between schemes where works have been reprioritised. Overall, there is a projected underspend of £1.181m and a carry forward budget request of £1.1m.

5 Reasons for the Recommendations

- 5.1 Members should be kept up to date regarding the financial position of the Authority. Effective budget management is critical to ensuring financial resources are targeted towards the Council’s priorities. Monitoring enables early identification of variations against the plan and timely corrective action.

6 Consultation

- 6.1 Budget Monitoring reports are presented throughout the financial year to the Cabinet and FEOSC to keep Members up to date regarding the projected financial outturn position.

7. Appendices

- 7.1 Appendix A – 2025/26 HRA Capital Monitoring
7.2 Appendix B – 2025/26 HRA Finance Risk Register

This page is intentionally left blank

2025/26 HRA Capital Programme - Monitoring Statement to 31st December 2025

	Scheme Description	Latest Budget Annual £	Forecast Outturn £	Forecast Variance £	Carry Forward Request £
1	Central Heating, Ventilation and boiler replacements	1,300,000	1,360,000	60,000	0
2	Social Housing Decarb. Fund - Wave 3	3,740,700	3,761,950	21,250	0
	ENERGY EFFICIENCY	5,040,700	5,121,950	81,250	0
3	Repairs Vehicles	765,000	0	(765,000)	765,000
	PURCHASE OF VEHICLES	765,000	0	(765,000)	765,000
4	Housing Development Investment	15,134,000	6,583,000	(8,551,000)	8,551,000
	NEW BUILD PROGRAMME	15,134,000	6,583,000	(8,551,000)	8,551,000
5	Re-wiring	500,000	500,000	0	0
6	Passenger Lifts, Supported Housing Scheme	100,000	10,000	(90,000)	0
7	Alarms	692,000	135,000	(557,000)	500,000
8	Fire Protection	2,000,000	300,000	(1,700,000)	600,000
9	Compliance Works	500,000	30,000	(470,000)	0
10	Tunstall	298,000	298,000	0	0
11	Physical Disabled Adaptations	200,000	400,000	200,000	0
12	Re-roofing	1,250,000	990,000	(260,000)	0
13	Fencing	100,000	200,000	100,000	0
14	Kitchen Refurbishments	1,600,000	2,750,000	1,150,000	0
15	Bathrooms Refurbishments	1,100,000	1,700,000	600,000	0
16	External Wall Finishes	250,000	250,000	0	0
17	Doors & Windows	1,500,000	1,500,000	0	0
18	Communal Rooms	213,000	120,000	(93,000)	0
19	Door Entry System	80,000	80,000	0	0
20	Exterior Refurbishment	400,000	270,000	(130,000)	0
21	Major Void Works	431,000	500,000	69,000	0
22	Structural Refurbishment	200,000	200,000	0	0
	REFURBISHMENT AND IMPROVEMENT	11,414,000	10,233,000	(1,181,000)	1,100,000
	Grand Total	32,353,700	21,937,950	(10,415,750)	10,416,000

This page is intentionally left blank

Appendix B – Housing Revenue Account Finance Risk Register

Risk	Likelihood	Impact	Residual Risk Score	Mitigating Action
1. Unbalanced HRA Business Plan	3	4	14 High	Continue to undertake financial modelling of the HRA Business Plan to ensure ongoing affordability and financial sustainability. The balance between increased revenue spend dealing with repairs and maintenance, regulatory compliance and ensuing decent homes against the delivery of with capital programme will be key. Review of the Government proposals around rent convergence has been concluded and Council will have the opportunity to consider this during 2026/27. The Councils treasury advisors have been commissioned to review the current debt structure to assess if there could be any financial benefit to refinancing the existing HRA debt.
2. Insufficient levels of reserves	3	4	14 High	Over the next 3-year period as a consequence of future spending levels there is a significant reduction in reserve balances due to the financing of the capital program which is unsustainable. Therefore, a fundamental review using stock condition data is necessary to plan in the medium-term stock investment levels.
3. Increased maintenance costs of HRA Stock – both revenue and capital	4	3	14 High	During the current year additional budget has been put allocated to deal with repair and maintenance costs. As quarter 3 budget monitoring shows this budget continues to be under pressure. Effective budget monitoring is in place to analyse financial spend to identify any pressures at an early stage and ensure corrective action is undertaken where significant overspends could occur.
4. Increase in bad debts as a result of economic circumstances	3	2	8 High	Rent collection is the key income source for the HRA. The council has in place pro-active debt management procedures in place. Collection of former tenant arrears continues to be a challenge and alternative collection methods including outsourcing is being explored.
5. Fuel price volatility	1	3	6 Medium	Weekly monitoring of fuel charge and proactive interventions to ensure optimisation of fuel consumption.
6. Inflation increases beyond budgeted levels	2	2	5 Medium	Budget assumptions kept up to date with most recent projections and monthly sensitivity analysis is produced to monitor the impact of inflationary increases.

Impact	Critical None or very low tolerance to the risk	4	10 Medium	13 High	15 Very High	16 Very High
	Major Some tolerance to the risk	3	6 Medium	9 High	12 High	14 Very High
	Moderate Risk can be tolerated in most cases	2	3 Low	5 Medium	8 High	11 High
	Minor Risk can be tolerated	1	1 Low	2 Low	4 Medium	7 Medium
			1	2	3	4
			Unlikely	Possible	Likely	Certain
			Low but not impossible <20%	Fairly likely to occur 21% - 50%	More likely to occur than not 51% - 80%	Expected to occur in most circumstances >80%
			Likelihood			



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Finance and Economic Overview and Scrutiny Committee

Tuesday, 24 February 2026

Report of Councillor Richard Cleaver -
Cabinet - Member for Property and
Public Engagement

Turnpike Close Grantham Depot - Project Closure Report

Report Author

Gyles Teasdale, Head of Property and ICT

 g.teasdale@southkesteven.gov.uk

Purpose of Report

This report confirms the completion of the construction and fit out of the new depot at Turnpike Close Grantham and provides a summary of the project.

Recommendations

The Finance and Economic Overview and Scrutiny Committee is asked to review the information set out in this report, noting the completion of the Depot project and the successes and lessons learned.

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Effective council
Which wards are impacted?	All Wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 Budget approval of £8.8m has been given for this project by Council 28th September 2023 (£8m) and 29th February 2024 (£800k) and the ongoing financial updates are being presented to the Finance and Economic Overview and Scrutiny Committee. Council approved a revenue contribution of £500k on 27th February 2025 in order to meet the mobilisation and fit out costs of the new facility. Therefore, the combined budget for this project is set at £9.3m. This report confirms the project was delivered within the overall approved budget.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

- 1.2 There are no significant governance implications arising from this report, which is for noting.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

- 2.1 The Finance and Economic Overview and Scrutiny Committee (FEOSC) has received regular progress reports on the construction of the new Waste Depot project at Turnpike Close, Grantham since commencement of the project in June 2024. In total, 9 update reports have been provided to members throughout the duration of the project to ensure robust scrutiny was undertaken.
- 2.2 Works commenced in October 2024, and the site handover was confirmed on 18th November 2025. Following handover, the mobilisation was enacted and the operational go live of 1st December 2025 was achieved.

2.3 The final programme timetable is outlined below.

Milestone	Previous Reported Programme	Final Project Programme
Cabinet Approval	16 th April 2024	16 th April 2024
Value Engineering Period	16 th April – 24 th May 2024	16 th April – 24 th May 2024
Enter into NEC4 Professional Services Contract	14 th June 2024	14 th June 2024
Progression of Stage 4 Design	17 th June – 23 rd August 2024	17 th June – 23 rd August 2024
Design Evaluation, Completion and legal preparation.	27 th August – 24 th September 2024	27 th August – 24 th September 2024
Construction Contract Award	18 th October 2024	18 th October 2024
Contractor mobilisation period	1 st October 2024 – 28 th October 2024	1 st October 2024 – 28 th October 2024
Construction Period commences	29 th October 2024	29 th October 2024
Targeted completion date	11 th November 2025	11 th November 2025
Mobilisation Period	11 th November – 15 th December 2025	11 th November – 30 th November
Operational Go-live	15 th December 2025	1 st December 2025

2.4 Summary of Project Objectives -

The following objectives were set out in the original project business case:

- *The Council will have a depot that is in the optimum location to meet the needs of its further service requirements. This will enable improvements to the depot operation and safety.*
- *A more efficient and pleasant environment for staff.*
- *Parking and lorry movements to be streamlined.*
- *Improve the workplace for the council workforce and help deliver an outstanding service in a way that means they are spending public money as wisely as possible.*
- *Provide a modern energy efficient depot, what will have a positive impact on the council's carbon reduction target.*

- *Mitigate health and safety concerns regarding movement of vehicles and risks to operatives at the Alexander Road depot.*
 - *Business continuity of current services is maintained during the construction works and relocation to the new depot.*
 - *Operate an energy efficient facility.*
 - *Enhance the local economy as employment opportunities will arise for residents due to the natural turnover of staff and new job opportunities arising because of the growth in service requirements.*
 - *Reduction of the disruption to Alexandra Road residents due to move of the Depot location.*
- 2.5 The original objectives have been delivered through the design, procurement, contract management and project delivery. The project has successfully delivered against all the objectives outlined in the original project business case and achieved a modern, compliant and fit for purpose operations building which supports the services it houses.
- 2.6 The new depot provides a strategically advantageous location which supports the Council's current and future operational needs. The improved site configuration also enables improved safety through separation of operational areas and vehicle movements where possible.
- 2.7 An enhanced working environment has been created for staff working from the operations depot, with improved welfare facilities and a modernised building designed for the requirements of the building's use. The design addresses health and safety concerns associated with the former site, particularly around vehicle and pedestrian movement and restricted space. The improved layout also supports the efficiency of fleet deployment and reduces congestion and unnecessary idling which was an issue at the former site.
- 2.8 Replacement of the outdated facility at Alexandra Road has ensured that services can be delivered in a consistent and cost-effective manner. The investment supports frontline services while also producing operational savings, reduced maintenance costs, and improved working practices.
- 2.9 The depot is built to modern building regulations and energy efficiency standards. By incorporating high-quality materials and supporting energy efficiency measures such as solar panels, the building supports the Council's carbon reduction commitment through reduced energy consumption.
- 2.10 Throughout construction and the mobilisation period, business continuity was maintained, ensuring that all operational services continued to run without disruption. Careful sequencing of works and clear communication meant that relocation from the Alexandra Road depot to the new building was achieved smoothly and without substantive impact on residents or service delivery.

2.11 With the relocation of the depot now complete, residents of Alexandra Road will have reduced noise, traffic and disruption which would have been otherwise been experienced as a result of Council services delivered from the location.

2.12 Following completion of the project a project closure meeting has been held with officers and board members to discuss the project as a whole. Detail of the positive outcomes of the project itself and lessons learnt are set out in the following tables 2.13 and 2.14.

2.13 Summary of Project Positives

Item	Reasons
Governance Structure	<p>Monthly Project Board meetings throughout the project have ensured effective communication between the Project Team and Lead Councillors that sat on the Board (three Cabinet Members and the Chairman of the Finance and Economic OSC).</p> <p>Support from the Board Members has also been invaluable at Scrutiny meetings and other Council meetings. This will be implemented as best practice for future projects that are of a significant size or complexity. Full attendance at all Board meetings from all representatives was inconsistent due to diary pressures which proved challenging in ensuring all Board members were kept fully updated. The addition of the FESOC Chairman later into the project to the Board was a positive action to further strengthen the ties between the project and the Scrutiny Committee.</p> <p>There were periods of minimal reporting updates and there could have been better alignment with the project critical path to ensure the time and resources required for these meetings were used as efficiently as possible.</p>
Officer End User Group	<p>To ensure buy-in to the significant cultural and operational changes that are integral element of this project, an end user group was established that included representation from all teams that would locate to the new facility. The scope of this group remit was to consider operational changes and remove barriers to a successful migration. The group also reviewed the design as it was being implemented recognising that the design was finalised 2 years prior to the operational readiness of the facility.</p> <p>The teams felt they were able to voice any concerns, and this allowed for all teams to review their working methods in readiness for the move to a larger shared area.</p>
Risk management	<p>Clear escalation, monitoring and governance routes in place throughout. This enabled swift and decisive action to be taken in resolving and mitigating against risks posed to the project.</p>

Procurement	<p>The project was procured in line with SKDC's Contract and procurement Procedure Rules. Officers used the Pagabo Framework to procure the works which provided reassurance of a compliant tender process and checks of the suppliers upon it.</p> <p>The process was expedient; however, only 2 bids were received, and both were initially over the allocated budget resulting in a delayed start due to value engineering activity to reduce the contract value.</p>
Mobilisation	<p>Despite the delays in the construction period which ultimately delayed the handover of the site, mobilisation was completed in time, and all teams are now settled in the new depot. This phase of the project was successful despite being truncated into a shorter mobilisation period.</p>
Team SK	<p>Feedback from the users of the new depot has been very positive and regular officer meetings are in place to ensure a smooth operation and to respond to any ongoing issues post operational go live.</p> <p>A temporary depot supervisor role for a period of 12 months has been established to create a dedicated resource which has been very helpful to focus the coordination of the various activities and help ensure that the teams respect the operational areas and conform to the health and safety responsibilities.</p>

2.14 Project Lessons Learnt

Item	Reasons
Budget	<p>The original budget of £8m was established following costings provided by consultants but was set prior to the bids being received (budget approved September 2023). The procurement confirmed that further budget allocation was required and a 10% increase to the budget was approved in February 2024.</p> <p>This increase allowed a bidder to be selected but value engineering (VE) activity was still required to ensure the construction costs and all associated project costs could be delivered within the £8.8m revised budget. This VE activity caused a delay to the anticipated commencement period.</p> <p>Control of budget and scope creep was a constant risk throughout the project as operational requirements had changed since the design had been agreed. There were several 'wish list' items from the End User Group which required careful</p>

	<p>management between those that had become essential modifications and those that were deemed to be desirable.</p> <p>The mobilisation and fit out was a further budget request as this phase of the project was outside the scope of the construction contract and a further one-off revenue allocation of £500k was approved in February 2025.</p> <p>The mobilisation costs were not considered when requesting the initial budget. However, it was reported to Cabinet in April 2024 that further budget allocation would be required for fit out and mobilisation costs.</p>
Delays during construction period	<p>These were outside of the control of SKDC. The contractor fell behind on programme early in the project due to a sub-contractor going into liquidation and challenges with utilities providers connections.</p> <p>It was originally anticipated that the delays this caused could be made up within the construction phase, however, it was evident towards the latter stages of the construction phase that this had not been recouped and impacted on the completion date and in turn the Go Live date of the project.</p>
Timeline Reports	<p>Project Board papers required the inclusion of several contractor update and progress reports alongside a Council officer report.</p> <p>At times during the project these were not supplied until late, or the project had been moved on significantly since the last external report was provided. This meant that some of the information was out of date and verbal updates were given at meetings rather than up to date documentation being supplied. All verbal updates were documented; however, this does allow for a risk of not communicating an exact picture of the project.</p> <p>Due to Committee reporting timelines, the reports being presented to FEOSC could not present the most up to date position, particularly towards the completion of the project when events were occurring at pace. Verbal updates were provided at the meeting to ensure members were provided with the most complete picture.</p>

2.15 Financial Summary

As expected for a project of this scale, the financial control on this project was very robust and at no stage did costs exceed the approved budgets and overall, the scheme was delivered below budget. Monthly budget reporting was provided

to the Project Board and all progress reports to FEOSC provided details of spend incurred to date, committed spend, forecasts and any cost variations. Detailed breakdown of the spending headings was also provided for full transparency.

2.16 The final statement showing the outturn position of the project can be found at Appendix A – Turnpike Close Depot Financial Statement. This financial statement outlines the project was delivered within the overall budget envelope and delivered a financial saving of £126k.

2.17 Following the mobilisation period and operational go live of the facility, a small number of operational improvements have been identified that once modified improves the efficiency and working practices. These are being implemented and are expected to cost in the region of £13k and are included in the Financial Statement.

2.18 Mowbeck Way Former Depot Site

Following the vacation of the former depot site, a marketing strategy has been commissioned in order to let the units for commercial purposes. The site will be divided into separate lots and include offices, car parking space and communal areas. This letting opportunity is being marketed by the Councils property agents Eddisons.

3. Key Considerations

3.1 This report sets out a project summary in respect of the Turnpike Close Grantham depot new build and summaries the successes and lessons learnt of the project. This learning will be taken forward into other significant projects of similar size and complexity.

4. Appendices

4.1 Appendix A – Turnpike Close Depot Financial Statement

Construction & Fit Out Costs

Item		Allocated Budget	Total Spend	Variance Actual & Committed to Budget	Comments
Construction costs		£'000	£'000	£'000	
Lindum Main Contract	Lindum	7,941	7,941	0	includes resolved disputed sum of £21k
Workshop fit out		253	253	0	
Total Construction Cost		8,194	8,194	0	
Professional Fess					
	Gleeds, Turleys,				
Consultants Fees	Norder	482	477	(5)	
Main Contractors Design Fees	Lindum	173	171	(2)	
		655	648	(7)	
Other dev/project costs		131	129	(2)	
Contingency		90	0	(90)	
Fit out					
Furniture & Fittings		89	87	(2)	includes pressure washers
ICT		90	75	(15)	
Permits		30	27	(3)	
Post go live modifications		13	13	0	
Contingency		8	0	(8)	
		230	202	(28)	
Total Project Cost		9,300	9,174	(126)	

This page is intentionally left blank



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Finance and Economic Overview and Scrutiny Committee

Tuesday, 24 February 2026

Report of Councillor Philip Knowles
Cabinet Member for Corporate
Governance and Licensing

Update on UK Shared Prosperity Fund 2025-26

Report Author

Emma Whittaker, Assistant Director (Planning & Growth)

✉ emma.whittaker@southkesteven.gov.uk

Purpose of Report

To provide the Committee with an update regarding progress on the Council's UK Shared Prosperity Fund 2025-26 allocation. The report outlines the investment into South Kesteven's communities as a result of the UK Shared Prosperity Fund.

Recommendations

The Committee is asked to note the contents of this report and the progress made regarding the UK Shared Prosperity Fund allocation for 2025-26.

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Connecting communities Sustainable South Kesteven Enabling economic opportunities Housing Effective council
Which wards are impacted?	(All Wards);

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The 2025-2026 UKSPF was allocated to the Greater Lincolnshire Combined Authority (GLCCA) which in turn passported the funds to the Unitary/District Councils and County Council. South Kesteven (SKDC) was awarded approximately £1,212,660 with an additional £162,103 being awarded in Rural England Prosperity Funds (REPF). At the present time all funding with the exception of £107 has been allocated to approved schemes.
- 1.2 The allocation of funding is in accordance with the grant criteria and the delegations approved by Council.

Completed by: David Scott – Assistant Director of Finance and Deputy s151 Officer

Legal and Governance

- 1.3 This report highlights the activities undertaken as part of the UKSPF Programme. It should however be noted that the Council had a UKSPF Board that met quarterly to give a steer from elected members on the use of UKSPF monies – an update from this Board is required to be considered at an Overview and Scrutiny Committee. This report satisfies this requirement under the UKSPF Board Terms of Reference.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

- 2.1 The Council's overarching aspiration, as set out in the Corporate Plan 2024-2027, is to ensure that the District is "A thriving District to live in, work and visit". A key priority is to enable and support a dynamic, resilient and growing local economy, which benefits all our communities. Continuing to distribute government grants, including the UK Shared Prosperity (UKSPF) and Rural England Prosperity Fund (REPF) will support the Council in meeting these aspirations.

- 2.2 The UKSPF originally ran from April 2022 to March 2025 and provided £2.6 billion of funding for local investment cross the country. The government subsequently announced in its 2024 Autumn budget that there would be a single year extension to the UKSPF (2025-2026).
- 2.3 The 2025-2026 UKSPF was allocated to the Greater Lincolnshire Combined Authority (GLCCA) which in turn passported the funds to the Unitary/District Councils and County Council. South Kesteven (SKDC) was awarded approximately £1.2million with an additional £162,103 being awarded in Rural England Prosperity Funds (REPF).
- 2.4 The overarching aim of the UKSPF and REPF is to improve pride in place and increase life chances across the UK by investing in communities and place, supporting local business, and people and skills.
- 2.5 The Government originally required the UKSP funds to be fully spent by 31st March 2026 however it has subsequently extended this deadline by six months. The GLCCA, as the responsible body, has also confirmed that SKDC has until 30th September 2026 to fully spend its allocation. It has been confirmed that whilst there is an extension of time to spend the allocation, there is no increase in the amount of funding available.
- 2.6 The GLCCA is monitoring the overall position and has indicated that it could reclaim some of the funds if they are not allocated so that they can be redistributed across Lincolnshire. Unspent funds will need to be returned to MHCLG via the GLCCA.
- 2.7 At its February 2025 meeting, Council agreed to the broad principles behind the investment plan that formed the final submission to the GLCCA. The investment plan sets out how the Council intends to allocate the funding across the three themes.
- 2.8 As part of the decision-making process around which projects would receive funding, the Council's UKSPF Board met on various dates between 30th May and 4th September 2025. The Board reviewed all eligible applications to decide which projects should be funded.
- 2.9 The allocations to date against each of the three themes is shown in **Appendix A** and summaries at the present time only £107 remain unallocated.
- 2.10 In light of the extension period, reconciliation will take place against the initial deadline of March 2026 to confirm actual expenditure against the allocated amounts. If there is any underspend once the reconciliation is complete, additional projects will be considered to ensure full spend by end of September 2026.

UKSPF 2025-26 Allocations

Parish and Community projects (£215,585) and Decarbonisation Schemes (£107,346)

- 2.11 A total of 21 projects were awarded funding to Town/Parish and Community projects across the district. Details of these projects are detailed in **Appendix B**.
- 2.12 Thirteen of the projects have been completed and a further Eight are currently on track to be completed by the end of March.

Safer Streets Programme – £65,000

- 2.13 The project was an extension to part of the existing Safer Streets Project which had previously operated in Grantham. The funding that the Council had been previously awarded by the Home Office through the Police and Crime Commissioner ended in March 2025. Through UKSP Funding the Council has been able to continue the project for a further year, allocating £40,000. The funding has provided two officers patrolling plus an additional CCTV operator on Friday and Saturday nights. The officers have been able to be more flexible in the locations where they patrol rather than this being restricted to Grantham.
- 2.14 Additionally, £25,000 was provided to extension the existing Shopwatch/Pubwatch scheme that previously operated in Grantham was funded. This has allowed the scheme to be rolled out to Bourne, The Deepings and Stamford.

Sports and Communities Facilities - £220,345

- 2.15 A number of projects were awarded funds to improve sports and communities' facilities:
- Harrowby United Football Club (£9,225); installation of new LED lights
 - Harrowby Lane recreation ground (£35,000); improvements to create a durable car parking area to serve the facility
 - Dysart Park Tennis Courts (£32,120); resurfacing works to the tennis courts
 - Dysart Park (£19,000): to create a multi-use games area
 - Wyndham Park Skate Park (£125,000); to create a skate park in Wyndham Park

Open Spaces - £60,000

- 2.16 Proposed works at Campbell Close to address drainage issues have been aborted due to the complexity in finding a solution. However, in order to improve connectivity between the residential area and the town a footpath has been installed as part of the funding. The remaining balance will be reviewed as part of the reconciliation process at year end and combined with any other underspends to ensure full spend as we enter into the extension period.

Shopfront Grant Scheme - £100k

- 2.17 A total of £100k was allocated towards a shopfront grant scheme. This was building on the Heritage Action Zone shopfront improvement scheme that was delivered in Grantham however this scheme is open to applicants from across the district. To date, 15 applicants have been awarded funding and grants are up to £5k each. The Council is currently accepting applications to ensure that the remaining funds are fully committed.
- 2.18 There are some minor delays whilst listed building consent is secured for some of the shopfronts however where funding has been awarded, the projects are currently expected to be completed by the deadline.
- 2.19 Progress against this project will continue to be monitored and the extended spend deadline will be beneficial to ensure the funds are fully allocated.

Business Growth Grants - £142,800

- 2.20 Funding of £122,800 was allocated to Lincolnshire Chamber of Commerce to deliver a programme of SK Business Growth Grants. All funds are allocated, and the programme is on track to fully deliver. The next update meeting is scheduled for early January.
- 2.21 A further allocation £20,000 was given to Business Lincolnshire to deliver grant top-ups in addition to a support programme that was already being delivered. There are still a few grants available although there has been interest from applicants; this is being monitored.

Skills Summit - £10,000

- 2.22 The Council is delivering a second Skills Summit which is booked for 4th March 2026 at the Mere's Leisure Centre.

People and Skills - £261,500

- 2.23 Inspire+ was awarded £40,000 to deliver the "move and food programme" during the school half-term holidays. This is on track to be fully delivered.
- 2.24 Harlaxton College (Impact Booster) was awarded £61,500 and is on track to fully deliver the programme before 31st March 2026.
- 2.25 Steadfast was awarded £90,000 to deliver it's Connect to Grown programme. A total of 42 people have been enrolled with a further 10 referrals being processed. There is some capacity remaining and this is being monitored however it is expected to fully deliver.

- 2.26 Inspire+ has been awarded £70,000 to deliver a Community Hub. The planning application for the unit has been approved, and officers are working with Inspire+ to deliver this scheme which will continue into the extension period.

Rural Fund - £152,370

- 2.27 Three projects have been awarded funds from the REPF; Stamford Bowls Club, Deepings Community Centre and Langtoft Pavillion. These are currently on track for delivery.
- 2.28 The overall Rural Fund allocation is £162,103; the remaining balance will be used to fund the overallocation of Parish and Communities which meet the Rural Fund Criteria (capital works outside of Grantham). This will be done as part of the project closure and financial accounting process.

3. Key Considerations

- 3.1 The UKSPF and REPF funding must be spend by September 2026. All projects that have not yet been fully completed are being monitored and all are expected to have been delivered within the relevant deadlines.
- 3.2 Progress is being reported regularly to the GLCCA as the lead authority.
- 3.3 The report is for noting and it is expected that the funds allocated to the Council will be fully expended.
- 3.4 Once the programme has closed and the monitoring has been completed, a further update of the projects that have been delivered with UKSPF funding will be provided.

4. Reasons for the Recommendations

- 4.1 The Council is required to continue to monitor the progress of the UKSPF programme to ensure that projects have been delivered and the relevant monitoring, reporting and evaluation takes place. This is set out in the Memorandum of Understanding signed with the Department of Levelling Up, Housing & Communities. As this report updates the committee on progress so far, no other options have been considered.

5. Background Papers

- 5.1 UK Shared Prosperity Fund 2025-26: Technical Note ([UK Shared Prosperity Fund 2025-26: Technical note - GOV.UK](#))

6. Appendices

6.1 Appendix A: UKSPF and REPF allocations update

6.2 Appendix B: Parish & Town Council and Decarbonisation programme update

This page is intentionally left blank

Appendix A: Funds allocated against UKSPF themes and REPF

Project name	UKSPF budget	Approved to Date	Variance	Comments
Parish/community Fund	£205,151	£215,585	£10,434	Project oversubscribed but will be funded from REPF
Safer Streets Programme	£65,000	£65,000	£0	Fully allocated
Sports and Community Facilities	£220,500	£220,345	(£155)	Underspend will to be used to fund eligible Parsh and community fund grants
Open Space	£60,000	£60,000	£0	Fully allocated
High Street Improvements	£100,000	£100,000	£0	Fully allocated
TOTAL COMMUNITIES AND PLACE	£650,651	£660,930	£10,279	Theme oversubscribed by £10,279; this can be moved from areas with an underspend as agreed with the Greater Lincolnshire Combined Authority
Business Growth Grant	£142,800	£142,800	£0	Fully allocated
Decarbonisation Projects	£108,000	£107,346	(£654)	Underspend will to be used to fund eligible Parsh and community fund grants
TOTAL SUPPORTING LOCAL BUSINESS	£250,800	£250,146	(£654)	Theme underspent by £654; this can be moved to areas with an overspend as agreed with the Greater Lincolnshire Combined Authority
Skills summit	£10,000	£10,000	£0	Fully allocated
Education support programme	£261,500	£261,500	£0	Fully allocated
TOTAL PEOPLE AND SKILLS	£271,500	£271,500	£0	Theme fully allocated
SUMMARY TOTAL	£1,172,951	£1,182,576	£9,625	Overspend to be covered by REPF underspend

REPF - Business and Community Assets	£162,103	£152,370	(£9,733)	Underspend (£9,7233) to be used to fund eligible Parsh and community fund grants
---	-----------------	-----------------	-----------------	---

Grant Budget	£1,335,054	£1,334,946	(£107)	Total amount not yet allocated (£107)
Admin allowance	£39,709			
Total Budget	<u>£1,374,763</u>			

This page is intentionally left blank

Appendix B – Parish & Town Council/Community and Decarbonisation Project updates

Project Name	Funding pot	Project Details	Amount	Status
Allington Parish Council	Parish and community	Allington Playpark Project	£7,000.00	On Track
Bourne Town Council	Parish and community	Refurbishment of the Changing Room Block	£34,900.00	On Track
Brudenell Playing Fields Management Committee	Parish and community	Inclusive Roundabout - Baston Playing Fields	£15,775.93	On Track
Bythams Woodland Trust	Parish and community	The Spinney - Completing Major Site Refurbishments	£11,069.80	Completed
Carlby Parish Council	Parish and community	Improvements to Parish Land, Carlby	£8,000.00	Completed
Caythorpe Playing Field	Decarbonisation	Renewable Energy Installation	£37,916.50	Completed
Denton Parish Council	Parish and community	Denton Play Area	£24,000.00	On Track
Dyke Village Hall	Decarbonisation	Low Carbon Energy Scheme	£15,000.00	Completed
Fulbeck Sports and Social Club	Parish and community	New Kitchen in social club	£12,800.00	Completed
Grantham Arts	Parish and community	Community Arts Hub	£30,029.00	On Track
Heydour Village Hall	Decarbonisation	Bright Hall Initiative	£18,971.53	Completed
Jubilee Church Life Centre	Parish and community	Our Community Matters	£9,764.00	Completed
Langtoft Parish Council	Parish and community	Goalmouth Restoration	13,565.34	Completed
Long Bennington Village Hall	Decarbonisation	Long Bennington Village Hall Energy Management	£25,000.00	On Track
Market Deeping Parochial Church Council	Decarbonisation	Installing an Energy Efficient Heating System at St Guthlac's Church	£5,098.00	Completed
National Grief Advice Service	Parish and community	Children's Counselling Area	£5,000.00	On Track
Parochial Church Council of the Parish of Grantham Harrowby	Decarbonisation	Installing Solar Panels to the Ascension Community Hall	£5,360.00	Completed

Project Name	Funding pot	Project Details	Amount	Status
Stamford Town Council	Parish and community	Refurbishment of the Shack	£17,671.54	On Track
Swinstead Village Hall	Parish and community	Air Conditioning	£7,998.85	Completed
The Butterfield Centre	Parish and community	New Kitchen for Centre use	£10,460.00	Completed
Woolsthorpe by Belvoir Social Club and Village Hall	Parish and community	Entertainment and Sound System	£7,550.79	Completed



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Finance and Economic Overview and Scrutiny Committee

Tuesday, 24 February 2026

Report of Councillor Phil Dilks, Cabinet
Member for Planning

Update on Grantham Southern Relief Road

Report Author

Emma Whittaker, Assistant Director (Planning & Growth)

 emma.whittaker@southkesteven.gov.uk

Purpose of Report

To provide the committee with an update as the progress on the Grantham Southern Relief Road.

Recommendations

The Committee is asked to note the contents of the report.

Decision Information

Does the report contain any exempt or confidential information not for publication?

No

What are the relevant corporate priorities?

Connecting communities
Sustainable South Kesteven
Enabling economic opportunities
Housing
Effective council

Which wards are impacted?

(All Wards);

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

1.1 The report is for noting and there are no financial implications for the Council.

Completed by: David Scott – Assistant Director of Finance and Deputy s151 Officer.

Legal and Governance

1.2 The report is for noting and there are no legal or governance issues for the Council.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

2.1 The Grantham Southern Relief Road (GSRR) is a large-scale infrastructure project being delivered by Lincolnshire County Council (LCC). Once completed the GSRR will be a 3.5km relief road located to the south of Grantham that aims to improve the town's infrastructure and growth.

2.2 The road has been designed to create a new junction to the A1 at Spitalgate Heath that links with the A52 at Somerby Hill. This would result in the current A52 route through Grantham being downgraded and alleviating congestion within the town centre.

2.3 The relief road is a key component for the growth of Grantham and will facilitate the delivery of both the Garden Village and Prince William of Gloucester Barracks (PWGB) redevelopment as well as other economic growth. Other stated aims include

- Creating a safer, more attractive and accessible town centre
- Providing opportunities for growth
- Reducing carbon emissions and noise pollution

- 2.4 The project has been supported by South Kesteven District Council, Homes England, the former Greater Lincolnshire LEP as well as Highways England, the Department for Transport, Network Rail and local businesses. Lincolnshire County Council originally estimated that the cost of the GSRR was £148 million although there are additional costs in the region of £10-£20 million for the bridge installation¹.
- 2.5 Funding sources for the GSRR has included:
- £11.9 million from the Local Transport Board
 - £16.1 million from the Single Local Growth Fund
 - £5million from the Highways England Growth and Housing Fund
 - LCC funding
 - Developer contributions (forwarded funded by LCC)
- 2.6 The road is being delivered in three phases:
- Phase One – creation of a roundabout off the B1174
 - Phase Two – the B1174 will join the A1 trunk road
 - Phase Three – link the A52 at Somerby Hill to the new roundabout
- 2.7 Phases One and Two of the GSRR were originally granted planning permission in 2010 with Phase Three being granted permission in 2013 by South Kesteven District Council. The planning permissions have been subsequently varied in 2015, 2022 and 2023 as the design of the road has evolved. The last amendment was associated with the design of the viaduct over the valley.
- 2.8 Whilst works to Phase One commenced in 2015 with the new roundabout officially opening in August 2016, subsequent phases required approval from the Secretary of State which was given in 2019. Works commenced on Phase Two in October 2019 and on Phase three in April 2021. Phase Two was completed in December 2022.
- 2.9 There are ongoing delays with the completion of Phase Three of the bridge due to the identification of soft, unstable ground at the bridge construction site. LCC has publicly confirmed that there was a design error relating to the rollout of the bridge over the River Witham and the East Coast Mainline. This impacted the anticipated completion date as well as the cost of rectifying the error expecting to cost between £10-£20 million. The total cost of delivering the GSRR is now expected to be up to £168 million.
- 2.10 LCC has also confirmed that there have been further delays in obtaining all of the required approvals for the redesigned bridge. It is expected that the “bridge push” or “launch” over the River Witham and East Coast Mainline will take place within

¹ Figures from LCC ([Grantham Southern Relief Road – About the project - Lincolnshire County Council](#))

the next six months. Once the “launch” has started, it is expected that the road will be completed within two years. LCC has advised that this timescale reflects the scale and sequencing of the remaining works, many of which are depending on the bridge structure being in place and must be undertaken sequentially rather than concurrently. These include:

- Significant follow on works to the bridge structure, including extensive concrete works, plinth and parapet construction, deck waterproofing and utilities installation. Works over the rail corridor will also be dependent on securing appropriate rail possessions.
 - Completion of the western embankment, which cannot proceed until the bridge is installed. This includes placing and compacting approximately 14 metres of material, followed by an overloading period of time to allow settlement.
 - Construction of additional spans on the eastern side of the bridge, including Span 7, which will also require substantial concrete works.
 - Drainage works that are dependent on completion of the embankments and therefore cannot be undertaken earlier in the programme.
 - Final highway works, including kerbing, surface drainage, surfacing, footways, street lighting and signage.
- 2.11 LCC continues to forward fund the bridge through its capital programme and there is a budget of £38.4 million pounds proposed in the 2026/27 budget to support the completion of the road.
- 2.12 The ongoing delays for the completion of the GSRR are frustrating and could impact on the planned growth for Grantham if not resolved soon. In particular, the development of the Garden Village is dependent on the completion of the GSRR. The proposals for the Garden Village are being extensively reworked and new plans and documents are expected to be submitted imminently. Part of the work that is being revisited includes an update to the Transport Assessment (TA). However, based on the original assessment, there is capacity for approximately 150 dwellings before the GSRR is completed. Given the timeline for delivery of the Garden Village, further delays could impact on the longer-term delivery of this site; this could have consequences for the Council’s ability to demonstrate future adequate housing delivery.
- 2.13 In addition to the Garden Village, the PWGB is due to be redeveloped as a mixed-use development including a significant amount of additional housing. The GSRR will need to be completed in order to facilitate the additional traffic movements from this development.
- 2.14 Any further delays to the completion of the GSRR could therefore impact on future housing and economic growth in Grantham; this will be monitored carefully.

3. Key Considerations

- 1.1. The report is to update the Committee on the progress of the GSRR and is for noting.

4. Reasons for the Recommendations

- 4.1 The report is for information only

5. Background Papers

- 5.1 [Grantham Southern Relief Road – About the project - Lincolnshire County Council](#)

This page is intentionally left blank

Finance and Economic Overview and Scrutiny Committee Work Programme 2025-2026

REPORT TITLE	LEAD OFFICER	PURPOSE	ORIGINATED
24 FEBRUARY 2026			
General Fund Quarter 3 Budget Monitoring Report 2025/26	Lead Officer: Richard Wyles (Deputy Chief Executive)	To present the Council's year end forecast for the financial year 2025/26 as at the end of December 2025.	Quarterly reporting
Housing Revenue Account (HRA) Budget Monitoring Report 2025/26	Lead Officer: Richard Wyles (Deputy Chief Executive)	To present the Council's year end forecast for the financial year 2025/26 as at the end of December 2025.	Quarterly reporting
Turnpike Depot Update – Closure Report	Lead Officer: Gyles Teasdale (Head of Service – Property and ICT)	To provide the Committee with a final update.	Standing item
UKSPF 25/26 allocation update	Lead Officer: Emma Whittaker (Assistant Director of Planning and Growth)	To provide the Committee with the latest update.	6 monthly update
Grantham Southern Relief Road	Lead Officer: Emma Whittaker (Assistant Director of Planning and Growth)	To provide the Committee with an update as to progress of the relief road	One-off update
MARCH 2026 (ADDITIONAL)			
Update on the Economic Development Strategy	Lead Officer: Simon Jackson (Economic Development Inward Investment Manager)	To provide the Committee with the latest update.	6 monthly update
Review of car parking arrangements	Lead Officer: Richard Wyles (Deputy Chief Executive)	To provide the Committee with an update.	6 monthly review
Presentation and Update on St Martins Park, Stamford	Lead Officer: Richard Wyles (Deputy Chief Executive)	To provide the Committee with an update	6 monthly review
7 MAY 2026			

2 JULY 2026 (PROVISIONAL)			
10 SEPTEMBER 2026 (PROVISIONAL)			

Unscheduled Items

Update on St Martins Park, Stamford			
Proposals for Mowbeck Way site			

The Committee's Remit

The remit of the Finance and Economic Overview and Scrutiny Committee will be to work alongside Cabinet Members to assist with the development of policy and to scrutinise decisions in respect of, but not limited to:

- Budget monitoring
- Budget setting
- Business rate relief
- Business trade and licensing (Policy)
- Business transformation
- Charitable rate relief
- Council-owned property, assets, and maintenance (non-council house)
- Customer access strategy
- Data protection reporting
- Economic development
- Fees and charges
- Large-scale development projects
- Medium term financial planning and national funding proposals
- Procurement
- Review of outturn
- Town centre developments and partnerships