



Thursday, 22 May 2025

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

Budget Framework Amendments 2025/2026

Report Author

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Purpose of Report

The report seeks approval for Budget Framework amendments in the 2025/2026 financial year

Recommendations

Council is requested to:

1. **Accept a grant of £1,212,660 (revenue expenditure of £997,660 and capital expenditure of £215,000) plus £162,103 capital grant from the Rural England Prosperity Fund, from the UK Shared Prosperity Fund (UKSPF) for 2025/26 and amend the Budget Framework accordingly.**
2. **Delegate authority to the Deputy Chief Executive and s151 Officer, in consultation with the Cabinet Member for Finance, HR and Economic Development, to approve the grant allocations and to undertake any necessary actions including: allocation of any uncommitted funds to specific interventions; and reallocation of funds and movement of revenue funds to capital expenditure.**
3. **Approve the UKSPF and Rural Prosperity Board Terms of Reference (Appendix B).**
4. **Approve the updated Housing Revenue Account (HRA) capital programme and financing statement for 2025/26 (Appendix C).**

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Does the report contain any exempt or confidential information not for publication?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

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

United Kingdom Shared Prosperity Fund (UKSPF)

1.1 For 2025/26 it has been confirmed by the Greater Lincolnshire Combined County Authority (GLCCA) that the funding would be distributed to each of the Council's within the Greater Lincolnshire area. This means that the allocation to South Kesteven District Council will be £1,212,660 in UKSPF Funds with a further £162,103 allocated through the Rural top up fund as summarised in the table below:

	Revenue	Capital	Total
UKSPF	£997,660	£215,000	£1,212,660
Rural Fund	£0	£162,103	£162,103
Total	£997,660	£377,103	£1,374,763

1.2 Officers are currently developing an investment plan, bidding and award process for allocating the 2025/26 funding to ensure the funding is fully allocated within the agreed MCCA timelines.

1.3 No additional revenue or capital financial pressures are expected to be placed on Council budgets through the delivery of UKSPF.

HRA Capital programme for 2025-26 Update

1.4 Following the completion of the 2024/25 stock condition survey programme it has been identified £8.651m within the approved budget needs to be reallocated to ensure that identified works are prioritised. Within the overall budget spend there is a reallocation of £431k which will be moved to a contingency budget in order to respond to any variations in the proposed spend but the overall programme amount of £28.929m as approved by Full Council remains the same.

Completed by: David Scott – Assistant Director of Finance (deputy s151 officer)

Legal and Governance

- 1.5 The UKSPF Board terms of reference were agreed by Full Council in January 2023 and then amended in July 2023. This update reflects that the South Kesteven Coalition Group no longer exists. Where not prescribed, members to the body will be appointed in line with the terms of reference.

Completed by: James Welbourn, Democratic Services Manager

Risk and Mitigation

UKSPF

- 1.6 Unlike in previous years, the Greater Lincolnshire Mayoral Combined County Authority (GLCCA) not South Kesteven District Council (SKDC) will be the lead authority and have allocated funding to the Council.
- 1.7 Responsibility for the fund remains with the GLCCA. The GLCCA has been clear that where a local authority is not able to fully distribute funds within its district the funds will be lost to Greater Lincolnshire. The GLCCA has clarified that there will be a review of the fund in September 2025 after which any underspend will be pooled across Greater Lincolnshire. It is therefore imperative that all funding allocated to SKDC is committed by end September 2025.
- 1.8 It is anticipated that the funds will not be released to the Council until late May/early June although this is entirely dependent on the Ministry of Housing and Local Government (MHCLG) making the funds available to the GLCCA. Preparations are ongoing to ensure that appropriate bids for funding can be received and decisions made to ensure compliance with the deadlines imposed.

Completed by: David Scott – Assistant Director of Finance (deputy s151 officer)

2. Background to the Report

- 2.1 This report covers two specific areas of: UKSPF; and amendments to the HRA Capital programme for 2025-26.

UKSPF

- 2.2 In December 2024 the Government announced an additional or “transition” year of UK Shared Prosperity (UKSPF) funding for 2025-26. The funding has been awarded to all lead authorities which, unlike in previous years, will now be the Greater Lincolnshire Combined County Authority (GLCCA) rather than South Kesteven District Council (SKDC). It has been confirmed by the GLCCA that funding will be distributed to each of the Councils within the Greater Lincolnshire area

- 2.3 It has been confirmed by the GLCCA that the funding would be distributed to each of the Council's within the Greater Lincolnshire area. This means that the allocation to South Kesteven District Council will be £1,212,660 in UK Shared Prosperity Funds with a further £162,103 allocated through the Rural top-up funds (REPF).
- 2.4 As with the original UKSPF programme, an investment plan setting out how the funds would be allocated needs to be submitted to MHCLG. Whilst the GLCCA is responsible for the preparation of the investment plan, each Council within Greater Lincolnshire has been asked to provide its own plan to feed into the overall investment plan. On 27 February 2025, Council agreed the broad principles of the SKDC investment plan and this has been submitted to the GLCCA. The combined investment plan for Greater Lincolnshire was submitted to MHCLG on 30th April 2025 by the GLCCA.
- 2.5 As with the original fund, the fund priorities and themes remain the same. A copy of the investment plan submitted by South Kesteven to the GLCCA is appended to this report (Appendix A).
- 2.6 The UK Shared Prosperity Fund and Rural England Prosperity Fund Programme Board will have a key role in supporting the Lead Officer in making decisions and providing both challenge and approval on issues affecting the progress of the programme. The Board has a specific remit to set the direction for the programme, support the Lead Officer in overseeing the overall progress and making recommendations in accordance with the Council's scheme of delegation for executive functions.
- 2.7 The previously agreed Terms of Reference for the UK Shared Prosperity Fund and Rural England Prosperity Fund Programme Board is set out in Appendix B. It is proposed that meetings of the Board are held in public, with membership consisting of key members from across the Council:
 - Cabinet Member for Economic Development
 - Representative from each Political Group (to be appointed by each Political Group Leader)
 - Chairman of the Finance and Economic Overview and Scrutiny Committee
 - Chairman of the Rural and Communities Overview and Scrutiny Committee
- 2.8 In line with the previous UKSPF/REPF scheme, the Board will be able to consider applications and other matters relevant to the programme, and make recommendations to decision-takers prior to final decisions being made
HRA Capital programme for 2025-26 Update
- 2.9 On 27 February 2025 Full Council approved a £28.929m Capital Programme for the HRA which was derived from the ongoing stock condition survey programme.

The completion of the 2024/25 stock condition survey programme has identified that £8.651m within the approved budget needs to be reallocated to ensure works are correctly prioritised. Within the overall budget spend, a reallocation of £431k will be moved to a contingency budget in order to respond to any variations in the proposed budget levels. Appendix C provides details of the 2025/26 HRA Proposed Amended Capital Programme Budget. Table 1 below provides a summary of the specific proposed budget amendments:

2.10 Table 1: Summary of budgets proposed to be amended

Description	2025/26 Approved Budget 27 February 2025 £000	2025/26 Proposed Amended Budget £000
Central Heating, Ventilation and boiler replacements	1,172	1,300
Lifts	240	100
Compliance Works	150	500
Tunstall Upgrades	248	298
Disabled Adaptations	360	150
Re-roofing	1,920	750
Exterior Refurbishment	250	400
Fencing	0	100
Kitchen Refurbishment	1,096	1,600
Bathroom Refurbishment	873	1,100
Doors & Windows	2,106	1,500
Communal Rooms/Areas	72	172
External Wall Finishes	164	250
Contingency	0	431
Total Budget	8,651	8,651

3. Key Considerations

UKSPF

A total fund of £1.2m is unlikely to tackle all the challenges faced by South Kesteven but it will build on previously delivered UKSPF and REPF allocations. It might also be used to attract further resources to the District.

HRA Capital programme for 2025-26 Update

3.1. Following the completion of the 2024/25 stock condition survey programme, it has been identified that the approved budget needs to be redistributed to ensure that identified works are prioritised.

4. Other Options Considered

UKSPF

- 4.1 To not accept the UK Shared Prosperity Fund grant would result in the loss of external funding that will assist in a range of interventions to improve community safety, the living environment, community engagement, business support, employment and skills across the District.

HRA Capital programme for 2025-26 Update

- 4.2 A decision not to approve the updated HRA Capital programme would hamper the Council's ability to deliver a Housing Asset Management Plan based on the latest stock condition survey information.

5. Reasons for the Recommendations

UKSPF

- 5.1. In line with the Council's constitution, Council is required to decide whether (or not) to accept the allocation of UKSPF and REPF grant allocation that the GLCCA is making available to the Council.
- 5.2. Agreement of a Terms of Reference for the UK Shared Prosperity Fund and Rural England Prosperity Fund Programme Board will provide confirmation of the governance arrangements and structure required to ensure timely delivery of projects under the programme.

HRA Capital programme for 2025-26 Update

- 5.3. Under the financial procedures rules amendments to the capital programme required Council approval.

6. Consultation

UKSPF

- 6.1. Council agreed at its meeting on 27 February 2025 the broad principles of the SKDC investment plan and this has been submitted to the GLCCA.

7. Background Papers

UKSPF

- 7.1. UK Shared Prosperity Fund Allocation 2025/26 report to Council 27 February 2025: [Agenda for Council on Thursday, 27th February, 2025, 2.00 pm | South Kesteven District Council](#)
- 7.2. UKSPF 2025-26 Allocations: [UKSPF 2025-26 allocations - GOV.UK](#)
[HRA Capital programme for 2025-26 Update](#)
- 7.3. Budget Proposals for 2025/26 report including HRA capital programme for 2025/26 report to Council 27th February: [Appendix B HRA Capital Programme 2025-26.pdf](#)

8. Appendices

- 8.1. Appendix A – UKSPF 2025/26 Investment plan for SKDC.
- 8.2. Appendix B – UKSPF and Rural Prosperity Board Terms of Reference
- 8.3. Appendix C – Amended 2025/26 HRA Capital and financing statement