



Tuesday, 9 September 2025

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

## Finance Update Report: April to July 2025

### Report Author

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### Purpose of Report

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

- General Fund Revenue Budget
- Housing Revenue Account Budget
- Capital Programmes – General Fund and Housing Revenue Account

### Recommendations

**It is recommended that Cabinet:**

- 1. Reviews and notes the forecast 2025/26 outturn position for the General Fund, HRA Revenue and Capital budgets as at the end of July 2025.**
- 2. Identifies any variances that might require action or investigation.**

<b>Decision Information</b>	
Is this a Key Decision?	No
Does the report contain any exempt or confidential information not for publication?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***

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: Alison Hall-Wright, Interim Deputy Monitoring Officer

### ***Risk and Mitigation***

1.3 A Risk Register is at Appendix A 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, Cabinet 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 £24.008m. 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 This Budget Monitoring Report will be presented to the Finance and Economic Overview and Scrutiny Committee (FEOSC) on 23<sup>rd</sup> September 2025 to enable members of the Committee to review and debate the forecast position.

3.3 Budgets have been updated to reflect approved budget carry forwards and in year movements; these increase the controllable budget to £27.581m.

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

**Table 1 – General Fund Revenue – Forecast Outturn**

Directorate	Current Budget 2025/26 £'000	Forecast Outturn 2025/26 £'000	Variance £'000	Variance %
<b>Corporate Governance &amp; Public Protection</b>	4,356	4,464	108	2.5
<b>Finance Property &amp; Waste Services</b>	13,230	12,937	(293)	(2.2)
<b>Growth &amp; Culture</b>	8,743	8,505	(238)	(2.7)
<b>Housing &amp; Projects</b>	2,033	2,078	45	2.3
<b>Net Cost of Service</b>	<b>28,362</b>	<b>27,984</b>	<b>(378)</b>	<b>(1.33)</b>
<b>Investment Income</b>	(781)	(895)	(114)	(14.6)
<b>(Surplus) / Deficit</b>	<b>27,581</b>	<b>27,089</b>	<b>(492)</b>	<b>(1.8)</b>

**Table 2 – General Fund Revenue – Significant Variances**

<b>Explanation of Significant Variance</b>	<b>£'000</b>
<b>Fuel</b> A reduction in inflationary price increases has resulted in a forecast underspend of (£180k) based on modelling at 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.	(180)
<b>Utilities</b> The Council continues to financially benefit from the energy prices secured via the ESPO utility procurement Framework which is currently being purchased at a unit rate lower than the budgeted rate. As this cost continues to be volatile it will be kept under review for the remainder of the financial year.	(250)
<b>Cattlemarket Car Park Stamford Income</b> The recent expansion of 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 29 <sup>th</sup> August 2025.	(80)
<b>Green Waste Income</b> Additional income of (£100k) has been received with higher than budgeted take-up of the scheme. As at July, over 30,600 customers had joined the green waste service.	(100)
<b>Planning Fee Income</b> Planning Fee Income has risen above estimated levels during quarter 1. 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 specific applications. 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)
<b>Salaries</b> Salary budgets are prepared with a 3% vacancy factor (£572k) to reflect staff turnover. At the present time no vacancy savings have been forecast but as the financial year progresses it is expected savings will be achieved towards meeting the vacancy factor target.	572
<b>Investment Income</b> Higher average interest has been achieved on the investments held which is currently achieving 4.57% on average compared to 3.25% forecast included in the budget.	(114)

## 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 £17.893m.

4.2 Table 3 shows the forecast outturn position as at 31 July 2025 and at the present time there are no significant variances forecast at this point. Commentary will be provided in subsequent meetings if material variances arise.

**Table 3 – General Fund Capital Forecast Outturn Position**

Directorate	Current Budget £'000	Forecast Outturn £'000	Variance £'000	Variance %
<b>Corporate Governance &amp; Public Protection</b>	1,370	1,380	10	0.73
<b>Finance, Property and Waste Services</b>	11,959	12,013	54	0.45
<b>Growth and Culture</b>	1,740	1,740	0	0
<b>Housing and Property</b>	2,824	2,824	0	0
<b>Total</b>	<b>17,893</b>	<b>17,957</b>	<b>64</b>	<b>0.36</b>

## 5 Revenue Budget 2025/26 – HRA

5.1 The HRA revenue budget set by Council on 27 February 2025 showed an overall surplus of £8.059m. Budgets have been updated in order to reflect the approved budget carry forwards from 2024/25 and in year virements. These changes have resulted in a revised forecast net income of £8.078m.

5.2 Table 4 shows the forecast outturn position as at 31 July 2025.

**Table 4 – HRA Revenue Forecast Outturn Position**

Directorate	Current Budget £'000	YTD Budget £'000	YTD Actuals £'000	YTD Variance £'000	Forecast Outturn £'000	Variance £'000	Variance %
<b>EXPENDITURE</b>							
<b>Repairs and maintenance</b>	10,808	3,537	4,566	1,029	10,808	0	0
<b>Supervision and Management - General</b>	2,560	811	894	82	2,560	0	0
<b>Supervision and</b>	2,260	736	459	(277)	2,260	0	0

<b>Management - Special</b>							
<b>Depreciation and Impairment of Fixed Assets</b>	4,181	0	0	0	4,181	0	0
<b>Accounting Adjustments</b>	3,273	0	0	0	3,273	0	0
<b>Total Exp</b>	<b>23,081</b>	<b>5,084</b>	<b>5,919</b>	<b>835</b>	<b>23,081</b>	<b>0</b>	<b>0</b>
<b>INCOME</b>							
<b>Dwelling Rents</b>	(29,856)	(9,952)	(8,624)	1,328	(29,856)	0	0
<b>Non-Dwelling Reents</b>	(322)	(107)	(78)	30	(322)	0	0
<b>Charges for Services and Facilities</b>	(916)	(305)	(310)	(5)	(916)	0	0
<b>Other Income</b>	(18)	(6)	(2)	4	(18)	0	0
<b>Total Income</b>	<b>(31,112)</b>	<b>(10,371)</b>	<b>(9,014)</b>	<b>1,357</b>	<b>(31,112)</b>		
<b>Net Cost</b>	<b>(8,031)</b>	<b>(5,286)</b>	<b>(3,094)</b>	<b>2,192</b>	<b>(8,031)</b>		
<b>Interest Payable</b>	2,043	681	681	0	681	0	0
<b>Investment income</b>	(1,798)	(599)	(709)	(110)	(2,090)	(292)	(16)
<b>Net operating Surplus</b>	<b>(7,786)</b>	<b>(5,205)</b>	<b>(3,122)</b>	<b>2,082</b>	<b>(8,078)</b>	<b>(292)</b>	<b>(4)</b>

5.3 As highlighted in table 4 above there is a potential pressure on repairs and maintenance budget with 42% of the budget spent at the end of July 2025. The pressures include additional costs associated with increased productivity as work continues to reduce the number of overdue repairs jobs and numbers of voids.

5.4 Regulatory requirements in the Safety and Quality Standard set out clear requirements that landlords must provide an efficient and timely repairs service to tenants. These requirements have been translated into the recently approved Repairs Policy which sets out clear timeframes to complete works. This brings the repairs performance under the spotlight to deliver against targets and reverse the trend of backlogs building up. Regulation has also placed greater focus on health and safety compliance and maintenance remedial works have been identified through fire risk assessment and dwelling surveys. There are also additional pressures as a result of new responsibilities placed on landlords to treat damp and mould as a result of Awaabs Law ([Awaab's Law: Draft guidance for social landlords - GOV.UK](#)) which has resulted in an increase in cost and resources.

5.5 In response to this, work is now underway to review the budgets that were set on 27<sup>th</sup> February 2025 and consider whether additional funding should be requested if the spend levels continue to exceed the budgeted levels. However this will need

to be considered alongside the 30 year financial business plan and other competing financial pressures facing the HRA service.

5.6 As with the General Fund, the HRA is forecasting increased investment income, which for the HRA is anticipated to be an additional £292k based on the increase in average investment rates compared to those included in the budget.

## 6 Capital Budget 2025/26 – HRA

6.1 The budget set by Council on 27 February 2025 was £31.771m. Budgets have been amended in line with the approved carry forwards and these changes have increased the 2025/26 budget to £31.966m.

6.2 Table 5 shows the forecast outturn position as at 31 July 2025 and Table 6 shows the significant forecast variances with supporting commentary.

**Table 5 – HRA Capital Forecast Outturn Position**

Directorate	Current Budget £'000	YTD Budget £'000	YTD Actuals £'000	YTD Variance £'000	Forecast Outturn £'000	Variance £'000	Variance %
<b>Energy Efficiencies Initiatives</b>	4,653	1,551	311	1,240	4,653	0	0
<b>Replacement Vehicles</b>	765	255	0	(255)	765	0	0
<b>New Builds</b>	15,134	5,045	1,762	(3,283)	7,116	(8,018)	52.98
<b>Refurbishment and Improvement</b>	11,414	3,805	1,758	(2,047)	11,116	(298)	2.61
<b>Total</b>	<b>31,966</b>	<b>10,656</b>	<b>3,831</b>	<b>(6,825)</b>	<b>23,650</b>	<b>(8,316)</b>	<b>(26.02)</b>

**Table 6 – HRA Capital – Significant Variances**

Explanation of Significant Variance	£'000
<b>New Builds Programme</b> The housing development at Larch Close, Grantham has been approved, preconstruction works are nearing completion with an expected start on site date of September 2025. However, following feasibility work on the potential development at Gorse Rise Grantham. A number of other schemes are progressing beyond the initial timescales resulting in a forecast underspend for the current financial year.	(8,018)

<b>Refurbishment and Improvement</b> A potential underspend is anticipated related to the Tunstall Lifeline and alarm system. Work is underway for the procurement of a new contract but the current expectations are that no further investment will be required this financial year.	(298)
<b>Total</b>	<b>(8,316)</b>

## 7 Collection Rates

7.1 Table 7 details the current collection rates against target for 2025/26.

**Table 7 - Collection Rates**

<b>Target Rates</b>	<b>Council Tax</b>	<b>Business Rates</b>	<b>Rents</b>
<b>Target annual collection rate</b>	<b>98.33%</b>	<b>98.68%</b>	<b>96.02%</b>
<b>Target collection rate to end of June 2025</b>	<b>28.29%</b>	<b>30.58%</b>	<b>22.84%</b>
<b>Actual collection rate to end of June 2025</b>	<b>28.31%</b>	<b>30.47%</b>	<b>23.10%</b>

7.2 Council Tax:

- Collection of £31.333m as of 30 June 2025 against an annual debt of £110.678m. As shown in the table above, the collection rate is above target by 0.02% or £22,136 (SKDC share being £1,992).
- All 7 Districts in Lincolnshire share their collection rates monthly with 6 of the Districts also above target collection. South Kesteven has the highest net collectable debt in the County (£110.678m), with the next Councils debt being £109.116m (with a collection of 28.95%).

7.3 Business Rates:

- Collection of £14.047m as of 30 June 2025 against an annual debt of £46.105m. As shown in the table above, the collection rate was 0.11% or £50,716 below above target.
- All 7 District Councils in Lincolnshire share their collection rates monthly with 4 of the Districts also below their target collection. South Kesteven has the second

highest net collectable debt in the County (£46.105m), with the highest Council's debt being £46.626m.

#### 7.4 Rent:

- Collection of £7.173m as of 6 July 2025 against an annual debt of £28.966m. As shown in the table above, the collection rate was 0.26% above target equating to an increase in the collection of £81,785. Comparison is being requested with neighbouring Councils and will be provided when it is made available.

### **8 Reasons for the Recommendations**

8.1 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.

### **9 Consultation**

9.1 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.

### **10 Appendices**

Appendix A – 2025/26 – Finance Risk Register.