



Tuesday, 4 November 2025

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

General Fund Finance Update Report: April to September 2025

Report Author

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Purpose of Report

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

- General Fund Revenue Budget
- General Fund Capital Programme

Recommendations

Cabinet is asked to:

1. Review and note the forecast 2025/26 outturn position for the General Fund Revenue and Capital budgets as at the end of September 2025.
2. Identify any variances that might require action or investigation.

Decision Information

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Does the report contain any exempt or confidential information not for publication?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: James Welbourn, Democratic Services Manager

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 Cabinet is provided with regular finance reports. These monitor and forecast expenditure and income compared with budgets approved by Council. They 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 18 November 2025 to enable members of the Committee to review and provide comments on 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 £27.618m.

Table 1 shows the forecast outturn position as at 30 September 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 %
Corporate Governance & Public Protection	4,356	4,414	58	1.3%
Finance Property & Waste Services	12,885	13,012	126	1.0%
Growth & Culture	9,125	8,808	(317)	(3.5%)
Housing & Projects	2,033	1,843	(190)	(9.3%)
Net Cost of Service	28,399	28,077	(323)	(1.1%)
Investment Income	(781)	(957)	(176)	(22.5%)
(Surplus) / Deficit	27,618	27,120	(499)	(1.8%)

Table 2 – General Fund Revenue – Significant Variances

Explanation of Significant Variance	£'000
Fuel Reduced inflation 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 approximately 28% lower.	(180)
Utilities 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. This cost continues to be volatile and will be kept under review for the remainder of the financial year.	(250)
Cattlemarket Car Park Stamford Income The recent extension of the Cattle Market car park at 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. This projection followed the introduction of the charging which came into effect from 29 th August 2025.	(80)
Green Waste Income Additional income of (£100k) has been received with higher than budgeted take-up of the scheme. As at September over 30,900 customers subscribe to the green waste service.	(100)

Planning Fee Income Planning Fee Income has risen above budgeted levels during Quarters 1 and 2. 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 certain application categories, e.g. the fee for householder applications has doubled. These increases were not known at the time budgets were approved. An increase in the number of applications received in the quarter has also generated additional income.	(250)
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 so there is no overall adverse financial impact on the Council.	195
Housing Services – Emergency Accommodation There has been a focus on reducing the spend on emergency accommodation and placing less reliance on Bed & Breakfast establishments. Using other accommodations options including SKDC facilities (winter night shelter will be used again later this year) has resulted in a forecast underspend.	(100)
Salaries A pay award in line with the national award for 2025/26 of 3.2% was endorsed by the Employment Committee and backdated to April 2025. This award was in excess of the 2% budgeted and the resulting overspend of up to £244k will be funded from the Local Priorities Reserve. Salary budgets are prepared with a 3% vacancy factor (£572k) to reflect staff turnover. As at Quarter 2 the vacancy factor is anticipated to be achieved by March 2026 but will continue to be reviewed.	527
Investment Income Higher average interest has been achieved on investments which are currently averaging 4.30% return compared to budgeted level of 3.25% budget as well as higher than anticipated investment balances.	(176)

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 £18.065m.
- 4.2 Table 3 shows the forecast outturn position as at 30 September 2025 and Table 4 shows the significant forecast variances.

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	12,131	12,289	158	1.31
Growth and Culture	1,740	1,740	0	0
Housing and Property	2,824	2,884	60	2.11
Total	18,065	18,293	228	1.26

Table 4 – General Fund Capital Significant Variances

Explanation of Significant Variance	£'000
Vehicle Replacement Programme Overspend anticipated due to savings of £45K available on early purchase of freighter as opposed to delaying into 2026/27. Procurement of vehicles are staged in order to ensure the fleet turnover is manageable.	104
Financial System Upgrade There were some additional project support costs required to ensure the finance system Go Live date was achieved in August 2025. However, this project is now completed and no further spend is required.	54
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.	60
Total	218

5 Collection Rates – 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 September 2025	55.52%	55.93%
Actual collection rate to end of September 2025	55.35%	55.44%
Variance compared to Target	(0.17%)	(0.49%)

5.2 Council Tax:

- At the 30 September 2025 the collection target is £61.308m against an annual debt of £110.773m. As shown in the table above, the collection rate is below target by 0.17% or £183,314 (SKDC share being £16,948).
- All 7 Districts in Lincolnshire share their collection rates monthly with 6 of the Districts also below collection.
- South Kesteven have the highest net collectable debt in the County (£110.773m), with the next Councils debt being £109.394m.

5.3 Business Rates:

- At the 30 September 2025 the collection target is £25.815m against an annual debt of £46.567m. As shown in the table above, the collection rate was 0.49% or £228,179 below above target.
- All 7 District Councils in Lincolnshire share their collection rates monthly with just 2 of the Districts above their target collection.
- South Kesteven have the second highest net collectable debt in the County (£46.567m), with the highest Councils debt being £447.263m.
- South Kesteven District Council have undertaken a review of Small Business Rates Relief. Letters were issued to 1,999 properties where relief was awarded. The review resulted in 413 reliefs being removed, reducing the amount of relief awarded by £1,177,886, which now becomes payable by the ratepayer

6 Other Options Considered

- 6.1 Cabinet in their role should have oversight of the Councils budgets and therefore, the option of not producing a monitoring report was discounted.

7 Reasons for the Recommendations

- 7.1 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.

8 Consultation

- 8.1 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.

9 Appendices

Appendix A – 2025/26 – Finance Risk Register.