



Report To:	Cabinet
Date:	17 th September 2025
Subject:	2025/26 Quarter 1 Finance Update
Purpose:	To present the 2025/26 Quarter 1 position for the period ending 30 June 2025.
Key Decision:	No
Portfolio Holder:	Councillor Sandeep Ghosh, Portfolio Holder for Finance and Economic Growth
Report Of:	Brendan Arnold, Interim Director of Finance (S151 Officer)
Report Author:	Nicole Hayes, Head of Finance Delivery - BBC
Ward(s) Affected:	No
Exempt Report:	No

Summary

This report sets out a summary of the current financial position for the Council at the end of Quarter 1 for 2025/26 forecasting to the year end for members consideration.

Recommendations

It is recommended:

1. That Cabinet notes the forecast revenue position of £0.829m overspend for 2025/26 as detailed in Appendix A – Table 1 and the need for continuous focus on the savings and efficiency programme; and
2. That Cabinet approves the amendments to the Capital Programme at Appendix B – Table 3 that require Cabinet approval to take into account the changes set out in this report.

Reasons for Recommendations

To ensure the Council's forecast financial position for 2025/26 is considered and related decisions approved. It is important Cabinet are aware of the financial position of the General Fund to ensure they can make informed decisions that are affordable and financially sustainable for the Council.

Other Options Considered

To not approve the financial movements outlined.

1. Background

1.1 Throughout the year quarterly monitoring reports are completed forecasting the expected year end outturn compared to the approved budget. This report provides information on the forecast full year financial performance as of 30 June 2025 and as detailed in the attached Appendices, for the following areas:

- The General Fund Revenue Budget,
- The General Fund Reserve Position,
- The Treasury Performance,
- The Capital Programme.

2. Finance Revenue Report

General Fund Forecast Outturn

- 2.1 Quarter 1 data provides a view on which to base a revised full year forecast. The full year outturn based on current projections and assumptions is a forecast net deficit of £0.829m
- 2.2 The key variances are attributable to service efficiencies yet to be identified, shortfalls in achieving targeted salary efficiencies and lower than expected income from Bereavement services. These shortfalls are partially mitigated by savings from Senior Leadership Officer posts, higher than anticipated investment income and additional grant funding.
- 2.3 The forecast position by Assistant Director and Corporate Areas is detailed in Appendix A – Table 1.

Savings Target Fund Forecast Outturn

- 2.4 An efficiency target of £1.429m is included in the 2025/26 budget. Saving opportunities are being monitored throughout the year; this information is detailed in Appendix A – Table 2 of the report.

- 2.5 The forecast outturn position assumes 53% of the efficiencies (£0.760m) have been identified including the £0.654m IDB funding received. Assistant Director service reviews are ongoing and further savings will be identified as part of this process.

Reserves

- 2.6 The forecast balance of Specific and General Fund Reserves is £18.481m, reflecting planned use of reserves from the Capital Funding reserve, Transformation Reserve and Funding Volatility Reserve. Further details are provided in Appendix A – Table 4.

Treasury Management

- 2.7 Section 2.3 of Appendix A provides details of the Council's Treasury investments as of 30 June 2025. The Council's 2025/26 budget for investment income is £1.721m, the forecast outturn position is £1.934m, providing additional income of £0.213m.
- 2.8 The higher levels of investment income achieved compared to the budget is due to interest rates in the market being higher than the budgeted return for 2025/26, and balances available for investment being higher due to rephasing of the capital programme.
- 2.9 On 30 June 2025 negotiations were ongoing with a view to prematurely repaying the State Street LOBO loan on preferential terms to the Council, and securing further borrowing from the PWLB at a lower rate. The loan has subsequently been repaid during Quarter 2 and full financial details will be provided in the Quarter 2 report.

3. Finance Capital Report

- 3.1 As of 30 June 2025, capital expenditure totalled £4.396m against a full year budget of £38.131m.
- 3.2 The capital expenditure to 30 June 2025 and expected forecast position by scheme is detailed in Appendix B – Table 1.
- 3.3 The capital programme is primarily funded through external grants; details are provided in Appendix B – Table 2.
- 3.4 Due to the nature of capital projects, it is not uncommon for the timelines of large scale projects to be revised over the medium term. This requires changes to the approved capital budget totalling £0.201m, details are provided within Appendix B – Table 3.
- 3.5 The 5-year Capital Programme includes provision for Investment and Growth mainly funded through grant funding from Levelling Up Funds, Waste Services investment, IT investment and Disabled Facilities Grants. The main areas of continued investment are:
- Geoff Moulder Leisure Centre
 - Disabled Facilities Grant
 - Waste Vehicles and Caddies
 - IT Systems

Details are provided within Appendix B – Table 4.

4. Conclusion

4.1. To ensure the Quarter 1 position is scrutinised, and the forecast outturn is reviewed.

Implications

South and East Lincolnshire Councils Partnership

None.

Corporate Priorities

None.

Staffing

None.

Workforce Capacity Implications

None.

Constitutional and Legal Implications

None.

Data Protection

None.

Financial

As contained in this report and the associated appendices.

Risk Management

None.

Stakeholder / Consultation / Timescales

No consultation undertaken.

Reputation

None.

Contracts

None.

Crime and Disorder

None.

Equality and Diversity / Human Rights / Safeguarding

None.

Health and Wellbeing

None.

Climate Change and Environment Impact Assessment

None.

Acronyms

None.

Appendices

Appendices are listed below and attached to the back of the report:

Appendix A	BBC Q1 Finance Revenue Report 2025-26
Appendix B	BBC Q1 Finance Capital Report 2025-26

Background Papers

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

Chronological History of this Report

None.

Report Approval

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