



**Report To:** Cabinet

**Date:** 10<sup>th</sup> December 2025

**Subject:** Quarter 2 2025/26 Forecast Outturn

**Purpose:** To present the 2025/26 Quarter 2 position for the period ending 30 September 2025.

**Key Decision:** No

**Portfolio Holder:** Councillor Sandeep Ghosh, Portfolio Holder for Finance and Economic Growth

**Report Of:** Russell Stone, Director of Finance (S151 Officer)

**Report Author:** Nicole Hayes, Head of Finance Delivery - BBC (PSPSL)

**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 2 for 2025/26 forecasting to the year end for members consideration.

### Recommendations

It is recommended:

1. That Cabinet notes the forecast revenue position of £0.571m deficit for 2025/26 as detailed in Appendix A – Table 1 and the need for continuous focus on the savings and efficiency programme;
2. That Cabinet notes the amendments to the Capital Programme at Appendix B – Table 3; and
3. That Cabinet recommends to Full Council the amendments to the Capital Programme at Appendix B – Table 3 for approval.

## **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 September 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 2 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 £0.571m

2.2 The key variances are attributable to increasing income pressures across service areas including Planning, Cremation and Commercial Waste. The shortfalls are partially mitigated by savings from Senior Leadership Officer posts, reduced computer costs and anticipated additional car parking income.

2.3 The forecast position by Assistant Director and Corporate Areas is detailed in Appendix A – Table 1.

#### **Savings Target 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 51% of the efficiencies (£0.733m) 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 £18.371m, 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 September 2025. The Council's 2025/26 budget for investment income is £1.722m, the forecast outturn position is £1.850m, providing additional income of £0.128m.

2.8 The Council held a £1.000m long-term LOBO (lender option borrower option) with State Street, due for repayment in 2051. On 11 July 2025, this loan was settled with a one-off payment of £1.500m and replaced by a £1.000m five-year loan from PWLB. This has generated a saving of £28k for this financial year.

## **3. Finance Capital Report**

3.1 As of 30 September 2025, capital expenditure totalled £8.155m against a full year budget of £38.563m.

3.2 The capital expenditure to 30 September 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 £0.100m, 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 2 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 Q2 Finance Revenue Report 2025-26
Appendix B	BBC Q2 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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