



REPORT TO:	Cabinet
DATE:	28 th April 2026
SUBJECT:	2025/26 Quarter Three Finance Update
PURPOSE:	To set out the current financial position for the Council at the end of the third quarter of 2025/26.
KEY DECISION:	No
PORTFOLIO HOLDER:	Councillor Redgate – Portfolio Holder for Finance
REPORT OF:	Russell Stone – S151 Officer
REPORT AUTHOR:	Rashpal Sohal, Interim Strategic Finance Manager, PSPS
WARD(S) AFFECTED:	N/A
EXEMPT REPORT	No

SUMMARY

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

RECOMMENDATIONS

It is recommended that Cabinet notes:

- 1) The forecast revenue position of a projected £187,000 underspend for 2025/26 as detailed in Table 1 and the need for continued focus on the savings and efficiency programme.
- 2) The forecast revenue position of the HRA for 2025/26 (projected surplus of £890,000) as detailed in Table 3.
- 3) The HRA Capital Programme position as detailed in Table 4 of Appendix A and the changes set out in this report.
- 4) Note that the Council carried out debt restructuring on the HRA borrowing in March 2026 as outlined in Appendix A, Section 2.6.
- 5) The amendments to the Capital Programme at Appendix B – Table 1c.

REASONS FOR RECOMMENDATIONS

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

OTHER OPTIONS CONSIDERED

To not approve the financial movements outlined.

REPORT

1. BACKGROUND

1.1 Appendix A provides information on the full year forecasted financial performance at 31 December 2025 for the following areas:

- The General Fund Revenue,
- Reserves,
- The HRA Revenue Budget,
- The HRA Capital Programme for 2025/26, and
- The Treasury Management Performance for the year.

1.2 Appendix B provides information on the full year forecasted financial performance as at 31 December 2025 for the General Fund Capital Programme for 2025/26.

General Fund Forecast Outturn

1.3 Quarter 3 data provide 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 surplus of £187,000.

1.4 The forecast position by the Assistant Director and Corporate Areas is detailed in Appendix A - Table 1 together with an analysis of variations.

Savings Target – General Fund

1.5 An efficiency target of £1.196m is included within the 2025/26 General Fund budget. Savings opportunities have been monitored throughout the year and are detailed in Appendix A, Table 1b of the report. As at 31 December 2025, 54% of the efficiency target had been identified, reflecting IDB funding support and savings and income identified through the Q3 monitoring process. However, based on the forecast underspend reported, the overall savings target is expected to be exceeded.

Internal Drainage Board

1.6 The financial pressure generated by the Internal Drainage Boards has been supported by the Government for 2025/26 to the sum of £578,000. This is a positive sign that the Government has taken note of the financial impact being felt by this Council and is responding to the representations by the Special Interest Group.

Reserves

- 1.7 The forecast balance of General Fund Specific Reserves is £6.119m. The General Fund Reserve Balance remains at £2.078m.

Capital – General Fund

- 1.8 The total revised General Fund Capital Programme for 2025/26 was £14.630m. With the amendments proposed in this report, the forecast capital programme for 2025/26 will be £12.988m, as detailed in Appendix B – Table 1a and 1b. Actual capital expenditure for Q3 2025/26 is £5.686m. This will continue to be closely monitored.

2. Housing Revenue Account (HRA)

HRA Revenue Budget

- 2.1 The HRA revenue outturn position as at 31 December 2025 was a net surplus of £890,000 as detailed in Appendix A – Table 3.

HRA Capital Position

- 2.2 The total HRA Capital Programme for 2025/26 is budgeted at £20.356m and forecasted at £15.226m at 31 December 2025, as detailed in Appendix A – Table 4.

3. Treasury Management

- 3.1 Section 2.6 of Appendix A provides details of the Council's Treasury Investments as at 31 December 2025. The Council's 2025/26 budget for net investment income is £1.098m, the forecast outturn position for investment income at Q3 is £1.931m.
- 3.2 The higher levels of investment income compared to the original budget is due to increased balances available for investment resulting from an increased cashflow surplus and increased interest rates.

CONCLUSION

To ensure that the Quarter three position is scrutinised and the forecast outturn reviewed.

IMPLICATIONS

None

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

None

CORPORATE PRIORITIES

None

STAFFING

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

None

DATA PROTECTION

None

FINANCIAL

As contained in this report and Appendix A.

STAKEHOLDER / CONSULTATION / TIMESCALES

None

REPUTATION

None

CONTRACTS

None

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

APPENDICES

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

Appendix A

Q3 Finance Report 2025/26

Appendix B

SHDC Q3 GF Capital Finance Report 2025/26

BACKGROUND PAPERS

None

REPORT APPROVAL

Report author:

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Signed off by:

Russell Stone, Interim Director of Finance & S151 Officer

Approved for publication:

Councillor Paul Redgate Portfolio Holder for Finance