

<b>REPORT TO:</b>	Cabinet
<b>DATE:</b>	30 <sup>th</sup> June 2026
<b>SUBJECT:</b>	2025/26 Draft Outturn Finance Report
<b>PURPOSE:</b>	To report on the Council's Finances as at 31 <sup>st</sup> March 2026.
<b>KEY DECISION:</b>	N/A
<b>PORTFOLIO HOLDER:</b>	Councillor Redgate – Portfolio Holder for Finance
<b>REPORT OF:</b>	Russell Stone – Executive Director, Finance and Section 151 Officer
<b>REPORT AUTHOR:</b>	Nicole Hayes, Head of Finance Delivery - BBC, PSPSL
<b>WARD(S) AFFECTED:</b>	N/A
<b>EXEMPT REPORT</b>	No

**SUMMARY**

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

- RECOMMENDATIONS**
- It is recommended that Cabinet:
- 1) Notes the General Fund draft outturn position for 2025/26 being an underspend of £258,000 as detailed in Appendix A - Table 1.
  - 2) Approves the reserve transfers as set out in Appendix A – Table 2a.
  - 3) Approve the use of the Neighbourhoods reserve of £130,000 in 2026/27 to support future Neighbourhood service delivery costs shown within Appendix A – Table 2a.
  - 4) Approves the final Spalding Special Expenses revenue position of £76k and the transfer of the surplus to the Spalding Special Expenses reserve.
  - 5) Notes the HRA draft outturn position for 2025/26, showing an underspend of £3.130m as set out in Appendix A - Table 3.

- 6) Notes the draft HRA capital position for 2025/26 as detailed in Appendix A – Table 4.
- 7) Approves the rephrasing of the slippage of the existing HRA capital schemes into 2026/27 and the budgetary adjustment required, as outlined in Appendix A – Table 5.
- 8) Notes the draft General Fund capital position for 2025/26 as detailed in Appendix B – Table 1a.
- 9) Approves the rephrasing of the slippage of the existing capital schemes into future financial years as outlined in Appendix B – Table 1d which include amendments to the Capital Programme at Appendix B – Table 1c and the addition to the capital programme in 2026/27 noted in Appendix B – Table 1d which will be financed via earmarked reserves.

#### **RECOMMENDATIONS TO COUNCIL FROM CABINET:**

It is recommended that Cabinet approves the following recommendations for onward referral to Full Council:

- 10) A capital addition of £2m within the HRA for 2026/27 to enable the continuation and expansion of energy efficiency improvements across the housing stock.
- 11) Notes the HRA draft outturn position for 2025/26, showing an underspend of £3.130m as set out in Appendix A - Table 3, and approves the transfer of this underspend to the HRA General Reserve.

#### **REASONS FOR RECOMMENDATIONS**

To ensure the Council's draft outturn financial position for 2025/26 is noted and related decisions approved. It is important that the Cabinet are aware of the financial position of the General Fund and Housing Revenue Account.

#### **OTHER OPTIONS CONSIDERED**

None.

## **REPORT**

### **1. BACKGROUND**

1.1 Appendix A provides information on the full year financial performance as at 31 March 2026 for the following areas:

- The General Fund Revenue Budget,
- The Reserves Position,
- The Housing Revenue Account Budget,
- The HRA Capital Programme, and
- The Treasury Management Performance for the year.

- 1.2 Appendix B provides information on the full year financial performance as at 31 March 2026 for the General Fund Capital Programme for 2025/26.

### **General Fund Revenue Provision Outturn**

- 1.3 The full year draft outturn position shows a net underspend of (£0.258m). For comparison the Q1 forecast showed a deficit of £0.462m, decreasing to £0.281m at Q2 and further improving to an underspend of (£0.187m) at Q3.
- 1.4 The draft outturn position by Service Director and Corporate Areas is detailed in Appendix A – Table 1.

### **Savings Target – General Fund**

- 1.5 The 2025/26 base budget included an efficiency target of £1.256m. Saving opportunities were monitored throughout the year and in light of the outturn underspend of (£0.258m), it can be concluded that the savings target set, has been exceeded.

### **Reserves**

- 1.6 The draft outturn balance of Specific and General Fund Reserves is £11.599m as shown in Appendix A – Table 2b.
- 1.7 The draft outturn balance of the HRA Reserves is £12.730m.

### **Housing Revenue Account (HRA)**

#### **HRA Revenue Budget**

- 2.1 The HRA revenue outturn position as at 31 March 2026 presented a favourable position of (£3.130m), as detailed in Appendix A – Table 3.
- 2.2 In March 2026, the Council prematurely repaid its £67.456m of HRA debt, generating a discount of £18.371m and replaced it with £50.000m of new borrowing. This discount will be amortised over 10 years, resulting in an annual credit of £1.837m to the Housing Revenue Account (HRA) from 2025/26 onwards. This ongoing benefit is a key contributor to the overall favourable position, with the remainder attributable to lower net in-year service pressures.

#### **HRA Capital Position**

- 2.3 The 2025/26 HRA capital expenditure totalled £11.976m against budgeted expenditure of £20.356m resulting in an underspend of (£8.380m). Following this position, £5.515m is required to be rephased into 2026/27 as shown in Appendix A – Table 4 and 5.

### **Treasury Management**

- 3.1 Section 2.6 of Appendix A provides details of the Council's Treasury Investments as at 31 March 2026.

3.2 The Council's 2025/26 budget for investment income and other income for the 2025/26 financial year was £1.098m and the actual received was £1.964m (including the Welland Homes dividend) giving a favourable variance of £0.866m. Section 106 balances have been credited with £0.041m reducing the final surplus to £0.825m of which £0.508m relates to the General Fund and £0.317m is attribute to the HRA.

### **Capital – General Fund**

4.1 As of 31 March 2026, capital expenditure totalled £11.598m against budgeted expenditure of £14.903m, an underspend of £3.305m. This includes £0.273m adjustment to the 2025/26 approved budget.

4.2 Due to the nature of capital projects, it is not uncommon for the timelines of large-scale projects to be revised. As a result, existing capital schemes totalling £3.155m of the £3.305m need to be rephased into future years.

4.3 Members should note that when the budget is approved by Council, a five-year capital programme is agreed at this time. In addition, a revision of current year's capital programme is also agreed. Therefore, the rephasing is shifting the budgeted expenditure into future years to ensure that the amount agreed by Council over the 5 years to complete the project is still available.

4.4 In addition, a new provision of £0.150m in 2026/27 has been included for works required at the Waste Depot. This will allow for the provision of a dedicated vehicle washing facility which is necessary to ensure the Council meets its statutory obligations as a Waste Collection Authority and to support the safe and effective delivery of the forthcoming weekly food waste collection service. The introduction of food waste collections will result in increased handling of organic material with associated risks relating to hygiene, odour, vermin attraction and cross-contamination. A compliant wash facility will enable regular and thorough cleaning of collection vehicles, helping to maintain public health standards, meet environmental protection requirements and comply with operator licence conditions. It will also support the Council in meeting expected national policy requirements arising from waste and recycling reforms. Also, further improving service resilience and ensuring that vehicles remain fit for purpose, presentable and safe for operatives.

4.5 Further details are set out in Appendix B – Table 1d.

### **CONCLUSION**

Cabinet are requested to note the draft General Fund, HRA and capital outturn position, approve the reserves transfer and rephrasing of the capital slippage into future years.

### **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 the associated appendices.

**STAKEHOLDER / CONSULTATION / TIMESCALES**

No consultation undertaken.

**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	SHDC Revenue Draft Outturn Finance Report 2025-26
Appendix B	SHDC GF Capital Draft Outturn Finance Report 2025-26

**BACKGROUND PAPERS**

None

<b>REPORT APPROVAL</b>	
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Signed off by:	Russell Stone – Executive Director, Finance and Section 151 Officer
Approved for publication:	Councillor Paul Redgate Portfolio Holder for Finance