

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CORPORATE SCRUTINY COMMITTEE – THURSDAY, 19  
JUNE 2025



<b>Title of Report</b>	<b>2024/25 QUARTER 3 GENERAL FUND AND HOUSING REVENUE ACCOUNT UPDATE</b>	
<b>Presented by</b>	Paul Stone Strategic Director of Resources	
<b>Background Papers</b>	<b>Cabinet 25 March 2025</b>  <a href="#">2024/25 Quarter 3 General Fund Update</a>  <a href="#">2024/25 Quarter 3 Housing Revenue Account Update</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	The report outlines the financial position of both the General Fund and Housing Revenue Account as at Quarter 3 2024/25.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	No legal implications arising from this report.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	Any staffing implications of this report are detailed in the body of the report and the attached appendices.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To provide Corporate Scrutiny with an update on the financial position for the General Fund and HRA as at Quarter 3 2024/25.	
<b>Recommendations</b>	<b>THAT CORPORATE SCRUTINY COMMITTEE:</b>  <ol style="list-style-type: none"> <li><b>NOTES THE FORECAST OVERSPEND ON GENERAL FUND FOR 2024/25 AND THE FORECAST UNDERSPEND ON THE HOUSING REVENUE ACCOUNT 2024/25; AND</b></li> <li><b>PROVIDES ANY COMMENTS FOR CONSIDERATION BY CABINET WHEN IT RECEIVES ITS NEXT QUARTERLY UPDATE</b></li> </ol>	

## 1.0 BACKGROUND

- 1.1 To update Members on the financial position of the Council following the third quarter's budget monitoring exercise for both the General Fund and Housing Revenue Account details of which were reported to Cabinet on 25 March 2025. Both reports are shown in Appendix A and B.

## 2.0 GENERAL FUND

- 2.1 The "2024/25 Quarter 3 General Fund Finance Update" provides an overview of the financial position of the General Fund for the period 1 April 2024 to 31 December 2024. The report highlights a forecasted overspend of £977k for the 2024/25 financial year. The major contributors to the overspend are:
- **Staffing Costs:** £1,016k due to recruitment challenges and higher interim resource costs.
  - **Income Shortfall:** £366k from vacant rental units and reduced external work for Legal Services.
  - **Other Costs:** £368k from increased demand for temporary accommodation, repairs, and maintenance.
- 2.2 The report also details the capital programme for the same period with significant expenditure on Disabled Facilities Grants (DFG), Marlborough Square Improvements Works, UK Shared Prosperity Fund (UKSPF) Investment Programme and the fleet replacement programme.
- 2.3 In terms of Treasury Management, the report outlines the Council's borrowing and investment activities, noting a reduction in borrowing interest expenditure due to the early repayment of a loan and an increase in investment income from higher rates of return from Money Market Funds.
- 2.4 The Council's reserves are also discussed, with a forecasted balanced of £23.2m by the end of the financial year, including earmarked reserves for specific purposes.
- 2.5 Overall, the report provides a detailed analysis of the financial challenges faced by the Council, the measures being taken to address them and the forecasted financial position for the remainder of the financial year.

## 3.0 HOUSING REVENUE ACCOUNT (HRA)

- 3.1 The report highlights a forecasted underspend of £1.6m for the 2024/25 financial year. The major contributors to the underspend are:
- **Staffing Costs:** £101k underspend due to vacant posts.
  - **Repairs and Maintenance:** £551k underspend due to delays in contractor work.
  - **Income:** £589k more than budgeted from rent and service charges due to fewer void properties.
  - **Investment Income:** £412k improvement due to favourable interest rates.

- 3.2 The HRA capital programme includes the Home and Estate Improvements Programme and the New Supply Programme. The Home and Estate Improvements Programme covers a range of works, including vital fire safety works, major aids and adaptation works, transforming older persons schemes to an integrated digital service, replacing heating schemes, and undertaking estate improvement works. The New Supply Programme aims to increase the number of affordable and social housing units across the district. As of quarter three, expenditure on the capital programme was £2.2m, with significant spending on the Home Improvement, New Supply and Estates Improvement Programme and major aids and adaptations.
- 3.3 The report also provides an update on HRA reserves, which are forecasted to have a balance of £18.8m by 31 March 2025. This includes a minimum balance of £1m to cover unforeseen revenue expenditure, with the remaining £17.8m allocated for capital projects and debt repayment.
- 3.4 Overall, the report emphasises the Council's commitment to improving services delivered by the HRA, addressing financial challenges and ensuring the impact on tenants is considered in all service delivery. The Council is actively working on improving processes, recruiting staff to key vacant roles and preparing plans for further actions within the service.

#### **4.0 SUMMARY**

- 4.1 The Council aims to tackle the overspends through the proposals outlined in the 2025/26 budget, which was approved by the Council in February 2025. These proposals focus on aligning budgets to address income shortfalls and providing additional capacity.
- 4.2 The Council has implemented process enhancements to ensure greater focus and collaboration with key stakeholders in the budget monitoring process. The Council continues to work on enhancements and improvements to its finance system. Additionally, there will be a rollout of training in the coming months to support budget holders with budget monitoring reports in the finance system.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	A well-run council
Policy Considerations:	Capital Strategy 2024/25 Treasury Management Strategy 2024/25
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and zero carbon:	None
Consultation/Community Engagement:	None
Risks:	Overspending will necessitate the use of reserves, which are set aside to cover unexpected expenses or revenue shortfalls.
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