

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

**CORPORATE SCRUTINY COMMITTEE – THURSDAY, 4
SEPTEMBER 2025**



Title of Report	FINANCE UPDATE - 2025/26 QUARTER 1	
Presented by	Cllr Keith Merrie Corporate and Finance Portfolio Holder	
Background Papers	Cabinet – 26 August 2025: General Fund Finance Update – 2025/26 Quarter 1 Housing Revenue Account (HRA) Finance Update Quarter 1	Public Report: Yes
Financial Implications	The report outlines the financial position of both the General Fund and Housing Revenue Account (HRA) as at Quarter 1 2025/26	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	No legal implications arising from this report.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	Any staffing implications of this report are detailed in the body of the report and the attached appendices.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide the Corporate Scrutiny Committee with an update on the financial position for the General Fund and HRA as at Quarter 1 2025/26	
Recommendations	THAT CORPORATE SCRUTINY COMMITTEE: <ol style="list-style-type: none"> 1. NOTES THE 2025/26 FORECAST UNDERSPEND ON GENERAL FUND AND HOUSING REVENUE ACCOUNT; AND 2. PROVIDES ANY COMMENTS FOR CONSIDERATION BY CABINET WHEN IT RECEIVES ITS NEXT QUARTERLY UPDATE. 	

1.0 BACKGROUND

- 1.1 To update Members on the financial position of the Council following the first quarter's budget monitoring exercise for both the General Fund and Housing Revenue Account details of which were reported to Cabinet on 26 August 2025. Both reports are shown in Appendix A and B.

2.0 GENERAL FUND

- 2.1 The 'Quarter 1 General Fund Finance Update' (Appendix A) provides an overview of the financial position of the General Fund for the period 1 April 2025 to 30 June 2025. The report highlights a forecasted underspend of £113k for the 2025/26 financial year. The major variances are summarised below, and more detail is available in the attached Cabinet report:

- **Staffing £213k overspend** - £10k agency overspend and £213k pressure due to not meeting the 3% vacancy control factor.
- **Income £381k underspend** - £51k pressure due to a combination of voids within the commercial leasehold property portfolio, units and market stalls are reducing the Council's income and additional £432k Extended Producer Responsibility Payment grant income.
- **Expenditure 165k overspend** - £160k overspend on repairs and maintenance of Council vehicles and £5k overspend on discretionary housing payments.

- 2.2 The report provides an update on the Savings Programme, Reserves and the Capital programme. The 2025/26 Savings Programme is on track and £19k savings have been achieved whilst £527k savings are on track to be achieved. The 2025/26 active programme approved capital budget for the General Fund is £9.2m and expenditure for the first quarter is £78k which is less than one 1% of the budget.

- 2.3 In terms of Treasury Management, there are no changes to the borrowing interest expenditure, nor, borrowing principal repaid forecasts as no new borrowing has taken place or loans repaid early during the quarter. Investment interest income for the General Fund investments is forecast at £270k, an additional £120k

3.0 HOUSING REVENUE ACCOUNT (HRA)

- 3.1 The HRA report (Appendix B) highlights a forecasted underspend of £46k for the 2025/26 financial year, compared to a budgeted £62k. Based on the high-level assessment at Quarter One, there is a one-off pressure of £16k forecasted due to the pay award being agreed at 3.2%, an increase of 0.2% when compared to the budget.

- 3.2 There are currently no other significant variances identified that cannot be managed within the approved budget. However, officers will continue to monitor the budgets, ensuring any financial implications are identified as soon as possible and the position reported throughout the financial year.

- 3.3 The report provides an update on the Reserves and the Capital programme. The 2025/26 approved capital active programme budget for the HRA is £12.565m and actual spend to the end of Quarter 1 (June 2025) is £0.658m (5.2%) of the budget. At this early stage of the financial year, the forecast outturn position is £12.565m representing 100% of the budget, although historically there has been some slippage on capital schemes.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	The Council plans to invest up to £1.1m in town centre regeneration and public realm works in the current financial year.
Environment, Climate Change and zero carbon:	<p>Up to £0.5m is forecast to be spent on purchasing environmentally friendly vehicles and installing electric vehicle charging points throughout the district in the current financial year.</p> <p>The Council is forecast to invest £4m on Zero Carbon Home Improvements.</p>
Consultation/Community Engagement:	None
Risks:	<p>Consumer Price Inflation (CPI) is the highest at 3.6% since January 2024 which means the real purchasing power of the Council's reserves steadily erodes, meaning the same amount of money can purchase progressively fewer goods and services. This erosion of value poses a challenge to the Council's ability to maintain financial stability and achieve its long-term financial objectives. The budgets will continue to be monitored throughout the year to ensure the Council remains within its funding envelope. Work is continuing to ensure the ledger is up to date for 2023/24 and 2024/25. As the 2023/24 and 2024/25 data is yet to be finalised, this places a risk on the 2025/26 data, and any brought forward balances from 2023/24.</p>
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