NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 28 JULY 2026

Title of Report	**2025/26 FINANCIAL PROVISIONAL OUTTURN - GENERAL FUND**	
Presented by	Councillor Keith Merrie MBE Finance and Corporate Portfolio Holder PH Briefed: Yes	
Background Papers	**Published draft accounts** Statement of Accounts 2025-26 (unaudited).pdf **Cabinet – 16/12/2025** 2025/26 Quarter 2 General Fund Finance Update	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	The outturn position on the General Fund is a saving of £1.15m, this is an increase from the quarter 2 forecast saving of £0.496m. **Signed off by the Section 151 Officer**: Yes	
Legal Implications	There are no direct legal implications arising from the report. **Signed off by the Monitoring Officer**: Yes	
Staffing and Corporate Implications	There are no direct implications arising from the report. **Signed off by the Head of Paid Service:** Yes	
Purpose of Report	To present an overview of the Council’s General Fund financial outturn for 2025/26.	
Reason for Decision	As required under Financial Procedure Rule A19.	
Recommendations	**THAT CABINET:** **1. NOTES THE SAVING OF £1.15m ON THE GENERAL FUND FOR 2025/26 TO BE TRANSFERRED TO THE MTFP RESERVE.** **2. NOTES THE SLIPPAGEOF £15.97M ON THE CAPITAL PROGRAMME** **3. RECOMMENDS TO FULL COUNCIL THE APPROVAL OF THE CREATION OF THE FOLLOWING NEW EARMARKED RESERVES IN EXCESS OF £100,000:** • **PLANNING APPLICATION INCOME RESERVE (£179,879).** • **ICT CYBER ASSESSMENT FRAMEWORK GRANT RESERVE (£150,000).**	

	4. RECOMMENDS TO FULL COUNCIL THE APPROVAL OF THE ADDITION OF £7.309m TO THE BUSINESS RATE RESERVE. **5. NOTES AND APPROVES THE APPLICATION OF £0.984m OF BROUGHT-FORWARD UK SHARED PROSPERITY FUND (UKSPF) GRANT FUNDING TO SUPPORT EXPENDITURE INCURRED DURING 2025/26.**

1.0 BACKGROUND

1.1 It is good practice for local authorities to publish the General Fund outturn position, as this promotes transparency and accountability in the management of public finances. Providing a clear and timely summary of the financial outturn enables councillors, stakeholders and the public to scrutinise how resources have been utilised against the approved budget. Furthermore, this openness helps build trust in the authority's financial stewardship and supports informed decision-making regarding future spending priorities and resource allocation.

1.2 The Council is required to produce Financial Statements each year that 'give a true and fair view' of the financial position and transactions of the Council. The draft accounts for 2025/26 were published on the Council's website on 29 June 2026. This report presents the provisional final outturn position for the General Fund 2025/26. The General fund reported a saving of £1.15m for the financial year. This position reflected a combination of adverse and favourable variances across services. This surplus contributes to increasing the Council's reserves position. The outturn may change following the audit of the Statement of Accounts, any significant amendments will be reported to Cabinet once finalised.

1.3 Throughout the report, pressures and savings are referred to. A pressure is an instance whereby costs have exceeded budget or income has not met target - these are shown as a 'positive' value. A saving occurs where expenditure is lower than budget or forecast income is higher than the target - these are displayed as a 'negative' value, using brackets.

2.0 REVENUE OUTTURN

2.1 The outturn position on the General Fund is summarised in Table 1 below. The outturn position shows a saving of (£1.15m) for the year. A more detailed summary is shown in appendix 1. Details on the significant variances are detailed below in section 2.2.

Table 1 2025-26 General Fund Revenue Outturn

Directorate & Service Area	Revised Budget	Outturn	Outturn Variance
	£'000	£'000	£'000
Chief Executive Directorate	3,013	3,001	(12)
Place Directorate	2,247	3,008	761
Community Services Directorate	7,951	8,673	722
Resources Directorate	5,310	5,684	374
Corporate & Democratic Core (CDC) & Other Budgets	629	312	(317)
NET COST OF SERVICES	**19,150**	**20,678**	**1,528**
Net Recharges from General Fund	(1,714)	(2,799)	(1,085)
NET COST OF SERVICES AFTER RECHARGES	**17,436**	**17,879**	**443**
Corporate Items & Financing	1,638	567	(1,071)
NET REVENUE EXPENDITURE	**19,074**	**18,446**	**(628)**
TOTAL FUNDING AVAILABLE	**(19,074)**	**(19,597)**	**(523)**
(SAVING) / PRESSURE 2025/2026	**0**	**(1,151)**	**(1,151)**

2.2 The significant variances comparing the revised budget to outturn are set out below:

Chief Executive
The Chief Executive's Section reported a saving of (£0.012m) in 2025/2026. Within this, there was a saving of (£0.248m) across the directorate on salaries and a pressure of £0.266m on agency. There was also a transfer from earmarked reserves of (£0.051m) to fund Legal agency costs and (£0.013m) to fund additional hours in Communications.

Other variances were pressures on corporate training of £0.017m, senior officer recruitment of £0.026m and Investor's in People (IIP) accreditation of £0.017m, but most of these were funded by reserves. Legal income was (£0.031m) higher than budget.

Place Directorate
The Place Directorate reports a pressure of £0.761m in 2025/26. Included within this figure is £0.455m of staffing costs that have been identified for recharge to the capital programme. The corresponding credit is included within the £1.085m saving reported through net General Fund recharges. In addition to this, following an assessment it was established that £0.130m relating to the demolition of the former Council Offices could not be capitalised and was therefore charged to revenue in accordance with accounting requirements. There is no overall corporate impact. The total demolition cost was £0.250m, of which £0.120m was funded from the Business Rates Reserve, this cost will be funded through the overall general fund variance but maintains the balance of the reserve.

Commercial Properties reported a pressure of £0.167m. This included £0.142m of increased repairs and maintenance expenditure and rental income being £0.076m below budget due to vacant units. Property maintenance costs have been funded from the Property Maintenance Reserve, which was established to support investment in the Council's property portfolio. The drawdown was not completed during the financial year, therefore as part of the closedown of the accounts the £0.142m will be transferred to the MTFP reserve. This reflects the use of the reserve and ensures that the general fund does not fund this expenditure Details of this can be seen in the reserves summary at appendix 2.

These are technical accounting adjustments and do not represent an underlying structural pressure for the Directorate. Whilst in-year budget monitoring provides an estimated year-end position, the final outturn incorporates a number of adjustments and technical accounting entries that are only confirmed during the closure of accounts process.

Other pressures were:

- £0.118m from Whitwick Business Centre which incurred higher than expected cost of utility bills charged to vacant units which was paid by the council.
- Planning application fee income exceeded budget by (£0.408m). Of this, £0.180m is proposed to be transferred to an earmarked reserve to fund additional staffing capacity, improving resilience and helping address recruitment challenges associated with hard-to-fill specialist posts. The remaining £0.228m will help offset the overall overspend position of the Directorate.

Community Services Directorate

The Community Services Directorate reported a pressure of £0.722m in 2025/2026. This position reflects several adverse variances, including increased staffing, overtime and agency costs within Waste Services to cover sickness and vacancies of £0.398m, additional vehicle hire costs arising from delays in procuring new refuse vehicles of £0.244m, higher than budgeted fleet maintenance costs of £0.220m and recharges to the Housing Revenue Account for Fleet services were lower than expected at £0.184m. These pressures were partially offset by reduced fuel costs of £0.138m.

On Leisure Services, there was a saving of (£0.150m) on the Sports and Leisure Management Ltd contract. This was primarily due to utility costs being lower than budgeted, with claims from Everyone Active estimated at (£0.055m) compared with a budget of £0.215m. The remaining variance relates to lower management fee costs of approximately £0.010m. The 2026/27 budget has been updated to reflect the latest forecast costs.

Strategic Housing reported a saving of (£0.135m), primarily driven by homelessness and asylum seeker grant income exceeding budget by £0.365m. This favourable variance was partially offset by additional staffing and agency costs of (£0.199m).

Resources Directorate

The Resources Directorate reported a pressure of £0.374m. Staffing and agency costs within Finance were £0.420m above budget following the use of £0.421m of earmarked reserves, bad debt provision for sundry debts was £0.158m more than budget and ICT had increased maintenance costs of £0.166m. These pressures were partially offset by additional summons income generated by Revenues and Benefits of (£0.127m) and a saving of (£0.292m) on benefits payments (rent allowances).

Non-Distributed Costs & Corporate and Democratic Core

There was a pressure of £0.034m on Non-Distributed costs (retirement benefits -£0.005m and surplus assets +£0.039m).

Corporate and Democratic Core reported a pressure of £0.018m. Audit fees were £0.021m higher than budget. However, this includes grants received for Redmond Review and Local Audit Backstop of (£0.073m) to offset this and a (£0.013m) contribution from reserves. There was a pressure of £0.009m on Treasury Management Consultancy and recharges were £0.032m more than budget.

The total contingency budget for 2025/26 was £0.529m. During the year, £0.196m was vired to remove the vacancy factor from selected cost centres, leaving an available contingency budget of £0.333m, which was not utilised and therefore contributed to the overall surplus position.

Corporate Items and Financing

Corporate Items and Financing reported a saving of (£1.071m). Investment income exceeded budget by (£0.668m), reflecting higher-than-anticipated returns generated from surplus cash balances arising from slippage within the capital programme. Financing costs were (£0.403m) lower than budgeted, primarily due to reduced borrowing requirements and higher levels of investable cash balances throughout the year.

Funding

The Council received additional Extended Producer Responsibility grant of (£0.474m).

3.0 CAPITAL OUTTURN

3.1 The table below details the outturn for the year on the Council's general fund capital programme.

Table 2 – 2025/26 General Fund Capital Programme Outturn

General Fund Capital Programme	Revised Budget	Final Outturn	(Under)/Over Spend	(Slippage)
Schemes	**£'000**	**£'000**	**£'000**	**£'000**
Coalville Regeneration Projects	2,681	362	(2,319)	(2,015)
UK Shared Prosperity Investment Plan Programme (UKSPF) & REPF	2,401	1,760	(641)	(1,358)
Carbon Zero	535	24	(511)	(511)
Systems/ICT Schemes	220	186	(34)	(34)
Vehicle, Plant and Equipment	8,327	149	(8,178)	(8,178)
New Construction or Renovation	4,751	666	(4,085)	(3,869)
Special Expenses	22	20	(2)	(2)
General Fund Total Capital Programme	**18,937**	**3,166**	**(15,771)**	**(15,967)**

3.2 The revised General Fund capital budget for 2025/2026 was £18.937m, with a final outturn of £3.166m, representing 16.72% of the approved programme. This resulted in a slippage of £15.967m to be used in future years. Please see attached appendix 4 for further information.

3.3 The primary factors contributing to the saving and associated budget slippages are:

- The Fleet Replacement Programme had an approved budget of £8.327m, with actual expenditure of £0.149m. A total of £8.178m has been reprofiled to future years due to long lead times for vehicles to be delivered and delays in the procurement process.

- The Food Waste Rollout Programme – The vehicles and containers have been ordered but will be delivered in the 2026/27 year due to long manufacture build timescales. The budget has, therefore, been reprofiled to the following year.

- Disabled Facilities Grant and other REFCUS projects (capital expenditure on assets which are not Council-owned) had an approved budget of £2.114m, with actual expenditure of £0.759m. A total of £1.355m will be carried forward to future years. Delivery of the disabled facilities grant programme is demand led, as grants are awarded to support essential adaptations that enable residents to maintain independence within their homes. The grant cannot be used to support investment in the Council's own properties.

- The UKSPF and Rural England Prosperity Fund programmes had an approved budget of £0.287m, with actual expenditure of £1.271m. This project had a brought-forward budget of £.0984m (fully funded by grant) and this contributed towards the funding of in-year expenditure.

- New Construction or Renovation programme had a budget of £4.660m, but total expenditure was £0.416m. Some of the schemes in this programme have been delayed and budgets reprofiled to future years, and this includes Stenson Square Public Realm project (£1m budget) and the new Enterprise Park (£1.9m budget). Work is ongoing on the Marlborough Centre Purchase and Renovation project, expenditure in the year was £0.2m (mainly on design fees).

4.0 RESERVES

4.1 The Council holds earmarked reserves which are set aside for known or predicted future spending needs. These are monitored alongside the budget as part of budget monitoring.

4.2 Earmarked reserves are requested at year-end by departments to carry forward unspent balances. Requests may relate to retaining existing reserves or creating new ones where an underspend aligns with the reserve's intended purpose. All requests are reviewed by the Finance Team before being submitted to the Section 151 Officer.

4.3 The Medium Term Financial Plan (MTFP) reserve has a balance of £8.3m at 31 March 2026 and is used to provide resources that support service improvement and enhance business efficiency but was also set up to smooth any budget fluctuations. This reserve enables the Council to implement the necessary transformation and changes required to meet its funding objectives over the period covered by the MTFP. By maintaining this reserve, the Council ensures it has the flexibility and financial capacity to manage future challenges, invest in key projects, and adapt to changing circumstances, ultimately supporting the delivery of its strategic priorities.

4.4 When utilised in accordance with their agreed timescales, reserves provide an effective mechanism for utilising surpluses and underspends to support the delivery of projects.

4.5 Table 4 below summarises the Council's reserve position. A detailed breakdown by service is provided in Appendix 2 and newly created reserves are listed in Appendix 3.

Table 4: Usable Reserves as at 31 March 2026

Reserves	**Balance at 1/4/2025 £m**	**In Year changes £m**	**No longer required £m**	**Balance at 31/03/2026 £m**
General Fund				
General Fund Earmarked Reserves	19.06	6.10	(0.22)	24.94
General Fund General Reserves (agreed minimum balance)	1.54	0.00	0.00	1.54
Medium Term Financial Plan (MTFP) Reserve	8.16	(0.08)	0.22	8.30
	28.76	6.02	(0.00	34.78
Other				
S106	1.78	0.25	0.00	2.03
	30.54	**6.27**	**0.00**	**36.81**

4.6 In 2025/26, £3.43m of the £19.06m General Fund earmarked reserves brought forward were utilised, as detailed in Appendix 2.

In 2025/26, earmarked reserve requests totalling £9.45m were approved. In accordance with the Council's financial procedures, Cabinet approval is required for the creation of earmarked reserves exceeding £0.100m. The reserves requiring approval are the Planning Income Reserve (£0.180m), the Cyber Assessment Framework Reserve (£0.150m) and the Business Rates Reserve (£7.374m). Further details of all reserve requests are provided in Appendix 3.

4.7 The Cyber Assessment Framework is a grant that was received late in 25/26, the plan is to spend this on our cyber security obligations, including funding a Security Officer role for 2 years and to boost our endpoint security by investing in a more advanced antivirus and antimalware solution.

4.8 The Business Rates Reserve is to provide a contingency in case of any future Business Rates Collection Fund deficit and also to fund parts of the capital programme.

4.9 Planning Income Reserve is to be used to fill vacant and difficult to fill posts including the Planning Enforcement Team Leader, Senior Conservation Officer, Planning Support Team Leader and potentially Tree Officer. As Planning have failed to recruit, they are looking to fill some of these posts with consultants. The reserve will also pay for agency cover when needed. It may also be used to cover any shortfall in planning fee income received in a financial year.

5.0 SPECIAL EXPENSES

5.1 The outturn for Special Expenses is £0.667m, representing a pressure of £0.021m against the approved budget of £0.646m. The budget assumed a £0.007m contribution to Special Expenses reserves; however, the final outturn required a £0.028m contribution from reserves.

5.2 The pressure was primarily due to higher than budgeted repairs and maintenance costs at parks and recreation grounds (£0.020m) and Hugglescote Cemetery (£0.010m). This was further compounded by lower than anticipated burial fee income at Hugglescote Cemetery (£0.013m) and Coalville Cemetery (£0.012m). These pressures were partly mitigated by reduced expenditure on Hugglescote asset protection (£0.016m), event salaries, overtime and associated costs (£0.007m), parks and recreation grounds electricity (£0.006m) and insurance recharges (£0.003m). Further details are provided in Table 5.

Table 5: Special Expenses Revenue Outturn

	Approved Budget	Outturn	Variance
	£'000	**£'000**	**£'000**
SPECIAL EXPENSES			
Special Expenses	664	645	(19)
Net Financing Costs	(18)	0	18
Contribution to Earmarked Reserves	0	22	22
Expenditure Requirement	646	667	21
Precept	639	639	0
Transfer from/(to) reserves	7	28	21

5.3 As shown in Table 6, the Special Expenses Reserve opened at £0.084m and has reduced by £0.028m. The reserve now stands at £0.056m.

Table 6: Special Expenses Reserves

	Outturn
	£'000
SPECIAL EXPENSES	
Special Expenses Reserves 01.04.25	84
Earmarked Reserves - returned to balances	0
Contribution from Reserves 2025/26	(28)
Special Expenses Reserves 31.03.26	**56**

5.4 During 2025/26, Special Expenses required a £0.028m contribution from reserves. Significant work in previous years has strengthened financial sustainability across the Special Expenses accounts to ensure compliance with the requirement to maintain minimum balances of 10% for each area. As at 31 March 2026, two accounts were in deficit, while the remaining four held balances above the minimum threshold. For those Special Expense accounts in deficit, precepts will be increased through the annual budget process to recover the shortfall.

6.0 Conclusion

6.1 The Council has delivered a provisional General Fund saving of £1.15m for 2025/26, increasing from the £0.496m forecast reported at Quarter 2. The outturn reflects a combination of service pressures, offset by favourable investment income, additional grant funding and prudent financial management. The resulting surplus strengthens the Council's financial resilience through the proposed transfer to the Medium-Term Financial Plan Reserve, while the capital programme and reserve movements outlined in this report support the delivery of future priorities.

7.0 Looking Ahead

7.1 Following the conclusion of the 2025/26 financial year, officers will undertake a review of the reporting process for 2026/27 reporting. Following this review engagement with the Chief Executive, Directors and Cabinet will take place. It is expected that a refreshed reporting format will be introduced to improve readability and provide clearer explanations of key financial information, helping Members and other readers better understand the Council's financial performance and emerging issues.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council
Policy Considerations:	Council Delivery Plan Treasury Management Strategy Capital Strategy
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment, Climate Change and Zero Carbon:	None.
Consultation/Community/Tenant Engagement:	None.
Risks:	None
Officer Contact	Anna Crouch Head of Finance and Deputy S151 Officer anna.crouch@nwleicestershire.gov.uk