

## Cabinet – 3 September 2025

### Financial Monitoring Report (based on performance April to June 2025 inclusive)

Purpose	For Decision
Classification	Public
Executive Summary	<p>This report provides the latest budget forecasts for the General Fund, Housing Revenue Account (HRA) and capital programme for the 2025/26 financial year, based on quarter one performance from April 2025 to June 2025 inclusive.</p> <p>It shows:</p> <ul style="list-style-type: none"><li>a. An additional budget requirement within the General Fund of £258,000;</li><li>b. a balanced position within the HRA and;</li><li>c. an increase in the capital programme for 2025/26 of £2.093 million predominately due to the rephasing of 2024/25 activity into 2025/26.</li></ul>
<b>Recommendation(s)</b>	<b>It is recommended that Cabinet:</b> <b>1) note the latest budget forecasts of the General Fund, HRA, and Capital.</b>
Reasons for recommendation(s)	<p>To comply with accounting codes of practice and best practice which requires councils to regularly monitor the annual budget position and take any action to support the sustainability of the council's financial position ensuring we are being financially responsible.</p> <p>To comply with the council's financial regulations regarding budget virements and supplementary budget requests.</p>
Ward(s)	All
Portfolio Holder(s)	Councillor Jeremy Heron – Finance and Corporate
Strategic Director(s)	Alan Bethune – Strategic Director Corporate Resources and Transformation (Section 151 Officer)

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## **Introduction and background**

1. Following the approval of the Original Budget for 2025/26 in February 2025, this report provides an update on the General Fund, Housing Revenue Account and Capital budgets, adjusting for any budget changes now required and recommended.
2. Financial Monitoring is an important feature in the management of the council's finances as it gives an opportunity to reflect on variations as against the latest set budget and reflect on the impact that these variations may have over the period covered by the council's Medium Term Financial Plan (MTFP).

## **Pay award implications**

3. The 2025/26 pay award for all employees has been agreed with all NFDC pay points increasing by 3.2%.
4. Following a detailed review of the impact across all Council pay budgets this has collectively added an additional £316,000 of salary costs above the original service level budgets in the General Fund and £125,000 in the HRA.
5. In the General Fund the £316,000 will be funded by reallocating the centrally held £565,000 pay award contingency to each service. The remaining £249,000 will be allocated to fund the £116,000 cost of waste and Street Scene drivers' market supplements, leaving a contingency balance of £133,000.
6. In the HRA the £125,000 will be funded from its £236,000 pay award contingency, leaving £111,000 to fund any additionally unforeseen future budget pressures.

## **General Fund revised projection**

7. Appendix 1 sets out the General Fund budget of £25.509 million for 2025/26 as agreed by council in February 2025 (£28.719 million at Portfolio analysis level, with other budget elements reducing this to this lower General Fund budget figure).

8. The latest budget variations reported include net unfavourable expenditure variations of £425,000, net income increases of £16,000 and additional grant income of £151,000. Furthermore, expenditure projects totalling £896,000 have been rephased from 2024/25. In addition to internal virements between portfolios, major variations are detailed below (ordered in accordance with Appendix 1), with full variations listed in Appendix 2.
9. Rephased budgets between years are summarised below:

	<b>£'000</b>
<b>Community, Safety and Wellbeing</b>	
Grants	29
CCTV - Expansion	51
Community Safety	34
<b>Environment and Sustainability</b>	
Cemeteries - Maintenance	47
Foreshores – Maintenance	21
<b>Finance and Corporate</b>	
Lymington Town Hall	16
Salisbury Road, Totton	157
Fleet & Infrastructure Strategy	80
<b>Planning and Economy</b>	
Local Plan	298
Policy - Digital Planning Grant	63
Economic Development – Totton Masterplan	100
<b>TOTAL FROM 2024/25</b>	<b>896</b>

### **Environment and Sustainability (Place, Operations and Sustainability)**

10. **Refuse and Recycling – Grant (-£151,000)** – Grant funding to support the new waste service roll out totalling £151,000 will be received during this financial year. This was confirmed by DEFRA in March, after the original budget was set. Contra expenditure adjustments (in utilisation of this additional funding) are shown below.
11. **Refuse and Recycling (£408,000)**  
 11.1. **Operations Administration (£25,000)** – Additional agency cover is required to provide temporary administrative support within the Business Support Team.

- 11.2. **Drivers (£67,000)** - To support the rollout of the new waste service, drivers are being appointed earlier than originally budgeted.
- 11.3. **Narrow Access Round (£59,000)** – Further to the July Waste Programme Board, it has been decided to include an additional narrow access round. This will allow the service to stabilise the collections at properties requiring narrow access resources.
- 11.4. **Waste Transition (£88,000)** – To support the new service roll out additional temporary resources are being employed. This includes two waste advisors (£46,000), a customer services officer (£20,000) and extended programme support (£22,000).
- 11.5. **Behind Gates Trial (£150,000)** – To carry out a trial period for collection of waste, particularly food waste, from behind property gates to determine the best resolution of issues regarding interaction of waste and animals.
- 11.6. **Waste Supervisor (£19,000)** – Further to the August Waste Programme Board, it has been decided to include an additional waste supervisor given the increased level of operatives within the service.
12. The overall impact of all variations results in an updated General Fund Budget of £25.767 million; an increase of £258,000 from the original estimate. At this stage, the additional budget requirement will be funded from reserves.
13. The revised General Fund Budget for 2025/26 can be seen at Appendix 1, with further details on the variations being reported included within Appendix 2.

### **Other Financial Matters of note**

14. The council anticipates a favourable Interest receivable position compared to budget. Forecasts are currently being reviewed (in light of the most recent base rate reduction and updated forecasts), and the detailed findings shall be reported in due course.
15. Resourcing the necessary preparations for Local Government Reorganisation has resulted in just over £100,000 of the £500,000 Devolution and LGR Reserve being spent or committed to date, which includes supporting the collective work with councils to develop the case for change, the county wide engagement survey and local communications and engagement activity.

16. Given the scale of the investment supporting the roll out of the new waste collection service, all costs will continue to be monitored closely. Lessons learned from phase one will continue to inform changes to the existing assumptions and highlight new budget requirements which shall need to be considered in line with financial regulations.

### **Housing Revenue Account Revised Projection**

17. A break-even HRA budget for 2025/26 was agreed in February 2025, with a Revenue Account contribution of £10.200 million supporting the financing of the £30.820 million HRA Capital Programme.
18. This report identifies net budget increases of £60,000, funded from rephasing reserves from 2024/25.
19. **General Management - (£60,000)** – Garages survey brought forward from 2024/25 into 2025/26.
20. The updated HRA budget can be seen at Appendix 3.

### **Capital Expenditure (General Fund and Housing Revenue Account)**

21. A Capital Programme budget of £50.231 million for 2025/26 was agreed by council in February 2025.
22. The latest forecast confirms gross programme changes totalling £162,000 and net rephasing into 2025/26 of £1.931 million which results in an updated 2025/26 Capital Programme Budget of £52.324 million (Appendix 4).
23. **Leader - (£162,000)** - The 2025/26 budget reflects new schemes funded through the Rural England Prosperity Fund, as approved by Cabinet on 7 May 2025.

24. Rephasing £1.931 million from 2024/25 added to 2025/26:

	<b>£'000</b>
<b>Environment and Sustainability</b>	
Strategic Regional Coastal Monitoring	180
Barton Drilling Trials	103
Hurst Spit Beach Shingle Source Study	15
Waste Strategy Containers	43
Asset Modernisation - Public Convenience	58
<b>Finance and Corporate</b>	
Eling Toll Bridge and Quayside Repairs	40
Commercial Property - Queensway	323
Ringwood Depot: Extension and Works	248
<b>GENERAL FUND - REPHASINGS FROM 2024/25</b>	<b>1,010</b>
<b>Housing Revenue Account</b>	
Major Structural Refurbishments	921
<b>HRA – REPHASINGS FROM 2024/25</b>	<b>921</b>
<b>TOTAL REPHASINGS FROM 2024/25</b>	<b>1,931</b>

### **Corporate plan priorities**

25. Regular monitoring and reporting of our financial activity including adjusting budgets whilst maintaining a balanced medium term financial plan (MTFP), ensures we are being financially responsible and supports our Future New Forest transformation programme which underpins the delivery of all our priorities.

### **Options appraisal**

26. There are no recommendations for decision, therefore no alternative options have been presented.

### **Consultation undertaken**

27. Internal consultation between finance officers, service managers and budget holders has determined the forecast data presented in the report.

### **Financial and resource implications**

28. This is a financial report with budget implications already detailed and considered in the main body of the report.

## **Legal implications**

29. There are no legal implications arising directly from this report.

## **Risk assessment**

30. The projected forecast is prepared based on estimates and assumptions in consultation with services. There are key risks in the projections across all service areas and both revenue and capital activity.

## **Environmental / Climate and nature implications**

31. There are no environmental implications arising directly from this report.

## **Equalities implications**

32. There are no equality implications arising directly from this report.

## **Crime and disorder implications**

33. There are no crime and disorder implications arising directly from this report.

## **Data protection / Information governance / ICT implications**

34. There are no data protection, information governance or ICT implications arising directly from this report.

### **Appendices:**

Appendix 1 – Revised General Fund Budget 2025/26

Appendix 2 – Variation Analysis General Fund 2025/26

Appendix 3 – Revised Housing Revenue Account Budget 2025/26

Appendix 4 – Revised Capital Programme 2025/26

### **Background Papers:**

[Cabinet 19 February 2025 – Budget Reports 25/26](#)

Housing Revenue Account Budget and the Housing Public Sector Capital Expenditure Programme 2025/26

Medium Term Financial Plan and Annual Budget 2025/26

## FINANCIAL MONITORING 2025/26

## REVISED GENERAL FUND BUDGET 2025/26

	Feb-25 2025/26 £'000's Original Budget	September-25			2025/26 £'000's Latest Budget
		2025/26 £'000's New Variations Expend.	2025/26 £'000's New Variations Income	2025/26 £'000's New Variations Rephasings	
<b>PORTFOLIO REQUIREMENTS</b>					
Community, Safety and Wellbeing	3,389	27	0	114	3,530
Environment and Sustainability	11,747	626	-167	68	12,274
Finance and Corporate	3,710	-351	0	253	3,612
Housing and Homelessness	3,652	34	0	0	3,686
Leader	2,243	34	0	0	2,277
Planning and Economy	3,978	55	0	461	4,494
Multi Portfolio adjustments - To be allocated	0	0	0	0	0
	28,719	425	-167	896	29,873
Reversal of Depreciation	-2,768				-2,768
Contribution (from) / to Earmarked Revenue Reserves	-1,645	0	0	-896	-2,541
<b>NET PORTFOLIO REQUIREMENTS</b>	<b>24,306</b>	<b>425</b>	<b>-167</b>	<b>0</b>	<b>24,564</b>
Minimum Revenue Provision	2,512				2,512
Contribution to Capital Programme Financing (RCCO)	1,100				1,100
Interest Costs	206				206
Interest Earnings	-1,432				-1,432
Waste Services Grant	-1,175				-1,175
Other Grants	-8				-8
<b>GENERAL FUND NET BUDGET REQUIREMENTS</b>	<b>25,509</b>	<b>425</b>	<b>-167</b>	<b>0</b>	<b>25,767</b>
<b>COUNCIL TAX CALCULATION</b>					
Budget Requirement	25,509	425	-167	0	25,767
Less: Settlement Funding Assessment					
Lower Tier Service Grant	0				0
Services Grant / Revenue Support Grant	-1				-1
New Homes Bonus	-36				-36
Employers National Insurance Grant	-155				-155
Guarantee Grant (MHCLG)	-676				-676
Business Rates Baseline	-4,378				-4,378
	-5,246	0	0	0	-5,246
Locally Retained Business Rates	-5,007				-5,007
Estimated Collection Fund (Surplus)/Deficit Business Rates	-192				-192
Estimated Collection Fund (Surplus)/Deficit Council Tax	-162				-162
Contribution from Business Rates Equalisation Reserve	192				192
Contribution to/ from(-) Variation Reserves	0	-425	167	0	-258
<b>COUNCIL TAX</b>	<b>15,094</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,094</b>
<b>TAX BASE NUMBER OF PROPERTIES</b>	<b>73,355.00</b>				<b>73,355.00</b>
<b>COUNCIL TAX PER BAND D PROPERTY</b>	<b>205.77</b>				<b>205.77</b>
<b>GENERAL FUND BALANCE 31 MARCH</b>	<b>3,000</b>				<b>3,000</b>

## FINANCIAL MONITORING 2025/26

## VARIATION ANALYSIS GENERAL FUND 2025/26

## PORTFOLIO ADJUSTMENTS

## Community, Safety and Wellbeing

Implications of the 25/26 pay award

Grants - Rephasings

CCTV Expansion - Rephasing - part £300k

Community Safety - grant

## Environment and Sustainability

Implications of the 25/26 pay award

Cemeteries - Sway &amp; New Milton AMR schemes into 25/26

Foreshores - Coastal Water Safety AMR scheme into 25/26

Open Spaces - Scheme virement to Contingency (Finance &amp; Corporate)

Operational Restructure - budget movement to Finance &amp; Corporate

Refuse &amp; Recycling- additional Grant re New Service Roll Out

Operations Administration - service change workload and sickness temporary cover

Refuse &amp; Recycling - New Drivers to be appointed earlier than budgeted

Refuse &amp; Recycling - Narrow Access Round

Waste Transition - Recruitment of additional waste advisers

Waste Transition - Additional Customer Services

Waste Transition - Additional Programme Support

Public Conveniences - Cleaners pay adjustments/StreetScene income

Refuse &amp; Recycling/StreetScene - Drivers pay to reflect market supplement (Contingency)

Refuse &amp; Recycling - Behind Gates Collection trial

Refuse &amp; Recycling - New Waste Supervisor

## Finance and Corporate

Implications of the 25/26 pay award

Pay award 25/26 implications funded by Contingency

Additional Pay award 25/26 implications funded by Contingency - Drivers

Contingency - Scheme virement from Open Spaces (Env. &amp; Sustain.)

Operational Restructure - budget movement from Env. &amp; Sustain.

People Strategy - budget movement to Transformation (Leader)

Lymington Town Hall Site - Residual HCC Grant into 25/26

Commercial Inv. Property - Salisbury Road, Totton Scheme into 25/26

Corporate Management - Fleet &amp; Infrastructure Strategy into 25/26

## Housing and Homelessness

Implications of the 25/26 pay award

## Leader

Implications of the 25/26 pay award

Resident Insight Survey - remove budget

People Strategy - budget movement from Corp. Management (Finance)

2025/26 £'000's	September-25			2025/26 £'000's Latest Budget
	2025/26 £'000's New Variations Expend.	2025/26 £'000's New Variations Income	2025/26 £'000's New Variations Rephasings	
27				
			29	
			51	
			34	
27	0	114		141
126				
			47	
			21	
-30				
-36				
		-151		
25				
67				
59				
46				
20				
22				
42	-16			
116				
150				
19				
626	-167	68		527
65				
-316				
-116				
30				
36				
-50				
			16	
			157	
			80	
-351	0	253		-98
34				
34	0	0		34
9				
-25				
50				
34	0	0		34

## FINANCIAL MONITORING 2025/26

## VARIATION ANALYSIS GENERAL FUND 2025/26

## PORTFOLIO ADJUSTMENTS

## Planning and Economy

Implications of the 25/26 pay award

Local Plan - Local Plan Grant rephasing &amp; Green Belt grant

Policy - Improve Digital Planning Grant

Economic Development - budget for Totton Masterplan

## TOTAL PORTFOLIO ADJUSTMENTS

## NON-PORTFOLIO ADJUSTMENTS

Contribution to/from(-) Earmarked Reserves

## TOTAL NON-PORTFOLIO ADJUSTMENTS

## GRAND TOTAL ADJUSTMENTS (Credited to (-) / Debited from (+) Budget Reserves)

2025/26 £'000's New Variations Expend.	September-25		2025/26 £'000's Latest Budget
	2025/26 £'000's New Variations Income	2025/26 £'000's New Variations Rephasings	
55			
		298	
		63	
		100	
55	0	461	516
<b>425</b>	<b>-167</b>	<b>896</b>	<b>1154</b>
		-896	
<b>0</b>	<b>0</b>	<b>-896</b>	<b>-896</b>
<b>425</b>	<b>-167</b>	<b>0</b>	<b>258</b>

## FINANCIAL MONITORING 2025/26

## REVISED HOUSING REVENUE ACCOUNT BUDGET

2025/26

	Feb-25	September-25	
	2025/26	2025/26	2025/26
	£'000's	£'000's	£'000's
	Original	New	Latest
	Budget	Variations	Budget
<b>INCOME</b>			
Dwelling Rents	-34,230		-34,230
Non Dwelling Rents	-735		-735
Charges for Services & Facilities	-1,142		-1,142
Contributions towards Expenditure	-277		-277
Interest Receivable	-418		-418
Sales Administration Recharge	-33		-33
Shared Amenities Contribution	-361		-361
<b>TOTAL INCOME</b>	<b>-37,196</b>	<b>0</b>	<b>-37,196</b>
<b>EXPENDITURE</b>			
<b>Repairs &amp; Maintenance</b>			
Cyclical Maintenance	2,234	8	2,242
Reactive Maintenance - General	3,520	26	3,546
Reactive Maintenance - Voids	1,886	10	1,896
<b>Supervision &amp; Management</b>			
General Management	8,288	7	8,295
Grounds Maintenance and Trees	1,087	7	1,094
Older Person and Temporary Accommodation	1,199	2	1,201
<b>Rents, Rates, Taxes and Other Charges</b>			0
<b>Provision for Bad Debt</b>	150		150
<b>Capital Financing Costs - Interest/Debt Management</b>	5,608		5,608
<b>Capital Financing Costs - Internal Borrowing</b>			0
<b>TOTAL EXPENDITURE</b>	<b>23,972</b>	<b>60</b>	<b>24,032</b>
<b>HRA OPERATING SURPLUS(-)</b>	<b>-13,224</b>	<b>60</b>	<b>-13,164</b>
<b>Contribution to Capital - supporting Housing Strategy</b>	10,200		10,200
<b>Capital Financing Costs - Principal</b>	3,174		3,174
<b>HRA Total Annual Surplus(-) / Deficit</b>	<b>150</b>	<b>60</b>	<b>210</b>
<b>Contribution to/from(-) Earmarked Reserves</b>	<b>-150</b>	<b>-60</b>	<b>-210</b>
<b>HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT</b>	<b>0</b>	<b>0</b>	<b>0</b>

## FINANCIAL MONITORING 2025/26

## REVISED CAPITAL PROGRAMME 2025/26

	Portfolio	Feb-25	September-25		
		2025/26 £'000's Original Budget	2025/26 £'000's New Variations Expend.	2025/26 £'000's New Variations Rephasing	2025/26 £'000's Latest Budget
UK Shared Prosperity Fund	LEADER/ALL	60			60
Rural England Prosperity Fund	LEADER/ALL		162		162
Disabled Facilities Grants	HSG (GF)	1,500			1,500
Sustainability Fund - Unallocated	ENV & SUSTAIN	100			100
Strategic Regional Coastal Monitoring (22-27)	ENV & SUSTAIN	2,829		180	3,009
Barton Horizontal Directional Drilling Trials	ENV & SUSTAIN	135		103	238
Hurst Spit Beach Shingle Source Study	ENV & SUSTAIN	75		15	90
Milford Beach and Cliff Study	ENV & SUSTAIN	230			230
Waste Strategy Container Roll Out	ENV & SUSTAIN	4,550		43	4,593
Asset Modernisation Programme - Public Convenience	ENV & SUSTAIN			58	58
Eling Tide Mill Urgent Repair Works	FIN & CORP	200			200
Eling Toll Bridge and Quayside Repairs	FIN & CORP	60		40	100
New Depot Site: Hardley	FIN & CORP				
Commercial Property - Queensway - addit.works	FIN & CORP			323	323
ATC Accommodation Refurbishment	FIN & CORP	200			200
Ringwood Depot: Extension and Works	FIN & CORP			248	248
V&P; Replacement Programme	FIN & CORP	2,463			2,463
V&P; Replacement Programme - Waste Strategy Vehicles	FIN & CORP	3,709			3,709
Mitigation Schemes	PLAN & ECON	1,000			1,000
Infrastructure Projects	PLAN & ECON	1,000			1,000
Strategic Infrastructure Projects	PLAN & ECON	1,000			1,000
Arts & Culture Projects	PLAN & ECON	300			300
<b>TOTAL GENERAL FUND CAPITAL PROGRAMME</b>		<b>19,411</b>	<b>162</b>	<b>1,010</b>	<b>20,583</b>
Fire Risk Assessment Works	HRA	1,500			1,500
Major Structural Refurbishments	HRA			921	921
HRA - Major Repairs	HRA	11,100			11,100
Decarbonisation	HRA	1,870			1,870
Estate Improvements	HRA	200			200
Council Dwellings - Strategy Delivery	HRA	15,200			15,200
Disabled Facilities Grants	HRA	950			950
<b>TOTAL HRA CAPITAL PROGRAMME</b>		<b>30,820</b>		<b>921</b>	<b>31,741</b>
<b>GRAND TOTAL CAPITAL PROGRAMME</b>		<b>50,231</b>	<b>162</b>	<b>1,931</b>	<b>52,324</b>