

Cabinet – 4 February 2026

Financial Monitoring Report (based on performance April to December 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 the third quarter performance from April 2025 to December 2025 inclusive.</p> <p>It shows:</p> <ul style="list-style-type: none">a. a balanced budget in the General Fund.b. a balanced budget in the Housing Revenue Account (HRA) and;c. a net reduction in the capital programme for 2025/26 of £787,000.
Recommendation(s)	<p>That Cabinet:</p> <ul style="list-style-type: none">1) note the latest budget forecasts of the General Fund, HRA, and Capital;2) approve net changes to the Capital Programme totalling £787,000; and3) Recommend to Council that the General Fund Corporate Priority Reserve is increased by £1.296 million.
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>

	To comply with the council's financial regulations regarding budget virements and supplementary budget requests.
Ward(s)	All
Portfolio Holder(s)	Councillor Jeremy Heron - Finance and Corporate
Strategic Director(s)	Alan Bethune - Strategic Director Corporate Resources (Section 151 Officer)
Officer Contact	Paul Whittles Assistant Director - Finance 02380 285766 paul.whittles@nfdc.gov.uk

Introduction and background

1. Following the approval of the Original Budget for 2025/26 in February 2025, this report provides a further 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).

General Fund revised projection

3. 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).
4. The quarter one monitoring report to September Cabinet and the quarter two monitoring report to November Cabinet identified total additional budget requirements of £459,000 (£258,000 and £201,000 respectively) with the full amount being offset by an improvement in interest earnings against budget.
5. The latest budget variations reported include net nil expenditure and income variations. 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**.

Environment and Sustainability (Place, Operations and Sustainability)

6. **Bring Site Review (£301,000)** – As detailed and agreed in the Waste Service Budget Position report to Cabinet in December, this supplementary budget shall enable the service to operate effectively following the roll out of the new waste collection service which resulted in behaviour changes and a significant increase in the amount of material being brought to bring sites.
7. **Extended Producer Responsibility (EPR) (-£1.226 million)** - Relating to the Refuse and Recycling service £1.201 million has been received to date for Q1 and Q2 of 2025/26, with a further £1.200 million expected regarding the second half of the financial year (total £2.401 million), therefore providing us with an additional £1.226 million against the £1.175 million budget.

Finance and Corporate (Corporate Resources and Transformation)

8. **Information Governance and Compliance (£39,000)** – Agency staff costs totalling £69,000, partly offset by unused substantive £30,000 salary budget.
9. **Revenues and Benefits (-£40,000)** – net saving due to staff cost variances including vacancies.
10. **ICT Work Programme (-£295,000)** – Timing regarding the deliverability of the ICT transformation work programme means some aspects shall now be undertaken in 2026/27.

Planning and Economy (Place, Operations and Sustainability)

11. **Staffing restructure (-£45,000)** – Changes to the Land Charges and Policy teams have resulted in a £45,000 reduction in expenditure compared to budget.
12. **Appeal costs (£40,000)** – Unbudgeted costs of ongoing planning appeal.
13. **Building Control, Community Infrastructure Levy (CIL) Administration and Planning income (-£70,000)** – Collectively forecasting greater than budgeted income.
14. 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

15. **Bed and Breakfast** – spend to date remains ahead of the profiled budget, whilst these increases in expenditure shall be mitigated in part by an increase in benefit subsidy received, and likely smaller positive budget variances within the service, the council remains watchful of this evolving situation as it could lead to an in-year budget pressure.
16. **Hardley Depot** – An incident at the depot has resulted in the need to replenish stolen equipment plus additional security improvement expenditure. An insurance claim is still pending and once concluded any financial consequences shall be declared as necessary.
17. Due to the overall improvement in funding, effectively providing a forecast surplus, the report contains a recommendation to increase the council's **Corporate Priority Reserve** by £1.296 million. This can be used to support the council's priorities, with the current balance (before this recommendation takes effect) of £1.846m as at 31/3/2025 allocated to support the delivery of the transformation programme, the waste roll out and the delivery of the Strategic Asset Management Plan, including the investment in improvements to Public Conveniences across the district.

Housing Revenue Account Revised Projection

18. 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.
19. The quarter one monitoring report to September Cabinet and the quarter two monitoring report to November Cabinet identified total additional budget requirements of £208,000 (£60,000 funded from earmarked reserve and £148,000 respectively).
20. The latest budget variations are reported below:
21. **Non-Dwelling Rents (£60,000)** - Income has reduced due to an increase in the number of void garages, largely due to the ongoing project to review options for all sites.
22. **Interest Earnings (-£20,000)** – Interest income will be higher due to higher year end opening and closing reserve balances, offset by lower average interest rates than originally predicted.

23. **General Management (-£85,000)** - Timing regarding the deliverability of the ICT transformation work programme means some aspects shall now be undertaken in 2026/27.
24. **Capital Financing Costs – Interest (-£436,000)** - Interest costs are anticipated to be £436,000 less than budget due to a smaller borrowing requirement than originally expected in both 2024/25 and 2025/26, partly due to higher-than-normal capital receipts (£6 million received in year to date) and lower interest rates on actual borrowing taken out during 2025/26.
25. **Capital Financing Costs – Principal (£333,000)** – When setting the original budget this was reduced to act as a balancing figure and therefore is now being increased to reduce the loan re-financing requirement.
26. The updated balanced HRA budget can be seen at Appendix 3.

Capital Expenditure (General Fund and Housing Revenue Account)

27. A Capital Programme budget of £50.231 million for 2025/26 was agreed by council in February 2025.
28. Principally due to rephasing from 2024/25, the budget was increased by £2.093 million to £52.324 million in the September Cabinet report.
29. The quarter two monitoring report identified net programme changes totalling £154,000 which results in an updated 2025/26 Capital Programme Budget of £52.478 million (Appendix 4).
30. The latest forecast confirms a net reduction to the programme totalling £787,000 which results in an updated 2025/26 Capital Programme Budget of £51.691 million (Appendix 4).
31. Details of the significant changes are provided below:
32. **Leader / Finance & Corporate (£26,000)** – NFDC matched funding has been made available to support improvement to Hythe Promenade as part of the investment supported by the UK Shared Prosperity Fund.
33. **Environment and Sustainability (£37,000)** – Additional resources to support the Hurst Spit Beach Management Plan (BMP) work, fully funded by external grant.
34. **Housing Revenue Account (-£850,000)** – £850,000 of Fire Risk Assessment Works have been rephased into 2026/27, due to the complexity of scope of work, preparation of tender documents and

planning/building control regulation approvals. This rescheduling has not increased the risk, as the scope of work is intended to support fire safety improvements as a betterment to those in place at the time of construction, and which are already compliant with Building Regulations. Any urgent work to deal with risk mitigation has already taken place.

Corporate plan priorities

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

Options appraisal

36. Members could choose to reallocate some or all of the additional forecast surplus differently rather than increase the Corporate Priority Reserve.

Consultation undertaken

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

Financial and resource implications

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

Legal implications

39. The Council will have a legal requirement to play a role in ensuring that the new Sovereign Authority created through a structural change order in due course, is 'Safe and Legal' on vesting day. Sound financial stewardship will support this.

Risk assessment

40. 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

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

Equalities implications

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

Crime and disorder implications

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

Data protection / Information governance / ICT implications

44. 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 5 November 2025](#)

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

[Cabinet 3 September 2025](#)

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

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

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	Nov-25	February-26			
	2025/26 £'000's Original Budget	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	2025/26 £'000's Updated Budget
PORTFOLIO REQUIREMENTS						
Community, Safety and Wellbeing	3,389	3,530	15	-15	0	3,530
Environment and Sustainability	11,747	12,392	301	0	0	12,693
Finance and Corporate	3,710	3,762	-24	0	0	3,738
Housing and Homelessness	3,652	3,686	0	0	0	3,686
Leader	2,243	2,277	23	0	0	2,300
Planning and Economy	3,978	4,494	-5	-70	0	4,419
Multi Portfolio adjustments - To be allocated	0	-43	-295	0	0	-338
	28,719	30,098	15	-85	0	30,028
Reversal of Depreciation	-2,768	-2,768				-2,768
Contribution (from) / to Earmarked Revenue Reserves	-1,645	-2,565	-15	1,311	0	-1,269
NET PORTFOLIO REQUIREMENTS	24,306	24,765	0	1,226	0	25,991
Minimum Revenue Provision	2,512	2,512				2,512
Contribution to Capital Programme Financing (RCCO)	1,100	1,100				1,100
Interest Costs	206	206				206
Interest Earnings	-1,432	-1,891				-1,891
Waste Services Grant	-1,175	-1,175		-1,226		-2,401
Other Grants	-8	-8				-8
GENERAL FUND NET BUDGET REQUIREMENTS	25,509	25,509	0	0	0	25,509
COUNCIL TAX CALCULATION						
Budget Requirement	25,509	25,509	0	0	0	25,509
Less: Settlement Funding Assessment						
Lower Tier Service Grant	0	0				0
Services Grant / Revenue Support Grant	-1	-1				-1
New Homes Bonus	-36	-36				-36
Employers National Insurance Grant	-155	-155				-155
Guarantee Grant (MHCLG)	-676	-676				-676
Business Rates Baseline	-4,378	-4,378				-4,378
	-5,246	-5,246	0	0	0	-5,246
Locally Retained Business Rates	-5,007	-5,007				-5,007
Estimated Collection Fund (Surplus)/Deficit Business Rates	-192	-192				-192
Estimated Collection Fund (Surplus)/Deficit Council Tax	-162	-162				-162
Contribution from Business Rates Equalisation Reserve	192	192				192
Contribution to/ from(-) Variation Reserves	0	0	0	0	0	0
COUNCIL TAX	15,094	15,094	0	0	0	15,094
TAX BASE NUMBER OF PROPERTIES	73,355.00	73,355.00				73,355.00
COUNCIL TAX PER BAND D PROPERTY	205.77	205.77				205.77
GENERAL FUND BALANCE 31 MARCH	3,000	3,000				3,000

FINANCIAL MONITORING 2025/26

VARIATION ANALYSIS GENERAL FUND 2025/26

	Nov-25	February-26			
	2025/26	2025/26	2025/26	2025/26	2025/26
	£'000's	£'000's	£'000's	£'000's	£'000's
	Latest	New	New	New	Updated
	Budget	Variations	Variations	Variations	Budget
		Expend.	Income	Rephasings	
PORTFOLIO ADJUSTMENTS					
Community, Safety and Wellbeing					
Previously Reported September Cabinet;					
Implications of the 25/26 pay award	27				
Grants - Rephasings	29				
CCTV Expansion - Rephasing - part £300k	51				
Community Safety - grant	34				
New Items;					
Sports & Comm Dev - Grant receipt		15	-15		
	141	15	-15	0	0
Environment and Sustainability					
Previously Reported September Cabinet;					
Implications of the 25/26 pay award	126				
Cemeteries - Sway & New Milton AMR schemes into 25/26	47				
Foreshores - Coastal Water Safety AMR scheme into 25/26	21				
Open Spaces - Scheme virement to Contingency (Finance & Corporate)	-30				
Operational Restructure - budget movement to Finance & Corporate	-36				
Refuse & Recycling- additional Grant re New Service Roll Out	-151				
Operations Administration - service change workload and sickness temporary cover	25				
Refuse & Recycling - New Drivers to be appointed earlier than budgeted	67				
Refuse & Recycling - Narrow Access Round	59				
Waste Transition - Recruitment of additional waste advisers	46				
Waste Transition - Additional Customer Services	20				
Waste Transition - Additional Programme Support	22				
Public Conveniences - Cleaners pay adjustments/StreetScene income	26				
Refuse & Recycling/StreetScene - Drivers pay to reflect market supplement (Contingency)	116				
Refuse & Recycling - Behind Gates Collection trial	150				
Refuse & Recycling - New Waste Supervisor	19				
Previously Reported November Cabinet;					
Car Parking - projected income shortfall, new F&C's 2026 (clocks/meter)	65				
Keyhaven River - projected income shortfall, new F&C's 2026 (mooring fees)	29				
Public Conveniences - survey costs	24				
New Items;					
Bring Site Review - Waste and StreetScene implications (as per CN EMT report 11/11/25)		301			
	645	301	0	0	301
Finance and Corporate					
Previously Reported September Cabinet;					
Implications of the 25/26 pay award	65				
Pay award 25/26 implications funded by Contingency	-316				
Additional Pay award 25/26 implications funded by Contingency - Drivers	-116				
Contingency - Scheme virement from Open Spaces (Env. & Sustain.)	30				
Operational Restructure - budget movement from Env. & Sustain.	36				
People Strategy - budget movement to Transformation (Leader)	-50				
Lymington Town Hall Site - Residual HCC Grant into 25/26	16				
Commercial Inv. Property - Salisbury Road, Totton Scheme into 25/26	157				
Corporate Management - Fleet & Infrastructure Strategy into 25/26	80				
Previously Reported November Cabinet;					
Revenues Service - Vacancy Salary Savings / reduced court cost income	0				
Pension Increase Act - Added Years	30				
Commercial Inv. Property - Platinum Jubilee Business Park	120				
New Items;					
Elections - virement from AMR Contingency - Booths etc		-23			
Salary vacancy savings within Info Gov & Com		-30			
Agency costs within Info Gov & Com		69			
Council Tax - CAB Grant		15			
Revenues Service - Vacancy Salary Savings		-55			
	52	-24	0	0	-24
Housing and Homelessness					
Previously Reported September Cabinet;					
Implications of the 25/26 pay award	34				
New Items;					
None					
	34	0	0	0	0

FINANCIAL MONITORING 2025/26				
VARIATION ANALYSIS GENERAL FUND 2025/26				
Nov-25 2025/26 £'000's Latest Budget	February-26			
	2025/26 £'000's New Variations Expend.	2025/26 £'000's New Variations Income	2025/26 £'000's New Variations Rephasings	2025/26 £'000's Updated Budget
PORTFOLIO ADJUSTMENTS				
Leader				
Previously Reported September Cabinet;				
Implications of the 25/26 pay award	9			
Resident Insight Survey - remove budget	-25			
People Strategy - budget movement from Corp. Management (Finance)	50			
Previously Reported November Cabinet;				
UK Shared Prosperity Fund budget transfer from Revenue to Capital	0			
New Items;				
Elections - virement from AMR Contingency - Booths etc		23		
	34	23	0	23
Planning and Economy				
Previously Reported September Cabinet;				
Implications of the 25/26 pay award	55			
Local Plan - Local Plan Grant rephasing & Green Belt grant	298			
Policy - Improve Digital Planning Grant	63			
Economic Development - budget for Totton Masterplan	100			
New Items;				
Building Control - Income shortfall		40		
Policy -Additional CIL Admin Income		-40		
Policy - Salary savings restructure	-70			
Land Charges - salary overspends restructure	25			
Planning DM - Additional fee income		-70		
Planning DM - Appeal costs due	40			
	516	-5	-70	-75
Portfolio adjustments - Non Direct				
Previously Reported November Cabinet;				
Corporate Administration - Vacancy Salary Savings	-43			
New Items;				
ICT Work Programme		-295		
	-43	-295	0	-295
TOTAL PORTFOLIO ADJUSTMENTS				
	1,379	15	-85	0
NON-PORTFOLIO ADJUSTMENTS				
Interest Earnings				
Central Government Grants	0	-1,226	0	
Contribution to/from(-) Earmarked Reserves	-920	-15	1,311	0
Interest earnings	-459			
TOTAL NON-PORTFOLIO ADJUSTMENTS				
	-1,379	-15	85	70
GRAND TOTAL ADJUSTMENTS (Credited to (-) / Debited from (+) Budget Reserves)				
	0	0	0	0

FINANCIAL MONITORING 2025/26				
REVISED HOUSING REVENUE ACCOUNT BUDGET				
2025/26	Feb-25	Nov-25	February-26	
	2025/26	2025/26	2025/26	2025/26
	£'000's	£'000's	£'000's	£'000's
	Original	Latest	New	Updated
	Budget	Budget	Variations	Budget
INCOME				
Dwelling Rents	-34,230	-34,230		-34,230
Non Dwelling Rents	-735	-735	60	-675
Charges for Services & Facilities	-1,142	-1,142		-1,142
Contributions towards Expenditure	-277	-277		-277
Interest Receivable	-418	-418	-20	-438
Sales Administration Recharge	-33	-33		-33
Shared Amenities Contribution	-361	-361		-361
TOTAL INCOME	-37,196	-37,196	40	-37,156
EXPENDITURE				
Repairs & Maintenance				
Cyclical Maintenance	2,234	2,390		2,390
Reactive Maintenance - General	3,520	3,546		3,546
Reactive Maintenance - Voids	1,886	1,896		1,896
Supervision & Management				
General Management	8,288	8,295	-85	8,210
Grounds Maintenance and Trees	1,087	1,094		1,094
Older Person and Temporary Accommodation	1,199	1,201		1,201
Rents, Rates, Taxes and Other Charges		0		0
Provision for Bad Debt	150	150		150
Capital Financing Costs - Interest/Debt Management	5,608	5,608	-436	5,172
Capital Financing Costs - Internal Borrowing		0		0
TOTAL EXPENDITURE	23,972	24,180	-521	23,659
HRA OPERATING SURPLUS(-)	-13,224	-13,016	-481	-13,497
Contribution to Capital - supporting Housing Strategy	10,200	10,200		10,200
Capital Financing Costs - Principal	3,174	3,174	333	3,507
HRA Total Annual Surplus(-) / Deficit	150	358	-148	210
Contribution to/from(-) Earmarked Reserves	-150	-210		-210
HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT	0	148	-148	0

FINANCIAL MONITORING 2025/26

REVISED CAPITAL PROGRAMME 2025/26

	Portfolio	Feb-25	Nov-25	February-26		
		2025/26 £'000's Original Budget	2025/26 £'000's Latest Budget	2025/26 £'000's New Variations Expend.	2025/26 £'000's New Variations Rephasing	2025/26 £'000's Updated Budget
UK Shared Prosperity Fund	LEADER/ALL	60	113	26		139
Rural England Prosperity Fund	LEADER/ALL		162			162
Disabled Facilities Grants	HSG (GF)	1,500	1,000			1,000
Sustainability Fund - Unallocated	ENV & SUSTAIN	100	100			100
Strategic Regional Coastal Monitoring (22-27)	ENV & SUSTAIN	2,829	3,009			3,009
Barton Horizontal Directional Drilling Trials	ENV & SUSTAIN	135	238			238
Hurst Spit Beach Shingle Source Study	ENV & SUSTAIN	75	90			90
Milford Beach and Cliff Study	ENV & SUSTAIN	230	230			230
Hurst Spit BMP Works	ENV & SUSTAIN			37		37
Waste Strategy Container Roll Out	ENV & SUSTAIN	4,550	4,593			4,593
Asset Modernisation Programme - Public Convenience	ENV & SUSTAIN		58			58
Car Parking - new land purchase	ENV & SUSTAIN					
Eling Tide Mill Urgent Repair Works	FIN & CORP	200	200			200
Eling Toll Bridge and Quayside Repairs	FIN & CORP	60	100			100
New Depot Site: Hardley	FIN & CORP					
Commercial Property - Queensway - addit.works	FIN & CORP		323			323
ATC Accommodation Refurbishment	FIN & CORP	200	200			200
Ringwood Depot: Extension and Works	FIN & CORP		248			248
V&P; Replacement Programme	FIN & CORP	2,463	2,516			2,516
V&P; Replacement Programme - Waste Strategy Vehicles	FIN & CORP	3,709	4,405			4,405
Mitigation Schemes	PLAN & ECON	1,000	1,000			1,000
Infrastructure Projects	PLAN & ECON	1,000	1,000			1,000
Strategic Infrastructure Projects	PLAN & ECON	1,000	1,000			1,000
Arts & Culture Projects	PLAN & ECON	300	300			300
TOTAL GENERAL FUND CAPITAL PROGRAMME		19,411	20,885	63		20,948
Fire Risk Assessment Works	HRA	1,500	1,500		-850	650
Major Structural Refurbishments	HRA		921			921
HRA - Major Repairs	HRA	11,100	10,752			10,752
Decarbonisation	HRA	1,870	2,070			2,070
Estate Improvements	HRA	200	200			200
Council Dwellings - Strategy Delivery	HRA	15,200	15,200			15,200
Disabled Facilities Grants	HRA	950	950			950
TOTAL HRA CAPITAL PROGRAMME		30,820	31,593		-850	30,743
GRAND TOTAL CAPITAL PROGRAMME		50,231	52,478	63	-850	51,691