Thriving Council Committee	
Date: Thursday, 30th July 2026	

Subject: Budget and Treasury Monitoring – Quarter 1 2026/2027

Report by:	Director of Corporate Services (S151 Officer)
Contact Officer:	Sarah Scully Business Support Team Leader sarah.scully@west-lindsey.gov.uk

Executive Summary:

This report provides the oversight of financial performance at the end of Quarter 1 2026/2027 for:

REVENUE

- Revenue Forecast Out-Turn (after carry-forwards) – Contribution from Reserves £0.073m. (0.34% of Net Revenue Budget – see 2.1 for details of significant variances).

CAPITAL

- Capital Forecast Outturn: Final outturn £5.713m against a revised budget of £5.712m, resulting in a variance of £0.001m.
- £0.001m, being net overspends which will be actioned in Quarter 2.

Members are asked to note:

- Increase in scheme budgets of £0.001m detailed at 3.2.1.

- Increase in Vehicle Replacement scheme detailed at 3.2.2.

Increase in Scheme Budgets	£m
CCTV Expansion	0.001
Total	**0.001**

Variance Against Revised Budget	**0.001**

TREASURY MANAGEMENT

Treasury Management Report and monitoring:

- Investments held as of 31st May 2026 were:
  - Average investment interest rate for April to May was 4.186%.
  - Total Investments at the end of Quarter 1 were £17.010m.
  - Bank Balance £0.057m.

The tables below reflect the movement on our investments and borrowing in Quarter 1:

Investment Movements	Qtr. 1 £'m
Investments B/fwd. (at 31.03.2026 including cash held at bank)	**19.724**
(Less) Net Capital expenditure/ Funding received	(0.682)
Add PWLB/Other LA Borrowing in year	0.000
Add/(Less) Net Revenue Expenditure	(2.532)
Add/(Less) Net Collection Fund Movement (Ctax/NNDR)	0.557
Investments carried forward (at Period end)	**17.067**

The prudential borrowing position reflects actual borrowing undertaken from the Public Works Loans Board/Other Local Authorities/Leases and the amount of internal borrowing required to meet the actual costs of borrowing up to the 31st May 2026. Internal Borrowing is an approved practice whereby external borrowing is delayed by using cash held for other purposes. It allows us to avoid paying interest until the original expenditure planned for the internally borrowed cash is required.

	Qtr.1
Prudential Borrowing	**£'m**
Total External Borrowing (PWLB)	14.000
Other Local Authorities	10.000
Leases	0.081
Internal Borrowing	10.403
Total Prudential Borrowing at 31.05.2026	**34.484**

- **Appendices included within the report:**

  1. UK Shared Prosperity Fund (UKSPF) Update Qtr. 1 2026/27
  2. Capital Investment Programme – budget monitoring table as of 31st May 2026
  3. Review of Reserves as of 31st May 2026
  4. MUFG Interest Forecast as of 26 March 2026
  5. MUFG Investment Analysis Review May 2026

RECOMMENDATION(S):

REVENUE

a) Members accept the forecast out-turn position of a **£0.073m** net contribution from reserves as of 31st May 2026 (see Section 1) relating to revenue activity.

b) Members approve the creation of revenue income and expenditure budgets to support delivery of the three projects detailed at 1.3.2 and approve the match funding of £0.01m from the Feasibility Reserve.

CAPITAL

c) Members accept the current projected Capital Outturn position of £5.713m (Section 2).

d) Members approve the amendments to the Capital Schemes as detailed in 2.2 with any amendments to be actioned at Qtr. 2.

TREASURY

e) Members accept the report, the treasury activity and the prudential indicators (Section 3).

FINAL REVENUE BUDGET OUTTURN 2026/2027

1. The final Revenue out-turn for 2026/2027 is a net contribution from reserves of £0.073m as detailed in the table below.

   Details of headline variances by Cluster can be found below at 1.1 and 1.2.

Cluster	Base Budget £	Revised Budget £	Forecast Outturn £	Outturn Variance before Cfwds £	Carry Forwards £	Outturn Variance after Cfwds £
Thriving Council	9,524,700	9,862,000	9,871,134	9,134	0	9,134
Thriving People	2,451,700	2,590,000	2,583,872	(6,128)	0	(6,128)
Thriving Place	4,792,400	4,945,500	5,087,871	142,371	0	142,371
Grand Total	**16,768,800**	**17,397,500**	**17,542,877**	**145,377**	**0**	**145,377**
Interest Receivable	(539,800)	(539,800)	(539,800)	0	0	0
Investment Income - Property Portfolio	(1,717,800)	(1,717,800)	(1,739,179)	(21,379)	0	(21,379)
Drainage Board Levies	576,500	576,500	576,500	0	0	0
Parish Precepts	3,086,100	3,086,100	3,086,100	0	0	0
Interest Payable	758,600	758,600	758,600	0	0	0
MRP/VRP (repayment of borrowing)	1,058,700	1,058,700	1,058,700	0	0	0
Net Revenue Expenditure	**19,991,100**	**20,619,800**	**20,743,798**	**123,998**	**0**	**123,998**
Transfer to / (from) General Fund	(146,000)	(774,700)	(774,700)	0	0	0
Transfer to / (from) Earmarked Reserves	1,569,300	1,569,300	1,569,300	0	0	0
Amount to be met from Government Grant or Council Tax	**21,414,400**	**21,414,400**	**21,538,398**	**123,998**	**0**	**123,998**
Funding Income						
Business Rate Retention Scheme	(2,994,300)	(2,994,300)	(2,994,300)	0	0	0
Collection Fund Surplus - Council Tax	(212,800)	(212,800)	(212,800)	0	0	0
Parish Councils Tax Requirement	(3,086,100)	(3,086,100)	(3,086,100)	0	0	0
Other Government Grants	(6,529,400)	(6,529,400)	(6,580,300)	(50,900)	0	(50,900)
Council Tax Requirement	**(8,591,800)**	**(8,591,800)**	**(8,591,800)**	**0**	**0**	**0**
TOTAL FUNDING	**(21,414,400)**	**(21,414,400)**	**(21,465,300)**	**(50,900)**	**0**	**(50,900)**
Balanced Budget / Funding Target	**0**	**0**	**73,098**	**73,098**	**0**	**73,098**

The significant variances against budgets being:

Cluster	EXPENDITURE	Total £000	Direction of Travel From Prev. Qtr.
	BUDGET UNDERSPENDS		
Thriving Council	Insurance Premiums - underspend due to corrections to policy identified post renewal.	(£28)	New
	PRESSURES		
Thriving Council / Thriving People / Thriving Places	Salary pressure. Salary budgets were based on an estimated 3% pay award for 2026/2027. Forecast is based on the latest National Employers offer of 3.3%.	£7	New
Thriving Places	Fuel - average price per litre to date £1.40, forecast £1.36 for remainder of year (compared to £1.07 average price per litre for the year 2025/2026).	£68	New
Thriving People	Parish Lighting - Repairs and Maintenance and Electricity.	£21	New
	Various forecast outturn variances <£10k.	£21	New
		£89	

Cluster	INCOME	Total £000	Direction of Travel From Prev. Qtr.
	BUDGETED INCOME EXCEEDED		
Corporate	Windfall Income: Government Grants - MHCLG - Internal Drainage Board Levies Support.	(£51)	New
	BUDGETED INCOME NOT ACHIEVED		
Thriving People	Wellbeing Lincs Responder Service.	£35	New
		(£16)	

SERVICE BUDGET VARIANCE	**£124**
CORPORATE BUDGET VARIANCE	**(£51)**
TOTAL VARIANCE	**£73**

1.1 Significant items (>£10k) of note by Cluster:

1.1.1 Thriving Council

- **Insurance Premiums**

There is an underspend of £0.028m against the insurance premium budget for 2026/2027. The underspend is due to corrections to the policy which were identified post renewal.

1.1.2 Thriving People

- **Parish Lighting**

  The Council manages a base budget to operate and maintain street lighting in parish areas, which West Lindsey District Council owns, including electricity and repairs and maintenance. We have a shared service arrangement with Lincolnshire County Council for the provision of maintenance works and electricity billing. This enables residents to report streetlight faults related to WLDC lights via FixMyStreet and they are directed to Lincolnshire County Council for action. The Council also uses other contractors especially where urgent repair work is required.

  The service is forecasting a pressure for 2026/2027 of £0.021m due to an increase in electricity costs and unforeseen repairs and maintenance.

  During 2026/2027, the Council will continue to complete LED upgrade works on our street lighting. This will help to contribute longer term to reduced maintenance and electricity costs.

- **Wellbeing Lincs Responder Service**

  The current contract with East Lindsey District Council to host the Wellbeing Responder Service is for five years, from 13.01.25 to 12.01.30, with potential extensions thereafter.

  Initial estimates of the impact of the contract on the bottom line for the Council were a contribution of £0.077m. Following a full year of the service being operational the actual contribution for 2025/2026 was £0.039m – a shortfall of £0.038m.

  A pressure of £0.035m is forecast for 2026/2027. The ongoing impact for the MTFP will be reviewed ahead of budget setting for 2027/2028.

1.1.3 Thriving Places

- **Fuel**

  There is a forecast pressure against fuel budgets of £0.068m. The average fuel price to date is £1.40 per litre, with an average price of £1.36 per litre forecast for the remainder of the year (compared to the average price paid per litre during 2025/2026 of £1.07).

  As of June 2026, prices have eased due to reduced geopolitical pressures but remain elevated when compared to the average for the same period 2025/2026 of £1.04 per litre.

1.1.4 Funding

- **Windfall income**

We received windfall grant income of £0.051m in relation to a Government Grant for internal Drainage Board (IDB) Levies Support during 2025/2026.

Government have again provided a £5m IDB levy support grant for Authorities most impacted by IDB levies. Whilst allocations at the same level as the previous year are not guaranteed, further support in the current financial year is forecast pending formal announcement.

1.1.5 Establishment

Salary budgets 2026/2027 were based on an estimated 3.0% pay award across all scale points.

On the 24th of March 2026 the National Employers made a full and final offer of 3.3% to each of the negotiating groups for which they have responsibility.

1. Chief Officer Pay – agreement reached 2nd June 2026 at 3.3%
2. Chief Executive Pay – no agreement as of 30th June 2026
3. NJC Local Government Staff – no agreement as of 30th June 2026

Based on a full establishment, costs are expected to increase by £0.040m if the offer were to be accepted. As the organisation historically carries vacancies above the 2% vacancy factor allowed for, it is anticipated that the impact of the pay award will be contained within existing budget provision.

A pressure of £0.007m is reported against employee costs:

Pressure of £0.007m due the proposed pay award for 2026/2027 being 0.3% above budgeted levels, offset by vacancies above the 2% vacancy factor.

1.2 Fees and Charges

£2.035m has been received in Fees and Charges income during 2026/2027 to date against a budget of £2.019m, a shortfall of £0.016m.

There are no significant variances forecast for the year.

1.3 Grants

As of 1st April 2026, we had an amount of £1.071m relating to grants received which had yet to be expended. Budget provision will be created throughout the financial year as required to deliver projects in accordance with grant terms. The forecast balance as of 31st March 2027 is £0.883m.

The spend eligibility deadline for both UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF) was previously 31st of March 2026, this has been extended to the 30th of September 2026. Costs must be related to activity that takes place on or before the 30th of September 2026. The grant is expected to be fully utilised. A full update on the UKSPF is provided at **Appendix 1**.

1.3.1 Successful Grant Bids and New Grant determinations

The following grants have been received during this period:

Grant Issued By	Grant Name	£
Department for Work & Pensions (DWP)	Rent Allowance	2,610,639
Department for Levelling Up, Homes and Communities (MHCLG)	Revenue Support Grant	765,201
Midlands Net Zero Hub (MNZH)	Warm Homes Local Grant	351,150
Department for Levelling Up, Homes and Communities (MHCLG)	Pride In Place	117,604
Department for Levelling Up, Homes and Communities (MHCLG)	Extended Producer Responsibility	116,999
Department for Levelling Up, Homes and Communities (MHCLG)	Homelessness	67,841
Department for Levelling Up, Homes and Communities (MHCLG)	Renters Rights	66,138
Department for Levelling Up, Homes and Communities (MHCLG)	Transformation & Adjustment Support	64,694
Department for Levelling Up, Homes and Communities (MHCLG)	Recovery Grant	50,794
National Heritage Lottery	Townscape Heritage (THI)	34,903
Department for Work & Pensions (DWP)	Housing Benefit Admin Grant	32,932
All Saints Parish Church	Illuminate grant	29,900
Department for Levelling Up, Homes and Communities (MHCLG)	Crisis & Resiliance	20,894
Department for Work & Pensions (DWP)	HB Award Accuracy Initiative	16,120
Department for Work & Pensions (DWP)	Rent Rebate	8,071
Department for Levelling Up, Homes and Communities (MHCLG)	Domestic Abuse	5,967
Home Office	Asylum Dispersal Grant	4,200
Various	various small grants	532
		4,364,577

Income and expenditure budgets will be created to reflect the grant being received and spend activity where applicable.

1.3.2 Greater Lincolnshire Combined County Authority (GLCCA) Growth Development Fund Support

WLDC has been successful in securing GLCCA Growth Development Fund Support for three local projects:

(1) Ag-Zone Strategic Framework & Infrastructure Readiness Study:
£0.1m (inc. £0.01m WLDC and £0.01m LCC match) to fund the development of a prioritised spatial and infrastructure framework which de-risks future investment. **The £0.01m WLDC match will be drawn from the Feasibility Reserve.**

(2) SPARK Re-engagement 16-19:
£0.0417m (inc. £0.004m WLDC and £0.004m private match) to fund feasibility and development activities to scale the engagement programme. **The £0.004m WLDC match will be drawn from the base revenue budget Employment & Skills project delivery.**

The third project is privately matched and requires no WLDC match contribution:

(3) Somerby Park Advanced Manufacturing Campus Phase 1:
£0.1m (inc. £0.02m private match) to fund the development and feasibility stages to support 1st phase development.

Other Items for information

1.4 Planning Appeals

In Quarter 1 2026/2027, to the end of May 2026, there was 1 appeal determined – which was dismissed.

There are two live applications for costs awaiting decision. Appeal costs are not budgeted for and therefore any costs allowed will be a direct loss to the Council.

Period	Number of Appeals	Allowed	Dismissed
April	**0**	0	0
May	**1**	0	1
Total for Quarter 1	**1**	**0**	**1**

1.5 Aged Debt Summary – Sundry Debtors Aged Debt Summary Final 2026/2027 Monitoring Report

At the end of May 2026, there was a total of £0.206m outstanding debt in the system over 90 days. Much of this debt was over 150 days old (86%) and mainly comprised of:

- Housing £0.065m
- Property Services £0.062m
- Environmental Services £0.033m
- ICT £0.013m
- Building Control £0.010m

For each of these areas the debt recovery process is under way for all debt over 90 days, payment plans are being put in place where possible.

The level of outstanding debt for the same period 2026/2027 is provided below for information:

2025/2026 Total £
209,920

Month	90 – 119 days £	120 – 149 days £	150+ days £	2026/2027 Total £
Quarter 1 - ending May 2026	25,767	2,370	177,481	205,618

1.6 Changes to the Organisation Structure

1.6.1 Property Services - Facilities Management Officer approved as a new permanent post. This post will be funded from the ongoing budget provision allocated within the Budget Pressure Contingency budget, with no impact on the Medium-Term Financial Plan (MTFP).

1.6.2 Implementation of the new Senior Management Structure. This includes:

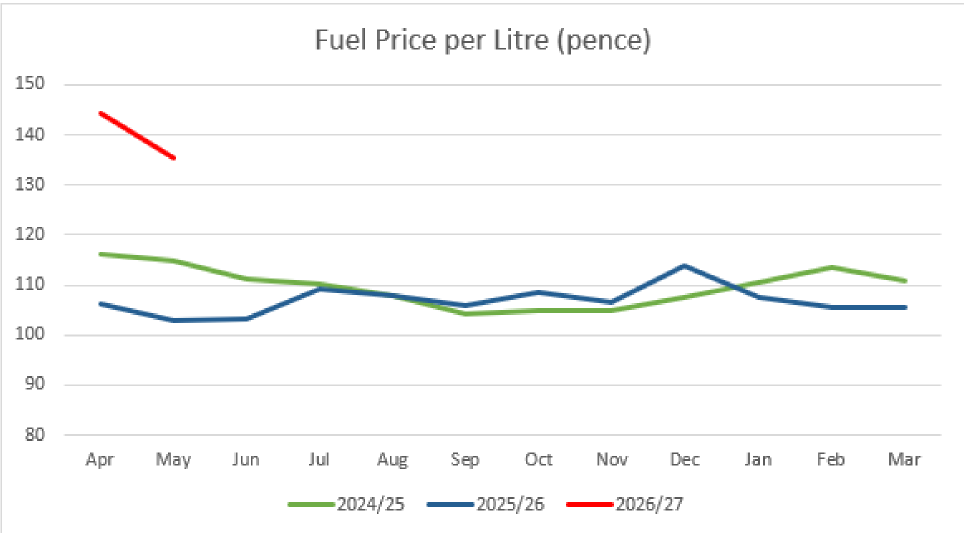
- the creation of 1 Assistant Chief executive of Policy & Delivery
- the creation of 17 Heads of Service
- the removal of 17 Business Managers, and
- the removal of 1 Director of Commercial and Operational Services

This restructure will be funded from the ongoing budget provision allocated within the Budget Pressure Contingency budget, with no impact on the MTFP.

1.7 Fuel

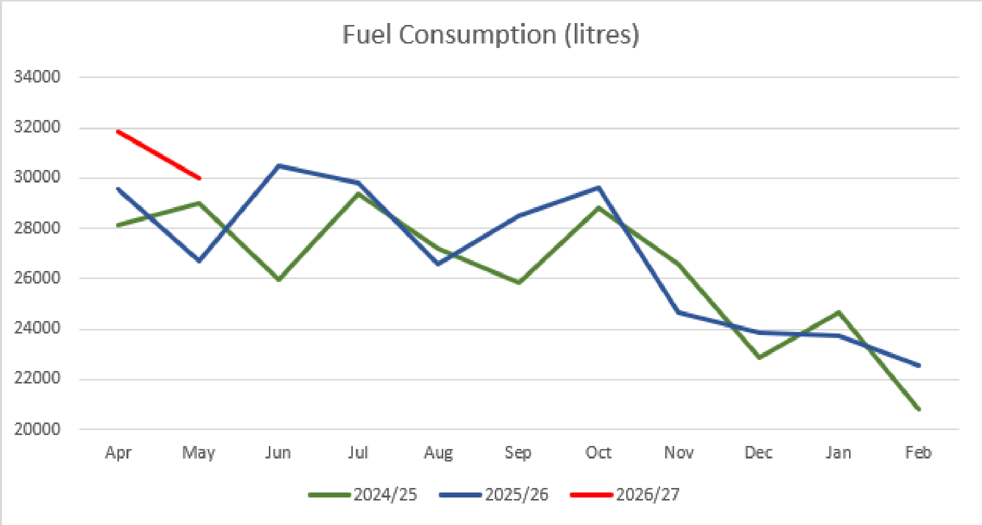
1.7.1 The chart below shows the actual price paid per litre of fuel, in pence, for each year from 2024/2025 to 2026/2027.

The prices shown for 2026/2027 are actuals for the period April 2026 to May 2026, at an average of £1.40 per litre. The average price paid per litre during 2025/2026 was £1.07.



1.7.2 The chart below shows the actual volume of fuel consumed, in litres, for each year from 2024/2025 to 2026/2027.

The volumes shown for 2026/2027 are actuals for the period April 2026 to May 2026. The consumption will be higher in 2026/2027 due to the new food waste service that commenced this year.



2.1 CAPITAL UPDATE – Quarter 1 2026/2027

2.1.1 The Capital Budget forecast out-turn is £5.713m against a revised budget of £5.712m. This results in a variance (overspend) of £0.001m.

2.1.2 Individual Schemes are detailed in the table contained within the report at **Appendix 2** with commentary provided on performance.

2.2 **Capital Programme Update 2026/2027**

The detailed capital monitoring table is included within the report at **Appendix 2.** The variances relate to the following schemes and any amendments to capital schemes will be actioned in Quarter 2.

Increase to scheme budgets - £0.001m

CCTV Expansion - Planned spend in June 2026 to complete CCTV expansion with new server unit. Server purchase results in an overspend of £0.001m due to increased technology costs. This will be funded by the Communities at Risk Reserve.

2.2.1 Change to scheme budget for Vehicle Replacement Programme

£0.003m from Vehicle Replacement Reserve – this additional funding would create a budget of £0.021m to fund the installation of 360-degree cameras on all the street cleansing vehicles. This equipment will be used to support lone working arrangements, enhancing public and staff safety and mitigate insurance risk. This £0.003m has been approved by delegated decision of the Chief Finance Officer and has been processed in Quarter 1.

2.3 Acquisitions, Disposals and Capital Receipts

2.3.1 The Council has made the following acquisitions during Quarter 1 which have been added to the asset register:

Asset	Acquisition Date	Capital Scheme	Acquisition Amount £
WM23 UCR Transit 2.0 3.5t EcoBlue	28/04/2026	Vehicle Replacement Programme	16,450
KY26 XAF ISUZU 7.5t box van	12/05/2026	Vehicle Replacement Programme	60,547
			76,997

2.3.2 The Council has processed no disposals of assets during Quarter 1.

2.3.3 Capital Receipts (>£0.010m)

The total value of capital receipts received in 2026/2027 at the end of Quarter 1 total £0.137m.

- £0.124m from the Housing Stock Transfer Agreement share of Right to Buy receipts

- £0.013m repayment of DFG Grants.

3. TREASURY MONITORING – Quarter 1 (April – May 2026)

The Treasury Management Strategy Statement (TMSS) for 2026/2027, which includes the Annual Investment Strategy, was approved by the Council on 2 March 2026. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions, using our suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

3.1 Officers can confirm that there have been no breaches of Prudential Indicators as detailed at 4.9 below.

3.2 Interest received (April - May) is more than the average 7-day Sterling Overnight Index Average (SONIA) (3.73%) with an average yield of 4.186% (including CCLA) and 4.112% (excluding CCLA). The Council budgeted to receive £0.406m of investment income, and this is on track to be achieved.

3.3 Interest Rate Forecasts

The Council's treasury advisors, MUFG, have provided the following forecasts on 26th March 2026:

MUFG Corporate Markets Interest Rate View 25.03.26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	3.90	3.80	3.80	3.70	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.20	4.10	4.00	3.90	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50
12 month ave earnings	4.60	4.50	4.40	4.20	4.20	4.00	4.00	3.80	3.80	3.80	3.80	3.80
5 yr PWLB	5.00	5.00	4.90	4.80	4.60	4.40	4.20	4.20	4.10	4.10	4.10	4.10
10 yr PWLB	5.50	5.50	5.40	5.30	5.10	4.90	4.70	4.70	4.60	4.60	4.60	4.60
25 yr PWLB	6.00	6.00	5.90	5.80	5.60	5.40	5.20	5.20	5.20	5.20	5.10	5.10
50 yr PWLB	5.80	5.80	5.70	5.50	5.40	5.20	5.00	5.00	5.00	5.00	4.90	4.90

Appendix 4 details the interest rate forecast as of 26 March 2026.

Appendix 5 details MUFG Monthly Investment Analysis Review as at the end of May 2026.

3.4 Investments

The Council held investments of £17.010m on 31st May 2026. The table below details these investments for Quarter 1:

Investments at Qtr. 1	Qtr. 1 £m
LGIM Money Market Fund	4.810
CCLA Money Market Fund	5.500
Local Authority	5.500
Lloyds Bank Deposit Account	0.200
CCLA Property Fund	1.000
Insight Money Market Fund	0
Total	**17.010**

3.5 Investment in Local Authority Property Fund (CCLA)

The total the Council has invested now stands at £1m (of an approved £4m). Interest is receivable on a quarterly basis.

3.6 New External Borrowing

No external temporary borrowing was repaid up to 31st May 2026 and no new external temporary borrowing was taken.

The Council's total external borrowing stands at £24.0m.

3.7 Total Prudential Borrowing at Quarter 1

Prudential Borrowing	Qtr. 1 £m
Total External Borrowing	24.000
Total Internal Borrowing	10.403
Leases	0.081
Total Prudential Borrowing	**34.484**

3.8 Borrowing in advance of need

The Council has not borrowed in advance of need during the period ending 31st May 2026.

3.9 Compliance with Treasury and Prudential Limits

It is statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy (TMS).

During the financial year to date the Council has operated within these treasury and prudential indicators and in compliance with the Council's Treasury Management Practices.

The prudential and treasury Indicators are shown below and consider the revisions to the Capital Programme as detailed in section 3 of this report.

	Original £m	Qtr. 1 £m
Treasury Indicators		
Authorised limit for external debt	39.000	39.000
Operational boundary for external debt	34.000	34.000
External Debt External Debt - Leases Investments	24.000 0.081 (14.333)	24.000 0.081 (15.795)
Net Borrowing	**9.748**	**8.286**
Prudential Indicators		
Capital Expenditure	3.558	5.712
Leases	0	0
Capital Financing Requirement (CFR) *Of Which is Commercial Property*	34.334 *18.224*	34.484 *18.224*
Annual change in CFR*	(1.059)	(0.909)
External Debt	24.081	24.081
Under/(over)borrowing	10.253	10.403
Ratio of financing costs to net revenue stream*	8.49%	8.41%
Incremental impact of capital investment decisions:		
Increase/Reduction (-) in Council Tax (band change per annum)	£0.00	£0.41

ASSOCIATED IMPLICATIONS

Legal: None arising as a result of this report.

Financial : FIN/39/27/TC/SSc

REVENUE

The draft revenue forecast out-turn position for 2026/2027 is a net contribution from reserves (pressure) of **£0.073m** relating to revenue activity as of 31st May 2026.

The forecast General Fund Balance as of 31st March 2027 is £1.985m (excluding carry forwards). This is outside of the range of the minimum working balance agreed by Members of between £2.0m and £2.5m – this includes the forecast deficit of £0.073m reported against revenue budgets at Quarter 1. We anticipate this moving to a surplus position as we progress to Quarter 2. If the balance were to remain below the minimum level of £2m this would be funded from the Budget Stability Reserve.

The items with significant variances are contained within this report at 1.1 and 1.2.

CAPITAL

The capital programme forecast outturn for 2026/2027 is expenditure of £5.713m against a revised budget of £5.712m, a variance of £0.001m.

The amendments to the 2026/2027 capital scheme are detailed at 2.2 and will be actioned in Quarter 2.

TREASURY

The Treasury Management activities during the reporting period are disclosed in the body of this report. Total external borrowing is currently £24.0m.

There have been no breaches of Treasury or Prudential Indicators within the period of this report.

Average investments for Qtr. 1 2026/2027 (April - May) were £19.914m, which achieved an average rate of interest of 4.186% (Qtr. 4 2025/2026, January to March, was £19.067m, 4.047%).

Staffing:

Salary budgets 2026/2027 were based on an estimated 3.0% pay award across all scale points.

On the 24th of March 2026 the National Employers made a full and final offer of 3.3% to each of the negotiating groups for which they have responsibility.

1. Chief Officer Pay – agreement reached 2nd June 2026 at 3.3%
2. Chief Executive Pay – no agreement as of 30th June 2026
3. NJC Local Government Staff – no agreement as of 30th June 2026

Based on a full establishment, costs are expected to increase by £0.040m if the offer were to be accepted. As the organisation historically carries vacancies above the 2% vacancy factor allowed for, it is anticipated that the impact of the pay award will be contained within existing budget provision.

Equality and Diversity including Human Rights: None arising as a result of this report.

Data Protection Implications: None arising as a result of this report.

Climate Related Risks and Opportunities: None arising as a result of this report.

Section 17 Crime and Disorder Considerations: None arising as a result of this report.

Health Implications: None arising as a result of this report.

Risk Assessment:

This is a monitoring report only.

Title and Location of any Background Papers used in the preparation of this report:

N/A

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)	**Yes**		**No**	**X**

Key Decision:

A matter which affects two or more wards, or has significant financial implications	**Yes**		**No**	**X**

APPENDIX 1: UK Shared Prosperity Fund (UKSPF) Update Qtr. 1 2026/2027

Progress: All elements (five) of WLDC's UKSPF/REPF programme are live and progressing to both planned delivery and spend profiles. We have already met/exceeded forecast outputs/outcomes for a number of programme elements and we expect to be able to report significant spend and outputs to North East Lincolnshire Council (local accountable body) for Qtr. 1 2026/2027 across all five measures. As such there are currently no delivery/spend risks with regards to our programme.

Forward Look: Government confirmed an extension of the 2025/2026 UKSPF/REPF programme spend window from 31/03/26 to 30/09/26 (this is a spend extension only and does not include any new funding allocations). The programme is anticipated to be fully spent by the closure of the spend window.

Code	Project	Total Funding	Actuals Grant 2025/26	Actuals Match Funding 2025/26	Actuals Grant 2026/27	Actuals Match Funding 2026/27	Commitments	Balance
5032	1.1 Flagship Community Grant Programme - Grant (UKSPF	172,500	19,595	87,896	2,905	38,555	19,582	23,550
5034	1.2 Support Arts, Sport and Active Leisure	20,000	14,834	0	5,166	0	0	0
5035	1.3 Town Centre Regeneration	140,000	82,738	0	15,598		56,491	41,665
5037	2.1 Flagship WL Business Support Programme	40,000	40,000	0	0	0	0	0
5039	2.3 Growing innovation	150,000	50,000	0	0	0	85,000	100,000
5030	Admin	27,474	27,474	0	0	0	0	0
		549,974	**234,641**	**87,896**	**23,669**	**38,555**	**161,072**	**165,214**

Code	Project	Grant 2025/26	Grant 2026/27	Actuals 2025/26	Actuals 2026/27	Commitment	Balance
500027	1.1 Flagship Community Grant Programme - Grant (UKSPF	29,140	35,860	29,140.00	17,500.00	17,500	18,360
500027	1.1 Flagship Community Grant Programme - Grant (REPF)	137,865	100,829	137,864.75	26,699.60	8,518	74,130
500032/500033	1.3 Town Centre Regeneration	247,338	227,662	247,338	186,124	0	41,538
		414,343	**364,351**	**414,343**	**230,323**	**26,018**	**134,028**

APPENDIX 2: Capital Investment Programme 2026/2027

Cluster/Scheme	Stage	Actuals	Base Budget	Revised Budget incl. Contingency	Forecast Outturn	Over/ (Under) Spend	Carry Forwards/ Drawbacks	Narrative	Expected Completion Date	Contingency Forecast Outturn	Contingency Budget
		£	£	£	£	£	£			£	£
Thriving Council											
Member ICT Provision	Stage 3	0	36,000	36,000	36,000				31/03/27	0	0
Capital Enhancements to Council Properties	BAU	0	50,000	339,100	339,100				BAU	0	0
Carbon Efficiencies - Street Lights	Stage 3	14,985	0	210,000	210,000				31/03/27	0	0
Desktop Refresh	BAU	0	13,300	15,900	15,900				BAU	0	0
CRM System	Stage 3	3,000	0	85,100	85,100				31/03/26	0	0
NEC Replacement/Upgrade	Pre Stage 1	0	0	30,000	30,000				31/12/26	0	0
Contact Centre	Stage 2	0	0	2,100	2,100				31/12/26	0	0
Thriving People											
Cremator - DeNox System	Stage 3	0	25,000	25,000	25,000	0	0		31/03/27	0	0
WL Leisure Centre Development	Stage 3	0	0	273,700	273,700	0	0		30/09/27	0	0
Disabled Facilities Grants	BAU	66,990	837,500	1,001,000	1,001,000	0	0		BAU	0	0
CCTV Expansion	Stage 3	0	0	9,700	11,000	1,300	0	Planned June 2026 expenditure supports completion of the CCTV expansion, including a new server, with costs creating a budget pressure due to increased technology prices.	31/03/27	0	0
Hemswell Cliff Investment for Growth	Stage 3	0	0	30,600	30,600	0	0		30/09/26	0	0
Grange Farm - Community Supported Living	Stage 3	100,000	0	100,000	100,000	0	0		31/03/27	0	0
Local Authority Housing Fund - Temp Accommodation	Stage 3	10,037	0	107,600	107,600	0	0		31/03/27	0	0
Warm Homes Local Grant	Stage 3	(290,833)	2,120,000	1,979,200	1,979,200	0	0		31/03/28	0	0
1.1 Flagship Community Grants Programme	Stage 3	44,200	0	136,700	136,700	0	0		30/09/26	0	0
Parks Fund Project	Stage 3	0	0	47,500	47,500	0	0		31/03/27	0	0
Thriving Places											
Vehicle Replacement Programme	BAU	76,997	30,000	98,000	98,000				BAU	0	0
Market Rasen 3 year vision	Stage 3	0	89,700	89,700	89,700				31/03/27	0	0
Gainsborough Heritage Regeneration	Stage 3	92,632	323,700	318,100	318,100				30/09/26	0	0
Shop Front Improvement	Stage 3	0	32,800	32,800	32,800				31/03/27	0	0
5-7 Market Place Redevelopment	Stage 3	0	0	44,900	44,900				unknown	0	44,900
Thriving Gainsborough - Pocket Park	Stage 3	0	0	10,300	10,300				30/06/26	0	0
Thriving Gainsborough - Whitton Gardens	Stage 3	0	0	5,400	5,400				30/06/26	0	0
1.3 Town Centre Regeneration- commercial premises grant	Stage 3	186,124	0	227,700	227,700				30/09/26	0	0
Changing Places Unit	Stage 3	0	0	112,800	112,800				30/09/26	0	0
Thriving Gainsborough-Final Allocations	Stage 3	1,951	0	342,500	342,500				30/09/27	0	0
Total Capital Programme Gross Expenditure		**306,082**	**3,558,000**	**5,711,400**	**5,712,700**	**1,300**	**0**			**0**	**44,900**

APPENDIX 3: Review of Reserves as of 31st May 2026

- Use of Allocation for Reprioritisation:
  - £0.274m RIBA Stage 3 Alliance Leisure work

Reserves Name	Balance at 31/03/26 £	Allocation for Reprioritisation £	Use of Allocation for Reprioritisation £	Balance Remaining of Allocation for Reprioritisation £	Other Approved Movements - Contribution To Reserve £	Other Approved Movements - Use of Reserve £	Estimated Balance at 31/03/32 £
Service Investment / Renewals Total	5,598,451	(852,900)	0	(852,900)	6,567,600	(5,841,300)	5,471,851
Contingency / Risk Total	6,673,434	(650,000)	0	(650,000)	1,779,000	(2,627,700)	5,174,734
Investment for Priorities Reserve Total	8,680,038	(5,697,100)	273,700	(5,423,400)	821,600	(1,776,800)	2,027,738
Earmarked Reserves Total	**20,951,923**	**(7,200,000)**	**273,700**	**(6,926,300)**	**9,168,200**	**(10,245,800)**	**12,674,323**
General Fund Balance Total	3,804,707	0	0	0	0	(1,746,800)	2,057,907
Capital Receipts Total	1,109,029	(800,000)	0	(800,000)	282,297	(263,100)	328,226
Capital Grants Total	3,609,213	0	0	0	10,228	0	3,619,441
Usable Reserves Grand Total	**29,474,872**	**(8,000,000)**	**273,700**	**(7,726,300)**	**9,460,725**	**(12,255,700)**	**18,679,897**

Reserve Name	Purpose	Balance at 31/03/26 £	Allocation for Reprioritisation £	Use of Allocation for Reprioritisation £	Other Approved Movements - Contribution To Reserve £	Other Approved Movements - Use of Reserve £	Estimated Balance at 31/03/32 £
Civic Reserve	To fund replacement of Civic Car. Annual contribution to reserve removed from 2026/2027 onwards (approved by CP&R 11/12/25).	30,000					30,000
District Elections	To finance future Election costs - held every 4 years.	94,000			370,000	(460,000)	4,000
Enforcement Costs - Housing & Planning	To assist with costs incurred in carrying out enforcement works across the Housing and Planning service to fund irrecoverable costs. Works in Default.	4,900					4,900
ICT Reserve	To meet the costs of Information & Communications Technology Upgrades.	443,205			446,400	(259,200)	630,405
Members ICT Reserve	Provision of Members' ICT.	36,819			66,000	(36,000)	66,819
Maintenance of Facilities	To meet future property maintenance requirements.	590,202			817,400	(846,100)	561,502
Neighbourhood Planning Grant	To allocate Neighbourhood Planning Grant income from MHCLG to support cost of Neighbourhood Planning process.	50,000					50,000
Project Investment Reserve	To assist with costs associated with Business Case Development and costs associated with LGR.	966,397			645,000	(100,100)	1,511,297
Invest to Save	To support initial investments which deliver savings to the Council over the medium to longer term.	452,900	(452,900)				0
Revenue Grants Unapplied	Revenue grants which have yet to be expended.	1,070,600				(222,300)	848,300
Trinity Arts Centre	Increase in ticket prices (eff 18/19) to be transferred to EMR for contribution towards future projects. Reserve capped at £50k.	50,000					50,000
Extended Producer Responsibility (EPR)	to hold the EPR funding and monitor application.	1,525,000					1,525,000
Vehicle Replacement Programme	To support service development and replacement fleet across the Authority.	284,429	(400,000)		4,222,800	(3,917,600)	189,629
Service Investment / Renewals Total		**5,598,451**	**(852,900)**	**0**	**6,567,600**	**(5,841,300)**	**5,471,851**

Reserve Name	Purpose	Balance at 31/03/26 £	Allocation for Reprioritisation £	Use of Allocation for Reprioritisation £	Other Approved Movements - Contribution To Reserve £	Other Approved Movements - Use of Reserve £	Estimated Balance at 31/03/32 £
Business Rates Volatility Reserve	To meet the costs of any variances of the business rate retention scheme.	3,296,907			88,000	(1,066,700)	2,318,207
Budget Stability Reserve	This reserve is set aside to smooth the effects of reductions to government funding which may happen during the next Parliament. This will give the Council time to come up with plans to address any budget shortfall and carefully plan any service redesigns which may be necessary.	2,296,927			1,321,000	(1,478,000)	2,139,927
Uphills Community Centre	Contingency budget for unforeseen repairs & maintenance events at Uphills Community Centre-WLDC is obliged to pay/contribute under current arrangements. Reserve capped at £20k.	7,100					7,100
Insurance Fund	To meet any excess on insurance claims.	73,200					73,200
Redundancy Contingency	To meet costs of staff redundancies.	266,300					266,300
Valuation Volatility	To mitigate any loss on investment from the sale of commercial investment properties.	733,000	(650,000)			(83,000)	0
Planning Fee Reserve	New reserve 26/27. To mitigate the impact of the timing of large planning fee receipts.	0			370,000		370,000
Contingency / Risk Total		**6,673,434**	**(650,000)**	**0**	**1,779,000**	**(2,627,700)**	**5,174,734**

Reserve Name	Purpose	Balance at 31/03/26 £	Allocation for Reprioritisation £	Use of Allocation for Reprioritisation £	Other Approved Movements - Contribution To Reserve £	Other Approved Movements - Use of Reserve £	Estimated Balance at 31/03/32 £
Property Asset Fund	To support strategic housing and commercial property initiatives.	591,302	(246,000)			(69,400)	275,902
Community Grant Scheme	Community grant scheme to support community projects and the councillor award initiative.	26,600			136,000		162,600
Cultural Strategy Reserve	To develop the Council's Cultural Strategy in line with the recommendation contained within the Peer Review.	104,800			535,600	(640,400)	0
Communities at Risk	Support for communities at risk (2 identified CAR are currently Hemswell Cliff and South West Ward).	380,612				(268,100)	112,512
Environmental and Climate Change Reserve	Fund projects designed to reduce the carbon impact of the Council's operations.	427,206				(20,000)	407,206
Feasibility Fund	Match funding for the rural business intervention to support businesses with revenue costs.	40,000				(7,400)	32,600
Health and Wellbeing Reserve	To support the delivery of projects aligned to the strategic aims set out in the 'our people' theme within the Corporate Plan. Includes Temporary Accommodation potential budgetary shortfall.	186,100	(100,000)		150,000	(33,900)	202,200
Investment for Growth	To support internal and local housing and business growth.	6,638,418	(5,351,100)	273,700		(737,600)	549,718
Public Realm	To support the new capital assets created from Grant Funded capital schemes	250,000					250,000
CIL Reserve	Budget smoothing for CIL contributions and expenditure. To fund CIL officer and any other CIL related spend.	35,000					35,000
Investment for Priorities Reserve Total		**8,680,038**	**(5,697,100)**	**273,700**	**821,600**	**(1,776,800)**	**2,027,738**
Earmarked Reserves Total		**20,951,923**	**(7,200,000)**	**273,700**	**9,168,200**	**(10,245,800)**	**12,674,323**
General Fund Balance	A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.	3,804,707				(1,746,800)	2,057,907
Capital Receipts	Capital receipts are generated from the sale of a local authority's capital assets, such as land, buildings, or vehicles. The two main uses are: financing new capital expenditure and repaying debt *	1,109,029	(800,000)		282,297	(263,100)	328,226
Capital Grants	To provide a specific, restricted source of funding for long-term investments in physical assets and infrastructure. Large proportion is CIL receipts.	3,609,213			10,228		3,619,441
Useable Reserves Grand Total		**29,474,872**	**(8,000,000)**	**273,700**	**9,460,725**	**(12,255,700)**	**18,679,897**

APPENDIX 4: MUFG CORPORATE MARKETS INTEREST RATE FORECAST

Updating of our forecasts 26 March 2026

Comparison of forecasts for Bank Rate today v. previous forecast

Bank Rate	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
25.03.26	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25
22.12.25	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Change	0.00	0.25	0.25	0.50	0.50	0.25	0.25	0.00	0.00	0.00	0.00	0.00

Our last interest rate forecast update was undertaken on 22 December. At that juncture it looked as if domestic inflation would soften through the spring and summer and that the Monetary Policy Committee (MPC) would be in a strong position to reduce Bank Rate to 3.25% by this time 2027.

However, although tepid domestic growth remains a concern (0.1% q/q GDP for Q4 2025) and the current level of annual CPI inflation was recorded as 3% for February, the US/Israel conflict with Iran has somewhat derailed the prospect of looser monetary policy conditions for at least the next few months.

The primary reason for that sea-change in policy expectations is the energy supply-side shock impacting the world economy, with energy infrastructure coming under attack from both sides of the conflict. Consequently, with clear difficulties remaining as to whether oil can be safely moved via the Strait of Hormuz, and natural gas fields in Qatar, in particular, having suffered significant damage, these are the types of supply-side set back that cannot be rectified quickly. For context, on 19 March, Qatar’s Ras Laffan, the largest liquified natural gas (LNG) terminal in the world, built over decades in several phases and costing many billions of dollars to construct, and supplying one-fifth of the world’s super-chilled fuel, was hit by Iranian missiles and drones. Fires raged across the gas-to-liquids facility within the complex, which covers 295 square kilometres – the size of a large city. Damage was estimated to be so extensive that Qatar Energy’s CEO suggested the company may have to declare a *“force majeure”* (non-fulfilment of orders due to circumstances outside their control) on long-term contracts, potentially impacting LNG supplies to Italy, Belgium, Korea and China “for up to five years”.

Our colleagues at Capital Economics have noted that the UK entered the energy price shock with household inflation expectations still elevated and CPI inflation far higher than the eurozone’s rate of 1.9%. But the surge in oil prices has already caused the average petrol/diesel price to rise to 159p per litre, which probably raised CPI inflation by 0.3ppts in March. And petrol/diesel prices could rise by a further 9.8% in the coming weeks to 175ppl. Their working assumptions about gas prices suggest the Ofgem utility price cap may rise by 30% on 1 July, which would add an extra 1.0ppts to CPI inflation in July. And that’s before the indirect boost from businesses passing on some of their energy costs in the prices of non-energy items. In their baseline scenario, they now think CPI inflation could rise to a peak of 4.6% in Q4 2026.

With that backdrop, and warnings from the MPC that they will be alert to any impetus to inflation (and implicitly the need to raise Bank Rate), we have had to think long and hard over our revised forecast. Ultimately, although we acknowledge there is upside risk to Bank Rate movements over the course of the coming months, with the energy price shock likely to extinguish growth and add to the already elevated unemployment rate (5.2%), we have concurred with Capital Economics' central view that an extended interest rate pause is more likely than interest rate hikes.