



**Corporate Policy and
Resources Committee**

**Thursday, 13th November
2025**

Subject: Budget and Treasury Monitoring - Quarter 2 2025/2026 (1st April 2025 to 30th September 2025)

Report by: Director of Finance and Assets (S151 Officer)

Contact Officer: Sue Leversedge
Financial Services Manager
sue.leversedge@west-lindsey.gov.uk

Purpose / Summary: This report sets out the revenue, capital and treasury management activity from 1st April 2025 to 30th September 2025.

RECOMMENDATION(S):

REVENUE

- a) Members accept the forecast out-turn position of a **£0.177m** net contribution to reserves as of 30th September 2025 (see Section 2) relating to revenue activity.
- b) Members accept the use of Earmarked Reserves approved by the Chief Finance Officer using Delegated powers (Section 2.4.1).
- c) Members of the Committee approve the contribution to Earmarked Reserves - £0.074m (2.4.2).

CAPITAL

- d) Members accept the current projected Capital Outturn position of £13.732m (Section 3).

- e) Members approve the amendments to the Capital Schemes as detailed in 3.2.

TREASURY

- f) Members accept the report, the treasury activity and the prudential indicators (Section 4).

IMPLICATIONS

Legal: None arising as a result in this report.

Financial : FIN/90/26/CPR/SL

REVENUE

The draft revenue forecast out-turn position for 2025/2026 is a net contribution to reserves (underspend) of **£0.177m** relating to revenue activity as of 30th September 2025.

A summary of the forecast out-turn position:

Summary of Out-turn Position 2025/2026	
	£ 000
OUTTURN AS AT 30.09.25	(218) BEFORE CARRY FORWARDS
CARRY FORWARDS : BASE BUDGET-PREVIOUSLY APPROVED	0 ALREADY APPROVED
CARRY FORWARDS : USE OF EARMARKED RESERVES	41 ALREADY APPROVED
SUB-TOTAL:	(177)
CARRY FORWARDS : SERVICE REQUESTS	0 Pending recommendation by Management Team April 2026
NET CONTRIBUTION (TO) / FROM GENERAL FUND BALANCES:	(177)
TOTAL CARRY FORWARDS:	41

The forecast General Fund Balance as of 31st March 2026 is £2.349m (excluding carry forwards). This is £0.349m above the minimum working balance of £2.0m agreed by this Committee.

The items with significant variances are contained within this report at 2.1 and 2.2.

CAPITAL

The capital programme forecast outturn for 2025/2026 is expenditure of £13.732m against a revised budget of £16.094m, a variance of £2.362m.

The amendments to the 2025/2026 capital scheme are detailed at 3.2.

TREASURY

The Treasury Management activities during the reporting period are disclosed in the body of this report. Total external borrowing is currently £19.0m.

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

Average investments for Qtr.2 2025/2026 (July - Sept) were £16.441m, which achieved an average rate of interest of 4.267% (Qtr.1 2025/2026, April to June, was £19.683m, 4.467%).

Staffing:

Salary budgets 2025/2026 were based on an estimated 3.0% pay award across all scale points.

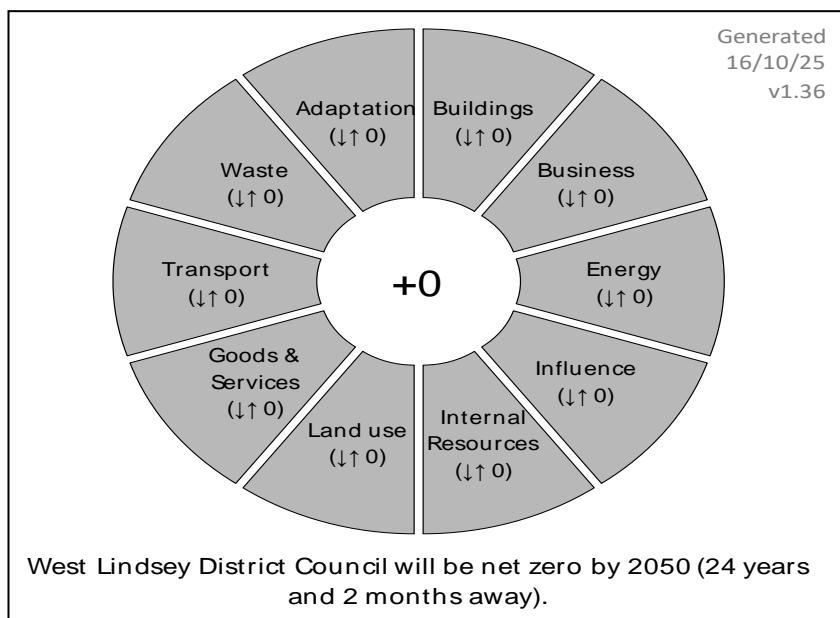
On the 22nd of April 2025 the National Employers made full and final offers of 3.2% to each of the four negotiating groups for which they have responsibility. This offer was formally accepted on the 23rd of July 2025.

Based on a full establishment, costs have increased by £0.027m. As the organisation currently 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 if 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.

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

Risk Assessment: This is a monitoring report only.

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

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1. Executive Summary

This report provides the oversight of financial performance at the end of Quarter 2 2025/2026 for:

REVENUE

- Revenue Forecast Out-Turn (after carry-forwards) – Contribution to Reserves £0.177m. (-0.84% of Net Revenue Budget – see 2.1 for details of significant variances).
- **Appendices included within the report:**
 1. Capital Investment Programme – budget monitoring table as of 30th September 2025.
 2. MUFG Treasury Management Strategy Statement and Annual Investment Strategy – Mid-Year Review Report 2025/2026
 3. MUFG Investment Analysis Review September 2025.

CAPITAL

- Capital Forecast Out-Turn: £13.732m against a revised budget of £16.094m, resulting in a variance of £2.362m.
- £0.131m being increase to scheme budgets, £0.474m being underspends, £0.129m being movements to revenue and £1.890m carry forwards to 2026/2027.

Members are asked to note:

- Increase in scheme budgets of £0.131m detailed at 3.2.1
- Underspends of £0.474m detailed at 3.2.2
- Movements to revenue of £0.129m detailed at 3.2.3
- Carry forward budgets to 2026/2027 of £1.890m detailed at 3.2.4
- Movements between schemes detailed at 3.2.5

The movements detailed in the table on the following page (£2.362m) have already been approved and processed during quarter 2 via the routes outlined below:

Capital Programme	Chief Finance Officer and relevant Director/Assistant Director approves amendment to Capital Programme	Up to £25,000
Capital Programme	Chair of Corporate Policy & Resources Committee, Director/Assistant Director and Chief Finance Officer approves amendments to Capital Programme	Over £25,000

Underspends	£m
1.1 Flagship Community Grants Programme	(0.005)
Home Upgrade Grant Phase 2	(0.468)
1.4 Multi Year Signature Events Programme	(0.001)
Total	(0.474)

Increase in Scheme Budgets	£m
Disabled Facilities Grants	0.101
Food Waste Collection	0.030
Total	0.131

Carry Forwards into 2026/2027	£m
Warm Homes Local Grant	(1.400)
Gainsborough Heritage Regeneration	(0.324)
Market Rasen 3 year vision	(0.090)
Shop Front Improvement	(0.033)
Vehicle Replacement Programme	(0.043)
Total	(1.890)

Movement of Budgets between Schemes	£m
From	
Local Authority Housing Fund - Resettlement	(0.102)
To	
Local Authority Housing Fund - Temp Accommodation	0.102

Movement of Budgets to Revenue	£m
Thriving Gainsborough - Market Place/Streetscape	(0.129)
Total	(0.129)

Variance Against Revised Budget	(2.362)
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TREASURY MANAGEMENT

Treasury Management Report and monitoring:

- Investments held as of 30th September 2025 were:
 - Average investment interest rate for July to September was 4.267%.
 - Total Investments at the end of Quarter 2 were £15.237m.

The tables below reflect the movement on our investments and borrowing in Quarter 2:

Investment Movements	Qtr. 2 £'m
Investments B/fwd. (at 30.06.2025 including cash held at bank)	18.283
(Less) Net Capital expenditure/ Funding received	(1.415)
Add PWLB/Other LA Borrowing in year	10.000
Add/(Less) Net Revenue Expenditure	(20.743)
Add/(Less) Net Collection Fund Movement (Ctax/NNDR)	9.187
Investments carried forward (at Period end)	15.312

The prudential borrowing position reflects actual borrowing undertaken from the Public Works Loans Board/Other Local Authorities and the amount of internal borrowing required to meet the actual costs of borrowing up to the 30th of September 2025. 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.2
Prudential Borrowing	£'000
Total External Borrowing (PWLB)	14,000
Other Local Authorities	5,000
Internal Borrowing	16,251
Total Prudential Borrowing at 30.09.2025	35,251

FINAL REVENUE BUDGET OUTTURN 2025/2026

2. The Revenue budget forecast out-turn for 2025/2026 currently stands at a net contribution to reserves of **£0.177m** as detailed in the table below.

Details of headline variances by Cluster can be found below at 2.1 and 2.2.

Cluster	Base Budget	Revised Budget	Forecast Outturn	Outturn Variance before Cfwd	Carry Forwards	Outturn Variance after Cfwd
	£	£	£	£	£	£
Our Council	8,384,500	8,918,100	9,025,970	107,870	0	107,870
Our People	2,121,700	2,334,600	2,339,558	4,958	0	4,958
Our Place	5,052,900	5,551,400	5,490,213	(61,187)	40,800	(20,387)
Covid 19 Business Support Grants	0	0	0	0	0	0
Grand Total	15,559,100	16,804,100	16,855,741	51,641	40,800	92,441
Interest Receivable	(524,700)	(524,700)	(621,600)	(96,900)	0	(96,900)
Investment Income - Property Portfolio	(1,552,700)	(1,552,700)	(1,679,662)	(126,962)	0	(126,962)
Drainage Board Levies	552,600	552,600	552,590	(10)	0	(10)
Parish Precepts	2,850,200	2,850,200	2,850,190	(10)	0	(10)
Interest Payable	686,000	686,000	699,600	13,600	0	13,600
MRP/VRP (repayment of borrowing)	980,100	980,100	980,100	0	0	0
Net Revenue Expenditure	18,550,600	19,795,600	19,636,959	(158,641)	40,800	(117,841)
Transfer to / (from) General Fund	(156,600)	(2,159,700)	(2,159,700)	0	0	0
Transfer to / (from) Earmarked Reserves	2,684,300	3,519,100	3,519,100	0	0	0
Amount to be met from Government Grant or Council Tax	21,078,300	21,155,000	20,996,359	(158,641)	40,800	(117,841)
Funding Income						
Business Rate Retention Scheme	(6,654,900)	(6,654,900)	(6,654,900)	0	0	0
Collection Fund Surplus - Council Tax	(275,600)	(275,600)	(275,600)	0	0	0
Parish Councils Tax Requirement	(2,850,200)	(2,850,200)	(2,850,200)	0	0	0
New Homes Bonus	(499,400)	(499,400)	(499,400)	0	0	0
Other Government Grants	(2,726,300)	(2,726,300)	(2,785,334)	(59,034)	0	(59,034)
Council Tax Requirement	(8,148,600)	(8,148,600)	(8,148,600)	0	0	0
TOTAL FUNDING	(21,155,000)	(21,155,000)	(21,214,034)	(59,034)	0	(59,034)
Balanced Budget / Funding Target	(76,700)	0	(217,675)	(217,675)	40,800	(176,875)

2.1 The significant incremental variances against the approved budgets being:

KEY:	
↑	improved position (i.e. increased surplus, or reduction in pressure)
↔	no change
↓	worsened position (i.e. decrease in surplus, or increase in pressure)

Cluster	EXPENDITURE	Total £000	Direction of Travel From Prev. Qtr.
BUDGET UNDERSPENDS			
Our Council / Our People / Our Place	Salary (underspends) / pressure. Forecast underspend arising from vacancies offset by pressures due to temporary resources appointed to cover vacant posts.	(£28)	↓
Our Council	Corporate Contingency budget not required.	(£51)	New
Our Council / Our Place	Fuel - average price per litre to date £1.06, forecast £1.08 for remainder of year (compared to £1.12 average price per litre for the year 2024/2025).	(£45)	↑
PRESSURES			
Our Council	Insurance Premiums - Increase due to renewal volume changes.	£32	↓
	Various forecast outturn variances <£10k.	(£4)	↑
		(£96)	
Cluster	INCOME	Total £000	Direction of Travel From Prev. Qtr.
BUDGETED INCOME EXCEEDED			
Corporate Accounting	Interest Receivable (£97k), Interest Payable £14k.	(£83)	↑
Our Council	Supplementary Services - Big Bin Hire (£4k). Bulky Waste Collections (16k).	(£20)	↓
Our Council	Commercial Waste income due to increased customer base.	(£22)	New
Funding	Windfall Income: Government Grants - MHCLG - Internal Drainage Board Levies Support	(£59)	New
BUDGETED INCOME NOT ACHIEVED			
Our Council	Legal Service income. New SLA is clear no dividend will be paid to Districts	£20	New
Our People	Housing Benefits Subsidy - forecast loss of subsidy reclaimed on supported accommodation placements £90k, reduced by budget savings against Housing Benefit administration (£7k).	£83	↑
		(£81)	
SERVICE BUDGET VARIANCE		(£94)	
CORPORATE BUDGET VARIANCE		(£83)	
TOTAL VARIANCE		(£177)	

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

2.2.1 Our Council

- **Supplementary Services**

The Bulky Waste Collection service is forecast to generate **£0.016m** in additional income for the year.

The Big Bin Hire service was initially introduced for a 12 month period, in July 2025 Committee approved continuing the service as a business as usual offering and is forecast to generate **£0.004m** of net income in 2025/2026.

The expenditure and income budgets for the service are to be built into the Medium Term Financial Plan from 2026/2027, with a forecast net income if £18.4k pa.

- **Commercial Waste**

Commercial Waste income is forecast to generate **£0.022m** above the target for the year due to an increase in customer base.

- **Insurance Premiums**

There is a pressure of **£0.032m** against the insurance premium budget for 2025/2026. The budget was forecast based on existing information at the time of budget setting. It did not take into account any renewal volume changes, such as changes to property values, and increases in fleet numbers which have occurred since. The final renewal price reflects all known renewal uplifts.

- **Legal Service**

There is a pressure of **£0.020m** against Legal Services income. Under the previous Service Level Agreement (SLA) with LCC there was discretion for them to distribute any surplus generated within the service across the contracted Districts at year end, with an average of £10k pa paid to West Lindsey District Council across the previous three financial years.

A new SLA has been signed for 2025/2026 which makes it clear that no dividend will be paid to Districts.

- **Corporate Contingency Budgets**

There are revenue contingency budgets held to:

- mitigate risks
- provide support for projects within approved business plans
- utilise for county wide projects, and

- offset potential pressures identified through the Medium Term Financial Plan where the values and/or timing of spend was unconfirmed at the time of budget setting.

£0.051m has been confirmed as not required during 2025/2026.

2.2.2 Our People

• Housing Benefit Subsidy

We have new accommodation providers in West Lindsey who are offering 'supported accommodation' and because the providers are not 'Registered Providers of Social Housing' we cannot claim full subsidy on the Housing Benefit we pay out to any tenants in these properties. There is a possibility that West Lindsey will be responsible for 50% of the benefit paid on these properties and as the accommodation is supported accommodation the rents are far higher than normal rents. These landlords are being urged to become 'Registered' which means they will be regulated, and full Housing Benefit subsidy can be claimed from the Department for Work and Pensions. Work is underway for one landlord to become registered, but the timescales are unknown.

The impact of this is forecast to be a pressure of £0.090m on Housing Subsidy. If a landlord became registered during the year this would be reduced, but also if an unregistered landlord expanded their offering within the district it would increase.

This has been reduced by £0.007m budget saving against Housing Benefit administration – with a net forecast pressure of **£0.083m**.

2.2.3 Our Place

• Fuel

There is a forecast underspend against fuel budgets of **£0.045m**. The average fuel price to date is £1.06 per litre, with an average price of £1.08 per litre forecast for the remainder of the year (compared to the average price paid per litre during 2024/2025 of £1.10).

2.2.4 Corporate Accounting

• Interest Payable/Receivable

Income for interest receivable is **£0.097m** above the revised budget. This is due to the current base rate being slightly higher than the peak expected when the budget was set. This combined with pro-active treasury management has meant

that the Council is forecast to exceed its interest receivable budget. This is offset by a pressure on forecast interest payable of **£0.014m**.

2.2.5 Funding

- **Windfall income**

We are forecasting windfall grant income of **£0.059m** due to a Government Grant for MHCLG for internal Drainage Board Levies Support.

2.2.6 Establishment

Salary budgets 2025/2026 were based on an estimated 3.0% pay award across all scale points.

On the 22nd of April 2025 the National Employers made full and final offers of 3.2% to each of the four negotiating groups for which they have responsibility. This offer was formally accepted on the 23rd of July 2025.

Based on a full establishment, costs have increased by £0.027m. As the organisation currently 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.

An underspend of (0.028m) is reported against employee costs:

Underspend of £0.028m due to vacancies above the 2% vacancy factor, offset by pressures due to the appointment of temporary resources to cover vacancies.

2.3 Fees and Charges

2.3.1 £3.651m has been received in Fees and Charges income during 2025/2026 to date against a budget of £3.580m, a variance of £0.071m.

The significant variance forecast for the year end is:

- Gain in Supplementary Services – Big Bin Hire income **£0.004m** and Bulky Waste Collection income **£0.016m** (see 2.2.1 for details)
- Gain in Commercial Waste income **£0.022m** (see 2.2.1 for details)

2.4 Use of and Contribution to Reserves – Net Movement to Reserves £0.022m

2.4.1 Use of Reserves – Delegated Decision - £0.052m

The Chief Finance Officer has used delegated powers to approve the use of earmarked reserves up to £0.05m.

- £0.020m from Health & Wellbeing Reserve. To support the Central Lincolnshire Local Plan: Playing Pitch and Sports Facilities Strategy Work.
- £0.011m from Revenue Grants Unapplied. Contribution towards the cost of 2025/2026 of making a temporary Environmental Health Officer post permanent.
- £0.021m from Maintenance of Facilities Reserve. To fund repairs to car park blister paving.

2.4.2 Contribution to Reserves – Member Approval Required £0.074m

The following contributions to Earmarked Reserves are greater than £0.05m and requires the approval of Corporate Policy and Resources committee:

- £0.074m has been received in relation to settlement of the Truck Cartel Claim. The claim was against European truck manufacturers who were found to be colluding in a price fixing cartel between 1997 and 2011. The claim was for the difference between what was paid for trucks (in the case of West Lindsey District Council waste collection vehicles purchased during this period) and what would have been paid if the cartel had not existed. The settlement value is to be transferred to the Vehicle Replacement Reserve for future investment in replacement vehicles.

2.5 Grants

As of 1st April 2025, we had an amount of £1.169m 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 2026 is £0.859m.

2.5.1 Successful Grant Bids and New Grant determinations

The following grants have been received/awarded during this period:

Grant Issued By	Grant Name	£
Department for Work & Pensions (DWP)	Rent Allowance	3,329,128
Lincolnshire County Council	Disabled Facilities Grant	985,276
North East Lincs Council	UK Shared Prosperity Fund	539,334
Department for Levelling Up, Homes and Communities (MHCLG)	Funding Floor	195,357
Department for Levelling Up, Homes and Communities (MHCLG)	New Home Bonus	124,839
Department for Levelling Up, Homes and Communities (MHCLG)	Recovery Grant	101,589
Department for Work & Pensions (DWP)	Housing Benefit Admin Grant	71,128
Department for Levelling Up, Homes and Communities (MHCLG)	Flood Recovery Ctax Relief	59,847
Department for Levelling Up, Homes and Communities (MHCLG)	Internal Drainage Board Levies	59,000
Department for Levelling Up, Homes and Communities (MHCLG)	Revenue Support Grant	48,775
National Heritage Lottery	Townscape Heritage (THI)	42,828
Department for Levelling Up, Homes and Communities (MHCLG)	National Insurance grant	41,435
Department for Levelling Up, Homes and Communities (MHCLG)	Healthy Homes	32,500
Department for Environment, Food & Rural Affairs (DEFRA)	Bio Diversity	27,142
ACE Lottery	Go Festival	27,000
Lincolnshire County Council	Homes For Ukraine	19,452
Sport England	School Games Funding	17,850
Department for Work & Pensions (DWP)	Rent Rebate	4,396
Active Lincs	School Games Organiser Fund	3,000
Home Office	Asylum Dispersal Grant	1,400
		5,731,276

Other Items for information

2.6 Planning Appeals

In Quarter 2 2025/2026, to the end of September 2025, there were six appeals determined which were dismissed and one appeal was allowed.

There is one live application 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
June	0	0	0
July	1	0	1
August	2	1	1
September	4	0	4
Total for Quarter 2	7	1	6

2.7 Aged Debt Summary – Sundry Debtors Aged Debt Summary Quarter 2 2025/2026 Monitoring Report

At the end of September 2025, there was a total of £0.247m outstanding debt in the system over 90 days. Much of this debt was over 150 days old (68%) and comprised of:

- Housing £0.055m
- Homes, Health and Wellbeing £0.054m
- Environmental Services £0.038m
- Property Services £0.033m
- ICT £0.021m
- Building Control £0.011m

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.

- Housing Benefits overpayments of £0.011m, the majority of which will look to be recovered through ongoing entitlement or where appropriate on agreed repayment schedules.

The level of outstanding debt for the same period 2024/2025 is provided below for information:

2024/2025 Total £	Month	90 – 119 days £	120 – 149 days £	150+ days £	2025/2026 Total £
231,309	Quarter 1 - ending May 2025	2,921	14,696	192,303	209,920
233,728	Quarter 2 - ending Sept 2025	50,549	27,313	169,298	247,160

2.8 Changes to the Organisation Structure

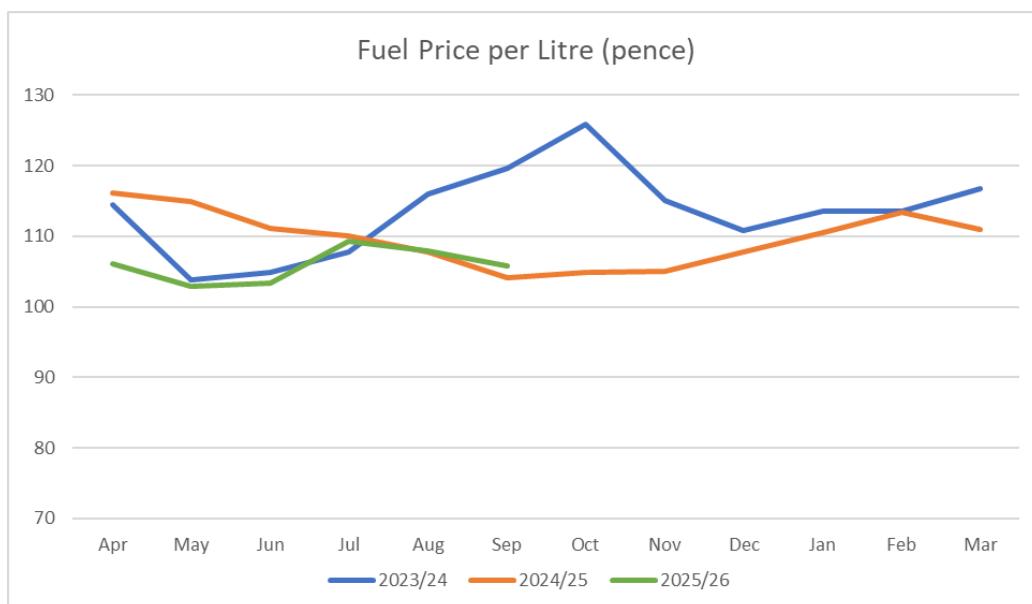
- 2.8.1 Housing Strategy – Support Officer fixed term for 18 months. This post will be funded from the Healthy Homes Grant, with no impact on the MTFP.
- 2.8.2 Food Safety – Environmental Health Officer. Fixed term post made permanent. During 2025/2026 this will be funded from the remaining balance of the Outbreak Prevention Grant. There is ongoing budget allocated for this resource within the Budget Pressure Contingency budget and therefore there will be no impact on the MTFP.
- 2.8.3 Customer Services – Two new posts have been created within the structure – One Senior and one trainee Customer Service & Security Advisor. These posts have been funding through budget savings within the service, with a net saving of **£0.004m** during 2025/2026.
- 2.8.4 Land Based Administration - A new service has been created by moving the three permanent staff in Local Land Charges and a further four permanent staff from Development Control. Three further posts from Development control have been deleted. An ongoing net saving of **£0.047m**.
- 2.8.5 Trinity Arts Centre - Venue Technician-Casual post. This is a new permanent post and will be funded by a reduction in the service agency budget, with no impact on the MTFP.

- 2.8.6 Change Management & Systems Development - Restructure of two teams. An ongoing net saving of **£0.043m**.
- 2.8.7 Building Control - Increase in Market Supplement to improve recruitment and staff retention. 55% will be funded from fee earning income and the remaining 45% will be an ongoing pressure on the MTFP of **£0.014m**.
- 2.8.8 Financial Services-Accountancy - Finance Assistant - permanent part-time post (22 hrs.). This will be funded from savings within the service, with no impact on the MTFP.
- 2.8.9 Car Parks - Car Park Management Officer - fixed term for 18 months. This will be funded from salary underspends in 2025/2026. In 2026/2027 there will be a pressure on the MTFP of **£0.045m**.

2.9 Fuel

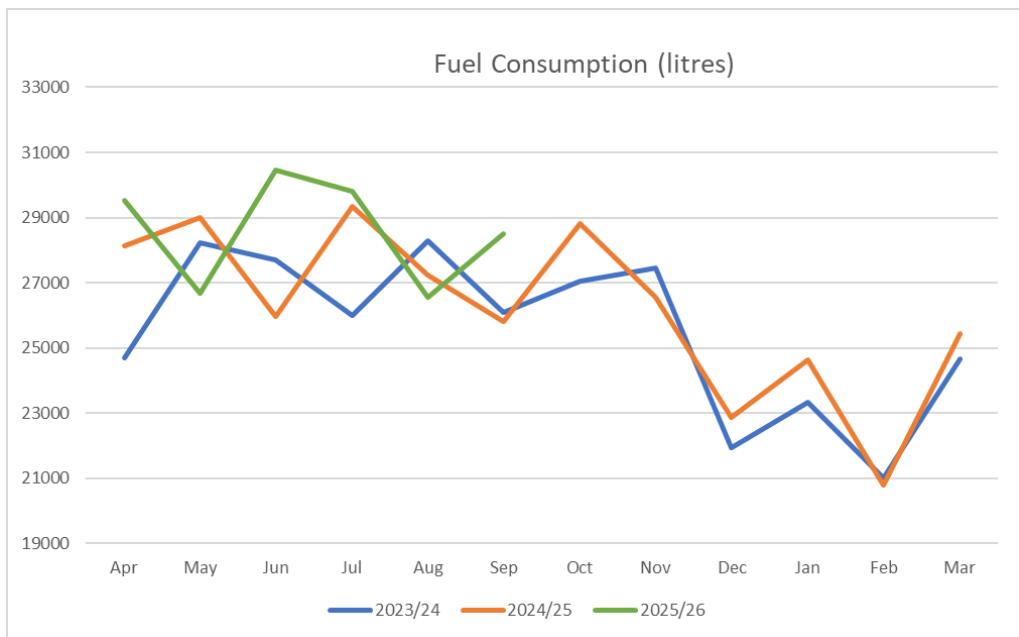
- 2.9.1 The chart below shows the actual price paid per litre of fuel, in pence, for each year from 2023/2024 to 2025/2026.

The prices shown for 2025/2026 are actuals to date, for the period April to September 2025, at an average of £1.06 per litre. The average price paid per litre during 2024/2025 was £1.10.



- 2.9.2 The chart below shows the actual volume of fuel purchased, in litres, for each year from 2023/2024 to 2025/2026. The volumes shown for 2025/2026 are actuals to date, for the period April to September 2025.

There is a drop in fuel purchased December to February, which reflects the pause in Garden Waste collections.



3.1 CAPITAL UPDATE – Quarter 2 2025/2026

3.1.1 The Capital Budget forecast out-turn is £13.732m against a revised budget of £16.094m. This results in a variance (underspend) of £2.362m.

This is made up of:

- £0.343m net underspend
- £0.129m movement of budget to revenue
- £1.890m requested carry forward to 2026/2027

3.1.2 Individual Schemes are detailed in the table contained within the report at **Appendix 1** with commentary provided on performance.

3.2 Capital Programme Amendments 2025/2026

The detailed capital monitoring table is included within the report at **Appendix 1**. The amendments to the following schemes are requested:

3.2.1 Increase to scheme budgets - £0.131m

- **Disabled Facilities Grants** - additional funding received in year. Budget to be increased by £0.101 as all forecast to be spent in 2025/2026
- **Food Waste Collection** - Vehicle due January 2026, caddies all delivered in May 2025. The overspend £0.030m is to be funded from the grant received in 2024/2025, which has been rolled into 2025/2026. **Please note, this overspend was reported to CPR for quarter 1 on 25th July 2025 but was not actioned due to no leader being in post to authorise our capital adjustment form.**

3.2.2 Scheme Underspends - £0.474m

- **1.1 Flagship Community Grants Programme** - small underspend of £0.005m on UKSPF 2024/2025. Returned to Government in Q2.
- **Home Upgrade Grant Phase 2** - Final costs have now come through and scheme has been reconciled leaving an underspend of £0.468m. £0.429m has been paid back to MNZH in Q2.
- **1.4 Multi Year Signature Events Programme** - small underspend of £0.001m on UKSPF 2024/2025. Returned to Government in Q2.

3.2.3 Movement of budgets to revenue - £0.129m

- **Thriving Gainsborough - Market Place/Streetscape** - £0.129m revenue spend during 2025/2026 due to several concepts that never came to fruition so therefore can't be capitalised. Allocation of budget across LUF schemes to be reviewed at Q3 when all schemes finalised.

3.2.4 Carry Forward Budgets to 2026/2027 - £1.890m

- **Warm Homes Local Grant**- Allocation was lower than anticipated for year 1. Roll £1.400m to 2026/2027.
- **Gainsborough Heritage Regeneration** - 18 completed, 3 grant awarded, 4 Developing schemes / architect appointed. Carry forward £0.324m to 2026/2027. **Please note, a carry forward of £0.188m was reported to CPR for quarter 1 on 25th July 2025 but was not actioned due to no leader being in post to authorise our capital adjustment form.**
- **Market Rasen 3 year vision** - 5-6 Market Place and 16 King Street, now to be funded from UKSPF, steering group to agree new target properties. Carry forward £0.090m to 2026/2027
- **Shop Front Improvement** - Budget to be allocated to new schemes. Carry forward £0.033m to 2026/2027
- **Vehicle Replacement Programme** - The only outstanding vehicle purchase is the replacement of the Bulky Waste vehicle. The current quote is £0.078m. This leaves an under spend of £0.043m to be carried forward to 2026/2027

3.2.5 Movement of budgets between schemes

Movement of Budgets between Schemes		£m
From		
Local Authority Housing Fund - Resettlement		(0.102)
To		
Local Authority Housing Fund - Temp Accommodation		0.102

3.3 Acquisitions, Disposals and Capital Receipts

3.3.1 The Council has made the following acquisitions during Quarter 2 which have been added to the asset register:

Asset	Acquisition Date	Acquisition Amount £
52 Brewster Road, Gainsborough	10/07/2025	76,279
Cinema - Retail Unit A	14/07/2025	0
Cinema - Retail Unit B	14/07/2025	0
Cinema - Retail Unit C	14/07/2025	0
YA74 HVN Citroen Berlingo van	18/07/2025	18,990
34 Brewster Road, Gainsborough	05/09/2025	112,438
		207,708

3.3.2 The Council has processed disposals of the following assets during Quarter 2:

Asset	Disposal Date	Processed Date	Disposal Amount £
VX13 LUB Elite 2 4x2 18 ton RCV	19/05/2025	05/06/2025	2,000
			2,000

3.3.3 Capital Receipts (>£0.010m)

No capital receipts were received in 2025/2026 at the end of Quarter 2.

4. TREASURY MONITORING – Quarter 2 (July – September 2025)

The Treasury Management Strategy Statement (TMSS) for 2025/2026, which includes the Annual Investment Strategy, was approved by the Council on 3rd March 2025. 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.

- 4.1 Officers can confirm that there have been no breaches of Prudential Indicators as detailed at 4.9 below.
- 4.2 Interest received (July to September) has an average yield of 4.388% (including CCLA) and 4.292% (excluding CCLA). The Council budgeted to receive £0.519m of investment income during 2025/2026.

4.3 Interest Rate Forecasts

The Council's treasury advisors, MUFG, have provided the following forecasts:

MUFG Corporate Markets Interest Rate View 11.08.25														
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.30	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00	5.00

Appendix 2 details MUFG commentary on the economy.

4.4 Investments

The Council held investments of £15.237m on 30th September 2025. The table below details these investments for Quarter 2:

	Qtr. 2
Investments at Qtr. 2 (Sept 25)	£'000
LGIM Money Market Fund	7,465
CCLA Money Market Fund	5,500
Local Authority	0
Lloyds Bank Deposit Account	237
CCLA Property Fund	2,000
Insight Money Market Fund	35
Total	15,237

4.5 Investment in Local Authority Property Fund (CCLA)

The total the Council has invested now stands at £2m (of an approved £4m). Interest is receivable on a quarterly basis.

4.6 New External Borrowing

Temporary borrowing of £10m was repaid up to 30th September 2025 and external temporary borrowing of £5m was taken.

The Council's total external borrowing stands at £19.0m.

4.7 Total Prudential Borrowing at Quarter 2

	Qtr. 2
Prudential Borrowing	£'000
Total External Borrowing	19,000
Total Internal Borrowing	16,251
Total Prudential Borrowing	35,251

4.8 Borrowing in advance of need

The Council has not borrowed in advance of need during the period ending 30th of September 2025.

4.9 Compliance with Treasury and Prudential Limits

It is a 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 £'000	Qtr. 2 £'000
Treasury Indicators		
Authorised limit for external debt	40,000	40,000
Operational boundary for external debt	35,000	35,000
External Debt Investments	24,000 (13,000)	24,000 (15,439)
Net Borrowing	11,000	8,561
Prudential Indicators		
Capital Expenditure	13,383	13,733
Capital Financing Requirement (CFR)	35,251	35,251
<i>Of Which is Commercial Property</i>	18,661	18,661
Annual change in CFR*	(834)	(834)
External Debt Forecast	24,000	24,000
Under/(over)borrowing	11,251	11,251
Ratio of financing costs to net revenue stream*	8.94%	7.48%
Incremental impact of capital investment decisions:		
Increase/Reduction (-) in Council Tax (band change per annum)	£0.00	£(9.32)

APPENDIX 1 – Capital Investment Programme 2025/2026

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
		£	£	£	£	£	£			£	£
Corporate											
Firewall upgrade & Replacement	Stage 1	0	35,200	35,200	35,200	0	0		31/08/2025	0	0
Our Council											
Capital Enhancements to Council Properties	BAU	23,586	125,000	201,200	201,200	0	0		BAU	0	0
Carbon Efficiencies - Street Lights	Stage 3	0	180,000	210,000	210,000	0	0		Multi year	0	0
Civic Car Replacement	Pre Stage 1	0	0	30,000	30,000	0	0		31/03/2026	0	0
Contact Centre	Stage 2	0	0	2,100	2,100	0	0		31/03/2026	0	0
CRM System	Stage 3	0	0	95,400	95,400	0	0		31/03/2026	0	0
Desktop Refresh	BAU	12,528	12,100	14,900	14,900	0	0		31/03/2026	0	0
ERP Systems Phase 2	Stage 2	6,270	200,000	398,400	398,400	0	0		31/03/2028	0	0
Member ICT Provision	Stage 3	0	0	16,700	16,700	0	0		31/10/2025	0	0
Northgate Replacement/Upgrade	Pre Stage 1	0	30,000	30,000	30,000	0	0		31/03/2026	0	0
Our People											
1.1 Flagship Community Grants Programme	Stage 3	0	0	308,700	303,700	(5,000)	0	small underspend of £5,000 on UKSPF 2024/25. Returned to Government in Q2.	31/03/2026	0	0
1.2 Supporting our Town, Village & Neighbourhood Centres	Stage 3	0	0	400	0	(400)	0	small underspend of £400 on UKSPF 2024/25. Returned to Government in Q2.	30/06/2025	0	0
Changing Places Unit	Stage 3	0	0	100,000	100,000	0	0		31/03/2026	0	0
Disabled Facilities Grants	BAU	390,893	736,200	882,000	983,200	101,200	0	additional funding received in year. Budget to be increased by £101,200 as all forecast to be spent in 2025/26	BAU	0	0
Grange Farm - Community Supported Living	Stage 3	100,000	100,000	200,000	200,000	0	0		31/03/2026	0	0
Home Upgrade Grant Phase 2	Stage 3	1,319,261	0	1,787,500	1,319,261	(468,239)	0	Final costs have now come through. £428,826 paid back to MNZH in Q2.	31/07/2025	0	0
Local Authority Housing Fund - Resettlement	Stage 3	379,010	410,700	480,900	379,010	(101,890)	0	Funding from s106 may not be required for this scheme. To be moved to LAHF scheme for temporary accommodation as allowed in the MOU. Budgets based on suggested splits from MHCLG.	31/03/2026	0	0
Local Authority Housing Fund - Temp Accommodation	Stage 3	189,458	385,500	771,000	872,890	101,890	0	To be moved in from LAHF scheme for resettlement as allowed in the MOU. Budgets based on suggested splits from MHCLG.	31/03/2026	0	0
Parks Fund Project	Stage 3	0	0	47,500	47,500	0	0		31/12/2025	0	0
Warm Homes Local Grant	Stage 3	0	0	1,800,000	400,000	0	(1,400,000)	Allocation was lower than anticipated for year 1. Roll £1,400,000 to 2026/27.	31/03/2026	0	0

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
		£	£	£	£	£	£			£	£
Our Place											
1.3 Safer Streets West Lindsey	Stage 2	0	0	200	0	(200)	0	small underspend of £200 on UKSPF 2024/25. Returned to Government in Q2.	30/06/2025	0	0
1.3 Town Centre Regeneration	Stage 3	0	0	275,000	275,000	0	0		31/03/2026	0	0
1.3 Town Centre Regeneration-commercial premises grant	Stage 3	0	0	200,000	200,000	0	0		31/03/2026	0	0
1.4 Multi Year Signature Events Programme	Stage 3	0	0	500	0	(500)	0	small underspend of £500 on UKSPF 2024/25. Returned to Government in Q2.	30/06/2025	0	0
2.1 Flagship West Lindsey Business Support Programme	Stage 3	0	0	100	0	(100)	0	small underspend of £100 on UKSPF 2024/25. Returned to Government in Q2.	30/06/2025	0	0
5-7 Market Place Redevelopment	Stage 3	0	44,900	44,900	44,900	0	0		unknown	44,900	44,900
CCTV Expansion	Stage 3	0	0	18,400	18,400	0	0		30/10/2025	0	0
Food Waste Collection	Stage 2	220,000	80,000	303,300	333,600	30,300	0	Vehicle due Jan 2026, caddies all delivered in May 2025. The overspend £30,300 is to be funded from the grant received in 2024/25, which has been rolled into 2025/26	31/03/2026	0	0
Gainsborough Heritage Regeneration	Stage 3	110,624	365,746	508,246	184,500	0	(323,746)	18 completed, 3 grant awarded, 4 Developing schemes / architect appointed. Carry forward £323,746 to 2026/27	30/09/2026	0	0
Hemswell Cliff Investment for Growth	Stage 2	74,042	104,670	104,670	104,670	0	0		31/12/2025	0	0
Market Rasen 3 year vision	Stage 3	574	0	90,300	574	0	(89,726)	5-6 Market Place and 16 King Street, now to be funded from UKSPF, steering group to agree new target properties. Carry forward £89,726 to 2026/27	30/09/2026	0	0
Purchase of RAF Scampton	Stage 2	0	4,750,000	4,750,000	4,750,000	0	0		30/11/2025	0	0
Shop Front Improvement	Stage 3	5,000	22,900	37,800	5,000	0	(32,800)	Budget to be allocated to new schemes. Carry forward £32,800 to 2026/27	30/09/2026	0	0
Thriving Gainsborough - Cinema	Stage 3	1,089,918	0	691,100	691,100	0	0		30/06/2025	0	0
Thriving Gainsborough - Market Place/Streetscape	Stage 3	46,073	150,000	351,300	222,500	(128,800)	0	£128,800 revenue spend during 2025/26. Allocation of budget across LUF schemes to be reviewed at Q3 when all schemes finalised.	30/09/2025	0	0
Thriving Gainsborough - Pocket Park	Stage 3	0	13,800	24,200	24,200	0	0		11/04/2025	0	0
Thriving Gainsborough - Resources	Stage 3	0	0	56,100	56,100	0	0		30/06/2025	0	0
Thriving Gainsborough - Townhall THI	Stage 3	3,561	0	9,900	9,900	0	0		31/12/2025	0	0
Thriving Gainsborough - Whitton Gardens	Stage 3	185,124	250,000	444,200	444,200	0	0		30/05/2025	0	0
Unlocking Housing (LoS)	Stage 3	69,591	0	69,600	69,591	(9)	0	Project completed	31/08/2025	0	0
Vehicle Replacement Programme	BAU	581,024	595,900	702,100	659,000	0	(43,100)	The only outstanding vehicle purchase is the replacement of the Bulky Waste vehicle. The current quote is £78,000. This leaves an under spend of £43,100 to be carried forward to 2026/27	BAU	0	0
Total Capital Programme Gross Expenditure		4,806,537	8,592,616	16,093,816	13,732,696	(471,748)	(1,889,372)			44,900	44,900