

REPORT TO:		Cabinet	
DATE:		30 July 2025	
PORTFOLIO:		Councillor Noordad Aziz – Deputy Leader Councillor Vanessa Alexander – Resources and Council Organisation	
REPORT AUTHOR:		Martin Dyson, Director of Finance	
TITLE OF REPORT:		Revenue Budget Monitoring 2025/26 – Quarter 1 to end of June 2025	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

- 1.1 The report informs Cabinet of the financial spending of the Council up to the end of the June 2025 for the financial year 2025/26 and the forecast impact on the Council's Medium Term Financial Strategy for 2025/26 to 2027/28.

2. **Recommendations**

- 2.1 Cabinet notes the report and asks CMT to continue to monitor the financial position of the Council over the remaining months of the year.
- 2.2 Cabinet notes the pressures and risks highlighted in section 5 of this report and that regular updates will be provided on any potential impact on the current forecast underspend in year and the future Medium Term Financial Strategy.

3. **Revenue Budget Forecast 2025/26**

- 3.1 At the Full Council meeting on 27th February 2025, Council agreed the General Fund Revenue Budget for 2025/26. This set a budget for the Council's total spend in 2025/26 of £17.313M.
- 3.2 The current forecast spend to the end of the financial year in March 2026 is £17.430M. This brings the forecast underspend for the year against the budget to £0.005M. Further analysis of changes in forecast spend are shown in section 4 of the report.

Table 1: Actual Performance Against Budgets

3.3 Details of the most significant changes in the forecast variance are shown in the table below.

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn £'000	Forecast Outturn Variance to Working Budget £'000
Environmental Health	941	-	941	933	(8)
Environmental Services	5,495	(14)	5,481	5,330	(151)
Legal and Democratic	1,896	-	1,896	1,887	(9)
Planning and Transportation	712	10	722	876	154
Regeneration and Housing	1,604	-	1,604	1,604	-
Resources	6,086	-	6,086	6,028	(58)
Net Cost of Services	16,734	(4)	16,730	16,658	(72)
Non-Service	865	4	869	772	(97)
Cabinet Approved Contributions	-	-	-	-	-
Corporate Savings Target	(164)	-	(164)	-	164
Total Net Expenditure	17,435	-	17,435	17,430	(5)
Funding	(17,435)	-	(17,435)	(17,435)	-
(Under)/Overspend	-	-	-	(5)	(5)

Table 2: Main Changes in Forecast Variance

Main Variances / Movements	Changes Since Last Report - Original Budget		
	Original Budget Forecast Variance	Forecast (Under)/ Over Spend	Movement in Variance
	£'000	£'000	£'000
Savings on staffing costs	-	(126)	(126)
Savings on utility costs	-	(108)	(108)
Additional grant income	-	(78)	(78)
Additional costs of ICT and Software	-	85	85
Additional costs related to unrecoverable Housing Benefit Claims	-	175	175
Other	-	(20)	(20)
Total Net Cost of Services	-	(72)	(72)
<u>Non-Service</u>			
Additional Investment Income	-	(97)	(97)
Reduction in Interest Payable	-	-	-
Reduction in Minimum Revenue Provision	-	-	-
Total Non-Service	-	(97)	(97)
Total Corporate Savings Target	-	164	164
Total (Under)/Overspend	-	(5)	(5)

4. **Variance by Service**

4.1 The narrative below provides more detail on the variances from the original budget and the forecast outturn at Quarter 1.

4.2 **Environmental Health**

4.2.1 The forecast outturn position for Environmental Health a small underspend of £0.008M.

Table 3: Environmental Health – Forecast Outturn 2025/26 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Environmental Health	365	-	365	361	(4)
Environmental Protection	576	-	576	572	(4)
Total Environmental Health	941	-	941	933	(8)

4.3 **Environmental Services**

4.3.1 The forecast outturn position for Environmental Services is an underspend of £0.151M.

Table 4: Environmental Services – Forecast Outturn 2025/26 Quarter 1

Department	Working Budget £'000	Original Budget £'000	Changes in Forecast Outturn During Quarter £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Environmental Maintenance	(9)	(5)	(4)	(9)	-
Levelling Up	-	-	-	-	-
Other Environmental Services	152	152	(10)	142	(10)
Parks and Cemeteries	1,240	1,250	(67)	1,183	(57)
Town Centre and Markets	592	592	(58)	534	(58)
UK Shared Prosperity Funding	-	-	-	-	-
Waste Services	3,506	3,506	(26)	3,480	(26)
Total Environmental Services	5,481	5,495	(165)	5,330	(151)

The main variances are as follows:

4.3.2 Parks and Cemeteries are forecasting an underspend on salaries of £0.029M, the positions are filled as at quarter 2 therefore no further saving is expected in this area. In addition, the Council received additional income of £0.028M from Lancashire County Council for highways and mowing services.

- 4.3.3 There is also an underspend on Town Centre and Markets related to funding received for utilities and NNDR, the gain however is offset by loss of Markets income.
- 4.3.4 Waste services have reported a savings on employee costs of £0.013M and additional income on Eurobin collections of £0.015M.

4.4 Legal and Democratic Services

- 4.4.1 The forecast outturn position for Legal and Democratic Services is an underspend of £0.009M.

Table 5: Legal and Democratic Services – Forecast Outturn 2025/26 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Democratic Services	790	-	790	774	(16)
Human Resources and Policy	676	-	676	677	1
Legal	304	-	304	311	7
Management - Legal and Democratic	126	-	126	125	(1)
Total Legal & Democratic	1,896	-	1,896	1,887	(9)

- 4.4.2 The main variance within Democratic Services relates to a vacancy in the Registration of Electors service; the post is likely to be appointed to in Quarter 2.

4.5 Planning and Transportation

- 4.5.1 The forecast outturn position for Planning and Transportation is an overspend of £0.154M.

Table 6: Planning and Transportation – Forecast Outturn 2025/26 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Building Control	18	-	18	48	30
Engineers and Transportation	218	-	218	218	-
Green Infrastructure	66	9	75	47	(28)
Planning	411	-	411	563	152
Section 106	(1)	1	-	-	-
Total Planning & Transportation	712	10	722	876	154

The main areas of variance are as follows:

4.5.2 The forecast overspend on Building Control relates to 2 agency staff members offset in part by vacant posts.

4.5.3 The underspend on Green Infrastructure is due to additional allotment income of £0.031M received during 2025/26, offset in part by an increased water charges for allotments of £0.005M and a small amount of additional income for garage rents, £0.002M.

4.5.4 The Planning department are forecasting an overspend on staffing costs following the engagement of agency workers in the Development Management and Planning Policy services (£0.219M), this is offset in part by savings on vacant posts of £0.069M. There has also been a charge for refunds due to delayed planning applications in 2024/25.

4.6 Regeneration and Housing

4.6.1 The provisional outturn position is anticipated to be in line with budget.

Table 7: Regeneration and Housing – Forecast Outturn 2025/26 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Economic Development	-	-	-	-	-
Facilities	604	-	604	604	-
Haworth Art Gallery	218	-	218	218	-
Housing Advice	297	-	297	297	-
Property	197	-	197	197	-
Selective Licensing	-	-	-	-	-
Strategic Housing	288	-	288	288	-
Total Regeneration & Housing	1,604	-	1,604	1,604	-

4.7 Resources

4.7.1 The forecast outturn position for Resources is an underspend of £0.058M.

Table 8: Resources – Forecast Outturn 2025/24 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Assurance	590	-	590	524	(66)
Benefits and Customer Contact	1,569	(35)	1,534	1,618	84
Finance	1,245	35	1,280	1,246	(34)
ICT	824	-	824	826	2
Leisure	917	-	917	917	-
Management - Resources	941	-	941	897	(44)
Total Resources	6,086	-	6,086	6,028	(58)

The main variances are as follows:

- 4.7.2 The Assurance service is reporting an underspend following the receipt of additional government grants during 2025/26 to support the external audit process.
- 4.7.3 The Benefits and Customer Contact service are forecasting additional spend of £0.084M which is due primarily to non-recoverable Housing Benefit claims at £0.175M, which is offset by savings on vacant posts and a small amount of additional grant funding.
- 4.7.4 The underspends across Finance and Management – Resources relate to savings on employee costs.

4.8 Non-Service and Corporate Savings Target

- 4.8.1 The forecast outturn position for Non-Service income and expenditure is an underspend of £0.097M.
- 4.8.2 When Council set the budget for 2025/26 in February 2025, savings of £0.164M were required to be able to set a balanced budget. In the forecast outturn any underspends are included in the department areas and therefore no figure should be included in the savings target line.

Table 9: Non-Service – Forecast Outturn 2025/26 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Interest	(220)	-	(220)	(317)	(97)
Minimum Revenue Provision	1,085	-	1,085	1,085	-
Revenue Contribution to Capital	-	4	4	4	-
Movement in Bad Debt Provision	-	-	-	-	-
Total Non-Service	865	4	869	772	(97)
Corporate Savings Target	(164)	-	(164)	-	164
Total Corporate Savings Target	(164)	-	(164)	-	164

The main variances are as follows:

- 4.8.3 The Council is currently forecasting to receive additional treasury investment income of £0.097M. This is due to interest remaining higher for longer than was forecast when preparing the budget. Also, cash levels have remained higher than expected due to slippage in the capital programme.

4.9 Funding

4.9.1 There are currently no expected variances on the Council's funding.

Table 11: Funding – Forecast Outturn 2025/26 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Council Tax	(6,064)	-	(6,064)	(6,064)	-
Non-Domestic Rates	(8,568)	-	(8,568)	(8,568)	-
Government Grants	(2,803)	-	(2,803)	(2,803)	-
Total Funding	(17,435)	-	(17,435)	(17,435)	-

4.10 Reserves

4.10.1 The Council is currently forecasting a reduction of £8.474M in its usable reserves during the year, bringing them to £21.751M at the end of the year. Movements in reserves are shown in the table below.

Table 12: Reserves – Forecast Movements in Reserves 2025/26

Reserve	Opening Balances £'000	Transfers to/From Reserves £'000	Capital Contributions £'000	Used for Capital Financing £'000	Closing Balances £'000
General Fund - Unallocated	2,464	(500)	-	-	1,964
Total Unallocated Reserves	2,464	(500)	-	-	1,964
Planning S106 Fund	294	-	-	-	294
Invest to Save	696	(88)	-	(47)	561
Communities for Health Funding	53	-	-	-	53
Dilapidations Reserve	26	-	-	-	26
Revenue Funding for Capital Schemes	2,638	1,985	-	(3,459)	1,164
Collection Fund Volatility Reserve	545	(121)	-	-	424
Climate Change Reserve	548	102	-	-	650
Balances Set Aside to Fund Specific Future Expenditure	4,291	(505)	-	(244)	3,542
Levelling Up and Leisure Investment	6,592	(113)	385	(4,546)	2,318
Total Earmarked Reserves	15,683	1,260	385	(8,296)	9,032
Capital Receipts Reserve	2,422	-	595	(1,249)	1,768
Capital Grants Unapplied	9,656	-	15,840	(16,509)	8,987
Total Reserves	30,225	760	16,820	(26,054)	21,751

4.10.2 As shown in the table above, the most significant movements in reserves are the forecast spending on the capital programme.

5 Potential Pressures and Risks in Year

5.1 Although the forecast underspend at Quarter 1 is relatively small at £0.05M, there are some real pressures and risks that need to be considered that are not currently built into any financial forecasts.

The main pressures/risks to be considered are detailed below:

- **Waste Disposal Site/Transfer Station** – Negotiations are still underway with Lancashire County Council regarding their contract situation for the disposal of waste at the Whinney Hill site. This may require Hyndburn and the other East Lancashire districts to find alternative sites to dispose of their residual household waste. The assumption for any new arrangements is that any costs will be contained within the budgets set aside within the Medium-Term Financial Strategy.
- **Oswaldtwistle Civic Theatre** – The closure of the theatre and return of the lease to the Council has resulted in the need to undertake surveys and compliance works to understand the condition of the building, prior to it being ready for potential future occupation. The Council has approved revenue costs for ensuring the site meets all annual safety requirements and has set aside capital budgets to undertake some of the works that would be required. The facilities management team continue to undertake surveys and will report back the potential costs once the surveys are complete.
- **Crematorium/Cremators** – There is a risk that there may be a change in legislation to enforce new systems for mercury abatement to be installed/retro fitted to the current incinerators at the crematorium. It is expected that these changes may come into place in 2 to 3 years' time and there will be a significant capital cost for works to ensure compliance. The parks team are currently investigating this further and will inform cabinet of the requirements as soon as the information is available. Cabinet have put £200,000 into reserves to date to be used for this purpose, and a further contribution of £150,000 is included in the budget for 2025/26.
- **Food Waste Collections** – From April 2026 the Council must provide a food waste collection for residents. A grant has been received from DEFRA to be used towards the capital costs of implementing the new collection (e.g. purchasing new vehicles, bins and food caddies), procurement has been undertaken to provide the capital resources, and it is expected that a further grant will be provided to assist with the additional ongoing revenue costs.
- **Hyndburn Leisure** – The Council has set aside funding within its Medium-Term financial strategy to provide financial assistance / subsidy to Hyndburn Leisure. This funding is part of an agreed process for reporting and monitoring and links to an efficiency savings plan with the trust to reduce this subsidy in future financial years. The budget subsidy approved in the Medium-Term Financial strategy is £700,000 in 2025/2026, £500,000 in 2026/2027 and £350,000 in 2027/2028. Prior to payment of any subsidy the Council must first complete a

Subsidy compliance assessment and will then seek approval from Cabinet to make any payment(s).

- **Housing Benefit Supported / Exempt Accommodation** – The Council continues to feel pressures from unrecoverable benefit payments although it is expected to be managed in 2025/2026 within the overall revenue budget. The Council has started to take action to try to reduce these costs through introducing planning restrictions and supporting housing regulation although this does not have an immediate effect and without additional support from the government this will continue to be a pressure for most councils nationally.
- **Pay Award** – A pay award offer has been put forward by the National Employers. This is an increase of 3.2% for NJC scale points 2 to 43 inclusive and on all pay points above the maximum of the pay spine but graded below deputy chief officer. This is compared to a 3% estimate included in the budget. Union members have been balloted on the proposed pay award and all 3 unions have voted to reject it, therefore, due to the uncertainty, no changes in relation to the pay award have been included in these forecasts.

5.2 These pressures/risks may need to be considered over the course of the Medium-Term Financial Strategy against the forecast underspend for the year.

6 Alternative Options Considered and Reasons for Rejection

6.1 Not Applicable. This report is for information purposes only.

7 Consultations

7.1 None applicable in this instance.

8 Implications

Financial implications (including any future financial commitments for the Council)	As outlined in the report.
Legal and human rights implications	Not Applicable
Assessment of risk	Not Applicable
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	Not Applicable

9 Local Government (Access to Information) Act 1985:

9.1 List of Background Papers

10 Freedom of Information

- 10.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.