

Report Title	Quarter1 – Revenue and Capital Budget Monitoring 2025/26
Meeting	Executive
Meeting Date	21 st August 2025
Report Author	Gemma-Louise Wells
Directorate	Director of Resources
Lead Executive Member(s)	Leader’s Portfolio, Cllr D Whipp
Wards Affected	All
Public. Part Exempt, or Fully Exempt	N/A
Appendices (if any)	Appendix A – Q1 Detailed Capital Monitoring

1. Executive Summary

- Information provided on position of revenue and capital budgets, and funding for Quarter 1 2025/26. The report sets out a projected overspend on revenue budgets of £0.302m, which increases 2025/26 use of reserves to £0.799m. Capital update included details additional funding, and agreed increases. As at quarter one the prudential borrowing required to fund the capital programme for this financial year is £9.212m.

2. Recommendations

For the reasons set out in this report, EXECUTIVE is recommended to:

- 2.1 Note the Quarter 1 position on the Council’s Revenue Budgets for 2025/26.
- 2.2 Note the Quarter 1 position on the Council’s Capital Programme for 2025/26.

3. Information: the Rationale & Evidence for the Recommendations

2025/26 Quarter 1 Revenue Budget

- 3.1 The net revenue expenditure budget for 2025/26 agreed at Council on 20th February 2025 was £17.639m. Budget slippage of £0.293m and revenue grant slippage of £1.711m were agreed at executive 17th July 2025. This brings the total revenue budget to £19.373m
- 3.2 At the end of quarter 1 the year end position is forecast to be an overspend of £0.302m. Details of budget pressures and risk areas are highlighted below.

3.3 Table 1 – 2025/26 Quarter1 Revenue Monitoring

£'000	Budget to Date	Actual to Date	Over/ (Under) Spend	Full Year Budget	Project Outturn	Project Over/ (Under) Spend
Directorate	135	170	(35)	(0)	3	3
Policy and Commissioning	225	166	59	365	314	(51)
Financial Services	1,807	1,528	279	5,338	5,550	212
Legal & Democratic Services	400	407	(8)	1,364	1,362	(1)
Planning, Building Control & Regulatory Services	129	51	78	1,021	864	(157)
Operational Services	1,303	1,268	35	6,053	5,990	(62)
Property Services	542	664	(121)	1,145	1,267	122
Economic Growth	166	109	57	963	964	2
Housing and Environmental Health	223	(80)	303	2,641	2,584	(56)
Human Resources Liberata	116	119	(3)	121	121	0
Information Technology Liberata	291	373	(82)	(3)	84	87
Revenue Services Liberata	53	(173)	225	1,808	2,012	204
Customer Services Liberata	291	290	0	0	(0)	(0)
Corporate Income & Expenditure	(67)	127	(194)	(1,443)	(1,443)	0
Total Net Cost of Services	5,613	5,019	594	19,373	19,675	302
Funded by;						
Council Tax				(7,724)	(7,724)	0
Business Rates retention (Inc S31 Grant)				(6,959)	(6,959)	0
Other Grants				(2,190)	(2,190)	0
Use of Revenue Expenditure Reserve (Budget Slippage)				(293)	(293)	0
Use of Revenue Grants Reserve (Budget Slippage)				(1,711)	(1,711)	0
Surplus/Deficit				497	799	302
Use of Budget Strategy Reserve				(497)	(799)	(302)

Recurrent Costs

- 3.4 2025/26 pay award was agreed for Chief Officers and 'Green Book' employees in late July. The pay increase is 3.2% and represents an overspend of £0.021m corporately, as the budgeted award was 3.0%
- 3.5 Financial Services holds a centralised Vacancy Allowance of -£0.236m. at the time of writing this is set to be met by vacancy savings across all service areas.
- 3.6 Software License increases are leading to budget pressures in Information Technology
- 3.7 Revenue Services budget included a government grant of £0.204m which has been incorporated into core funding, and so will not be received.

One-off Costs

- 3.8 The base budget within Property Services for the revenue impact of Pendle Rise Shopping Centre ownership was set to fund costs until end of September 2026. The date for vacant ownership is now set to be early November, and

costs are currently estimated to exceed the budget by approximately £0.120m, however work is underway to try to decommission units to allow the Council to recover some of the business rates and utilities costs.

- 3.9 The Directorate service area is projecting an underspend of £0.029m on agency cover, however this is outweighed by the initial costs of Local Government Reorganisation preparation, currently £0.032m for Pendle’s contribution to the development of a Five Unitary Council proposal. It is likely that these costs will continue to grow.

Savings

- 3.10 An update on savings agreed by Council is provided in the table below;

Table 2 – 2025/26 Q1 Savings Update

<u>Savings Agreed by Council 20th February 2025</u>	<u>Agreed Budget Reduction</u> <u>£'000</u>	<u>Included in Projected Outturn</u> <u>£'000</u>	<u>Difference</u>	<u>Narrative</u>
Increase Fees & Charges (Net of Volume changes)	52	52	0	Met
Increased Investment Income Budget	250	250	0	Met
TOTAL	302	302	0	

- RED = not met
- AMBER = Some progress towards the saving met
- GREEN = Saving made or exceeded

Use of Reserves

- 3.11 The 2025/26 base budget set out a contribution from the reserves balance of £0.497m. Current projections as shown in Table1 would see this figure change to £0.799m
- 3.12 Whilst the 2025/26 outturn is as yet uncertain, the Council will need to take steps to control existing spend as well as future growth.

Statement of Accounts 2024/25

- 3.13 The Draft Statement of Accounts for 2024/25 were published to the Council’s website on Monday 30th June 2025. The Council’s External Auditors (Grant Thornton) have begun the fieldwork stage of the Audit Plan, which seeks to report their findings to the Accounts & Audit Committee in January 2026.

2025/26 Q1 Capital Programme

- 3.14 A summary table showing the Quarter 1 position is shown in table 3 below. The funding of the revised budget is shown in Appendix A.

Table 3 – 2025/26 Q1 Capital Programme

Capital Programme 2025/26 - Summary Position Statement	Opening Budget £000	Revised Budget £000	Spend to Date £000	Budget Remaining £000
Housing	1,971	2,809	425	2,384
Regeneration	132	16,542	1,125	15,417
Engineering Schemes	210	3,207	0	3,207
Council Assets	2,772	4,150	73	4,077
Resources	100	113	73	40
Operational Services	1,307	3,920	37	3,882
Planning	0	132	0	132
Total Capital Programme	6,491	30,873	1,734	29,139

- 3.15 The 2025/26 budget has increase from £6.491m to £30.873m, £23.590m of this increase is slippage from the 2024/25 capital programme. The other changes include the following;
- i) £0.032m Additional amount in DFG allocation
 - ii) £0.420m UKSPF Funding
 - iii) £0.319m Agreed for additional works on Colne LUF
- 3.16 Other minor changes have been made to reflect actual spend expected in year and to reflect grant claims made on some schemes. Full details are set out in Appendix A.
- 3.17 In total the capital programme for 2025/26 is now to be funded by Prudential Borrowing of £9.212m.
- 3.18 The affordability of this level of prudential borrowing will lead to the need to borrow additional funds in the coming years. The Council is currently 'under-borrowed', and high cash balances have prevented the need for external borrowing in this and the previous financial year. The timing of any external

borrowing to support these large spends will need to be carefully considered, to ensure the best possible borrowing rates are attained.

4. Link to Council Plan Priorities: (Providing High Quality Services and Facilities, Proud and Connected Communities and Places, Good Growth and Housing and Healthy Communities)

4.1 This report seeks to inform councillors of the Council's Financial position to fulfil the Council's plan in the High-Quality Services and Facilities priority, maintaining financial stability.

5. Implications

5.1 Financial Implications

The financial implications arising are as set out in the report.

5.2 Legal and Governance Implications

The legal implications arising are as set out in this report.

5.3 Climate and Biodiversity Implications

There are no Climate and Biodiversity implications arising directly from the contents of this report.

5.5 Human Resources Implications

There are no Human Resources implications arising directly from the contents of this report.

5.6 Equality and Diversity Implications

Information contained in this report does not give rise to the need for an Equality Impact Assessment (EIA).

6. Consultation

6.1 n/a

7. Alternative Options Considered

7.1 n/a

8. Statutory Officer Sign off (please tick)

Section 151 Officer	✓
Monitoring Officer	✓

9. Background Documents

9.1 n/a

Contact Officers

Author noted on report header.