

SCRUTINY ITEM

REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	INTERNAL AFFAIRS SCRUTINY COMMUNITY	12 th FEBRUARY 2026	xx
GENERAL FUND REVENUE BUDGET MONITORING REPORT 2025/26 - POSITION AS AT 31st DECEMBER 2025			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

PURPOSE OF THIS REPORT

The purpose of this report is to provide an update on the General Fund Revenue Budget of the Council as at 31st December 2025.

SOURCE OF REFERRAL

The terms of reference for this committee include receiving periodic update reports in respect of the Council's revenue and capital budgets. This report is based upon information extracted from the financial ledger system of the Council for the period to 31st December 2025 and feedback and commentary received from budget holders.

FURTHER INFORMATION

The General Fund Revenue Budget Monitoring report is included as an appendix to this report and is also available at the link below:

[Budget Monitoring](#)

SUGGESTED RECOMMENDATIONS

The committee are requested to:

- Consider and scrutinise the General Fund Revenue Budget Monitoring position; and
- Note and accept the report.

REPORT

Summary

The purpose of this report is to provide an update on the council's General Fund Revenue Budget Monitoring as at 31st December 2025. The appendix shows the value of the most significant variances for all of the Council services and provides a brief explanation from budget holders for each variance.

1. Background

1.1 The Local Government Finance Settlement for 2025/26 was once again a single-year settlement intended as a holding position, designed for short-term stability and certainty for planning purposes and to promote financial sustainability within nationally available resources - based on detailed allocations for 2025/26 and a fairly full

set of policy principles for 2026/27. The broad approach was based on a uniform roll-over of the core elements of the settlement; additional resources for priority services (in particular social care for upper tier authorities); balancing service pressures with taxpayer concerns through council tax referendum principles; and a fallback, by way of a minimum funding guarantee, for outlying councils, which for 2025/26 included Fylde council. Early on in its tenure, the Labour Government which took office in the summer of 2024 signalled that it would reform the local government funding system after 2025/26 and will carry out a broader redistribution of funding to better reflect local need (previously known as Fair Funding) through a multi-year settlement commencing in 2026/27. The provisional settlement subsequently announced in December 2025 marked the first time in this decade that the Government has illustrated multiple years' worth of funding allocations, covering 2026/27 to 2028/29. However, it should be noted that the settlement remains an annual event and figures for future years are subject to change until they are confirmed annually for the upcoming financial year.

- 1.2 Against this backdrop, the Council approved the 2025/26 budget at its meeting on 3rd March 2025. Subsequently on 24th June 2025 the Executive Committee approved the financial outturn position for 2024/25, and Council approved the latest forecast update at its meeting on 25th November 2025. The impact of those approvals, including growth items approved at the Council budget meeting, along with slippage from 2024/25 as approved by the Executive Committee and the latest forecast update to Council in November 2025, are now reflected in the council's financial ledger. Therefore, this report monitors expenditure and income against the updated approved budgets for 2025/26. Please note that since the production of this revenue monitoring report the financial ledger has incorporated further changes including the impacts of the January and February 2026 MTFS reports.
- 1.3 The Council operates a system of Revenue Budget Monitoring which revolves around the production of detailed monthly monitoring reports for budget holders. Significant variances from the expected budget position at the point of monitoring, both for expenditure and income, are summarised in monitoring reports which are periodically reported to Scrutiny Committee for consideration. This report therefore details the findings and issues emerging from budget monitoring carried out to 31st December 2025.
- 1.4 It should be noted that work continues improving budget profiling across the Council in order that budget profiles more accurately reflect the spending pattern of individual budgets across the financial year. This serves to enhance budget monitoring and focus attention on true variances rather than budget profiling issues. This is a continuous process with budget holders so that the improved profiling continues to refine the budget monitoring system.

2. Budget Rightsizing Exercise

- 2.1 For a number of years the Council has carried out an annual budget rightsizing exercise to analyse underspends which have occurred over the last 3 financial years and to adjust current and future year budgets to better reflect the level of resource requirement in the context of current financial constraints. This process has been repeated during 2025/26, and the resulting changes have been reflected in the latest budgets and updates to the Councils Financial Forecast.

3. Conclusions

- 3.1 The Medium Term Financial Strategy (MTFS) report that was presented to Council in March 2025 set out the full context of the financial landscape of the council, including an assessment of the key financial risks, at that time. Subsequently in February 2026 an updated MTFS was prepared which reflects all changes to the financial standing of the council and updated risks. [Both MTFS reports can be found at this link.](#)
- 3.2 Price inflation as measured by the Consumer Prices Index (CPI) has remained above the Bank of England target rate of 2% for an extended period. UK CPI stands at 3.4% year on year as at December 2025. Inflation has significantly reduced from its peak of over 11% in late 2022, but whilst the rate has fallen to its current level the impact of recent high levels continues to exert upward pressure on prices for utilities and on supplies and services across all sectors of the economy, which in turn increases the base costs for both revenue and capital budget items. Provision for inflation within the council's revenue budget is limited to areas where the council

has no choice but to pay increased prices, e.g. due to contractual terms. Price increases represent a continuing cost pressure to the council and increases the risk that existing budget provision is insufficient to cover the cost of service delivery. The position will be kept under continuous review by Management Team.

- 3.4 As a result of the external pressures that are affecting all local authorities, instructions remain in place that officers should not commit to any unnecessary expenditure and should seek to maximise efficiencies wherever possible. Finance staff work continuously with budget holders across the Council and are heavily reliant upon budget-holders to be able to understand and quantify the potential impact of in-year budget variances within their areas of responsibility.
- 3.5 This report considers the revenue budget monitoring position three quarters of the way through the 2025/26 financial year. The financial risks facing the Council are detailed within the latest MTFS. Instructions issued by Management Team that budget holders remain prudent are still in place, and the overall financial position of the council will be captured in the next update of the financial forecast in the MTFS report.

IMPLICATIONS	
Finance	None arising directly from this report. Any required changes will be reflected in further updates to the Financial Forecast contained within the council's Medium Term Financial Strategy.
Legal	None
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

BACKGROUND PAPERS REVELANT TO THIS ITEM		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy - 2024/25 to 2028/29	3 rd March 2025	Report to Budget Council March 2025
Revenue Budget Monitoring Report as at 30 th September 2025	12 th November 2025	Budget Monitoring
Medium Term Financial Strategy – Update - 2025/26 to 2029/30	25 th November 2025	Report to Council November 2025
Medium Term Financial Strategy – 2025/26 to 2029/30	February 2026	Latest MTFS Report

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue, Chief Financial Officer	01253 658658	February 2026

REVENUE MONITORING 2025/26 - Period 9 to 31st December 2025 (Variances in excess of £5K)

Appendix A

NB: Some budget variances occurring as a result of budget profiling issues where no variance is expected to remain by year-end, or variances to be resolved by virements, are excluded from the list below.

Key	
BLUE	Variance currently showing but expected to be on target at year end
GREEN	Favourable variance against latest budget
AMBER	Adverse variance against latest budget
RED	Projected adverse outturn variance

FINANCE & RESOURCES PORTFOLIO

Service Area	Detailed Description	Full Year Budget	Budget as at Period 9	Actual & Commitments as at Period 9	Variance as at Period 9	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
All Council Services	Employee costs including basic pay, pension, NI, and overtime, plus agency costs	12,641,527	9,509,530	9,484,198	-25,332	FAV	GREEN	All Budget Holders	The budget forecast which was approved by Council in March 2025 assumed employee cost savings (including vacancy savings arising from delays in the recruitment to vacant posts) of £300,000 per annum from 2025/26 onwards. The budget also includes an estimate for pay award of 3% for the current year with the actual pay award confirmed 3.2%.
Treasury Management Income	Interest and Investment Income Receivable	-924,000	-693,090	-628,171	64,919	ADV	RED	Paul O'Donoghue	The latest budget was increased through the November MTF5, since then the bank base rate has reduced. This will be kept under review and future forecasts will be adjusted accordingly.

CORPORATE AND ECONOMIC DEVELOPMENT PORTFOLIO

Service Area	Detailed Description	Full Year Budget	Budget as at Period 9	Actual & Commitments as at Period 9	Variance as at Period 9	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Development Management	Consultants Fees	25,000	18,751	7,659	-11,092	FAV	BLUE	Andrew Stell	There is on-going consultancy support for general planning applications and legal support around planning / enforcement work that is likely to utilise the majority of this budget.
	Windfarm - Morgan & Morcambe	160,000	120,016	132,083	12,067	ADV	BLUE		These are legal and professional staff costs associated with the windfarm hearing. Invoices have been raised to recover a large proportion of this Expenditure from the applicant. This will be kept under review and reflected in future financial forecasts if required.
	Claimable PPA Windfarm Fees	-110,000	-82,511	-92,349	-9,838	FAV	BLUE		PPA Windfarm claim back as described above.
	Planning Application Fees	-801,000	-600,828	-582,814	18,014	ADV	AMBER		Planning application fee income is difficult to predict with any accuracy as it is entirely dependent on the number and nature of planning applications that developers choose to submit to the council and is largely influenced by householders and business confidence, particularly with the fees themselves being set nationally. Whilst income is currently slightly below estimations this is expected to change as a number of large applications with high fees are expected before year end.
	Pre-Planning Advice Fees	-35,000	-26,252	-19,749	6,503	ADV	AMBER		Income is currently slightly below estimations due to lower than expected activity in this area.

CORPORATE AND ECONOMIC DEVELOPMENT PORTFOLIO (CONT.)									
Service Area	Detailed Description	Full Year Budget	Budget as at Period 9	Actual & Commitments as at Period 9	Variance as at Period 9	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Planning Policy	Local Devlpmnt Framework Costs	259,500	194,649	1,166	-193,483	FAV	BLUE	Eddie Graves	Consultants undertaking Integrated Assessment: over £60k contracted, initial payment milestone imminent Jan 2026. Remainder of contracts will be issued prior to year end (Highways, Viability Assessment, Level 2 Strategic Flood Risk Assessment); legal costs will also be incurred by year end as budgeted. Any in year underspend will be require slippage into 2026/27.
UK Shared Prosperity Fund	UKSPF Investment Plan Support Fees	425,760	319,362	344,909	25,547	ADV	BLUE	Charlie Richards	All UKSPF projects are due to complete and spend by end of financial year 2025/2026.
48 Preston Street (Hillside)	Other Fees	17,000	12,752	0	-12,752	FAV	GREEN		Building handed over to the Council in December 2025. Building to be advertised on the commercial market. Fees will be incurred and any maintenance in the remaining quarter of 2025/2026
Clockhouse Café - St Annes Square	Café Rent	-10,000	-7,498	0	7,498	ADV	AMBER		The estates team is currently dealing with the surrender of the lease for this property with any costs incurred to be agreed and billed during the final quarter of the financial year.
Buildings and corporate property	Miscellaneous Repairs & Renewals	249,132	186,894	86,054	-100,840	FAV	BLUE		Actuals and commitment have tracked behind planned spend profile due to the transition across to the new Estates Shared Service with Blackpool Council. Actuals and commitments to accelerate over the next period. To be kept under review and any changes to be reflected in future forecasts.

CUSTOMER & OPERATIONAL SERVICES PORTFOLIO

Service Area	Detailed Description	Full Year Budget	Budget as at Period 9	Actual & Commitments as at Period 9	Variance as at Period 9	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Computer Services	Purchase of Computer Equipment	85,147	63,867	80,714	16,847	ADV	AMBER	Ross McKelvie	Ongoing rollout of fully managed device and SIP telephone calls across Council services. Looking at replacement call centre telephone system as we move away from current supplier. Continuous progression with core server infrastructure transitioning to cloud hosted application platform to enhance security and resilience. Continuous rise of prices for essentials such as Microsoft licenses and devices. Virements will be explored to offset any outturn overspends and these budgets will be kept under review and any changes to be reflected in future financial forecasts if required.
	Computer - Program Licence Chgs	129,000	96,765	138,948	42,183	ADV			
	Computer - Reserve Funded Exp	0	0	6,475	6,475	ADV			
	Computer - Development Costs	40,000	30,004	36,232	6,228	ADV			
Fylde Waste Schemes	Food Waste Mobilisation Costs - Training / Printing Stationery / Comms / Campaign Management	107,100	80,337	26,610	-53,727	FAV	GREEN	Clare Blyth	Budget required to implement household food waste collection service. Any in year underspend will be require slippage into 2026/27.
	Defra Food Waste - Grant Income	-107,125	-80,356	-69,513	10,843	ADV	BLUE		Mobilisation grant Income required to implement the household food waste collection service.
	Replacement Waste Containers	100,000	75,007	53,213	-21,794	FAV	GREEN		Fluctuation in waste container orders due to reduced customer demand. This will be kept under review and any updates will be reflected in future forecasts.
Car Parks	Fylde Residents Parking Permits	-3,400	-3,400	-11,550	-8,150	FAV	GREEN	Andrew Loynd	This permit scheme has been successful resulting in increased income. This will be kept under review and any updates will be reflected in future forecasts.

SOCIAL WELLBEING PORTFOLIO

Service Area	Detailed Description	Full Year Budget	Budget as at Period 9	Actual & Commitments as at Period 9	Variance as at Period 9	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Cemetery and Crematorium	Training Exps - Seminars	0	0	5,599	5,599	ADV	RED	Rebecca Riley	Essential service costs due to the requirement of meeting new Health & Safety industry legislation for new and existing employees. This will be kept under review and any updates will be reflected in future forecasts.
	Cremations	-1,219,339	-914,629	-755,719	158,910	ADV	RED		Seasonal variation - income anticipated to increase over the remaining period. This will be kept under review and any updates will be reflected in future forecasts.
Homelessness	B&B	266,792	200,120	242,960	42,840	ADV	RED	Kirstine Riding	High demand for homelessness services and duty to provide interim accommodation for those in priority need. Despite additional temporary units in 2024/25 there is still a significant requirement for B&B placements. Only 20% of this increased Expenditure is offset with Housing Benefit / Universal Credit Payments. This will be kept under review and any updates will be reflected in future forecasts.
	Hsing Benefit/Univrsal Credit Repayment	-87,000	-65,259	-71,087	-5,828	FAV	GREEN		
Taxi Licensing	Hackney Carriage Driver Licences	-21,094	-21,094	-26,124	-5,030	FAV	GREEN	Chris Hamby	Increase in number of new applications and retention of licence holders leading to surplus.
	Private Hire Vehicle Licences	-76,296	-57,231	-38,309	18,922	ADV	RED		Outside influences such as the increase in out of area vehicles have resulted in the operator licensing less vehicles. This will be kept under review and any updates will be reflected in future forecasts.

TOURISM, LEISURE & CULTURE PORTFOLIO

Service Area	Detailed Description	Full Year Budget	Budget as at Period 9	Actual & Commitments as at Period 9	Variance as at Period 9	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Playzone - Ashton Gardens	Other Fees	19,978	14,986	0	-14,986	FAV	GREEN	Jack Waters	Playzone not yet built, currently having issues with Lancashire FA to get all 3 sites reviewed to begin works (Freckleton, St Annes, Kirkham). 20/01/2026 - Continuing to have issues with the Football Foundation. Sites expected to be built in the 2026-27 financial year. This will be kept under review and any updates will be reflected in future forecasts.
	Hire of Playzone - Ashton Gardens	-21,600	-16,203	0	16,203	ADV	RED		
Tourism	1940's Lytham Wartime Festival	48,000	48,000	55,403	7,403	ADV	RED	Tim Dixon	Increased logistical costs which account for two thirds of the cost of this event (first aid, security, traffic management, fencing, toilets etc). Offset by increased income to some degree. This will be kept under review and any updates will be reflected in future forecasts.