

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: REVENUE BUDGET OUTTURN 2024/25

REPORT OF: DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR RESOURCES

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure at the end of the financial year 2024/25. The net outturn of £17.932m represents a £817k decrease from the net working budget of £18.749million. Explanations for all the significant variances are provided in table 4. There are corresponding requests to carry forward £563k of unspent budget to fund specific projects and initiatives that will now take place or continue into 2025/26. There is a further forecast impact on the 2025/26 base budget of a £361k decrease.

2. RECOMMENDATIONS

- 2.1. That Cabinet note this report.
- 2.2. That Cabinet approves a decrease of £817k in the 2024/25 net General Fund expenditure, as identified in section 8, to a total of £17.932million.
- 2.3. That Cabinet approves the changes to the 2025/26 General Fund budget, as identified in table 4 and paragraph 8.3, a total £202k increase in net expenditure.

That Cabinet recommends to Council

- 2.4. That Council approves the net transfer to earmarked reserves, as identified in table 9, of £1.006million.

3. REASONS FOR RECOMMENDATIONS

- 3.1. Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.
- 3.2. Changes to the Council's balances are monitored and approved.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Budget holders have considered the options to manage within the existing budget but consider the variances reported here necessary and appropriate.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Consultation on the budget monitoring report is not required. Members will be aware that there is wider consultation on budget estimates during the corporate business planning process each year.

6. FORWARD PLAN

- 6.1. The report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 17th April 2025.

7. BACKGROUND

- 7.1. Council approved the revenue budget for 2024/25 of £19.933million in February 2023. At the end of the financial year, the working budget has decreased to £18.749million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - Current Working Budget

	£k
Original Revenue Budget for 2024/25 approved by Full Council	19,933
Quarter 3 2023/24 Revenue Budget Monitoring report – 2024/25 budget changes approved by Cabinet (March 2024)	410
2023/24 Revenue Budget Outturn Report – 2024/25 budget changes approved by Cabinet (June 2024)	634
Community Governance Review Terms of Reference report - additional budget required for the use of the Association of Electoral Administrators consultancy service to assist with delivering the Community Governance Review – approved by Council (July 2024)	20
First Quarter Revenue Monitoring 2024/25 report - 2024/25 variances approved by Cabinet (September 2024)	(858)
Second Quarter Revenue Monitoring 2024/25 report - 2024/25 variances approved by Cabinet (January 2025)	(550)
Third Quarter Revenue Monitoring 2024/25 report - 2024/25 variances approved by Cabinet (March 2025)	(840)
Current Working Budget	18,749

- 7.2. The Council was managed under Service Directorates during 2024/25. Table 2 below confirms the current net direct resource allocation of each Service Directorate and how this has changed from the original net direct budget allocations for 2024/25.

Table 2 – 2024/25 Service Directorate Budget Allocations

	Managing Director	Customers	Enterprise	Housing & Env Health	Legal & Community	Place	Regulatory Services	Resources	Total
	£k	£k	£k	£k	£k	£k	£k	£k	£k
Original Budget	658	4,309	9	1,788	2,671	6,651	736	3,111	19,933
Q3 2023/24	107	39	0	78	20	68	108	(10)	410
Outturn 2023/24	207	120	0	105	17	44	167	(26)	634
Budget at start of 2024/25	972	4,468	9	1,971	2,708	6,763	1,011	3,075	20,977
Q1 2024/25	(1,350)	(2)	(35)	76	(50)	447	67	(11)	(858)
Council July 2024	0	0	0	0	20	0	0	0	20
Q2 2024/25	(298)	(128)	(9)	(225)	(21)	8	143	(20)	(550)
Q3 2024/25	(142)	(98)	(30)	0	50	(37)	(610)	27	(840)
Other Changes	(327)	98	126	115	(14)	126	35	(159)	0
Current Budget	(1,145)	4,338	61	1,937	2,693	7,307	646	2,912	18,749

8. RELEVANT CONSIDERATIONS

- 8.1. Cabinet are asked to approve the net expenditure on the General Fund in 2024/25 of £17.932million (recommendation 2.2). This is a net decrease of £817k on the working budget of £18.749million. Table 3 below confirms the net expenditure for each Service Directorate and the variance with the current working budget. The major changes reported during the year are recorded at Appendix A.

Table 3 - 2024/25 Revenue Outturn by Service Directorate

Directorate	Net Direct Working Budget	Net Direct Outturn*	(Under) / Overspend
Managing Director	(1,145)	(1,381)	(236)
Customers	4,338	4,335	(3)
Enterprise	61	180	119
Housing & Environmental Health	1,937	1,933	(4)
Legal & Community	2,693	2,640	(53)
Place	7,307	7,205	(102)
Regulatory Services	646	230	(416)
Resources	2,912	2,790	(122)
TOTAL	18,749	17,932	(817)

* Directorate outturn totals exclude year-end finance lease accounting entries. These entries have a net zero impact on the Council's General Fund, but their inclusion would distort the Directorate performance indicated in the table.

- 8.2. Table 4 below highlights and explains the most significant variances, which are generally more than £25k. The final columns detail if there is expected to be an impact on next year's (2025/26) budget:

Table 4 - Summary of significant variances

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Managing Director Apprenticeship Scheme	84	0	(84)	2024/25 budget included investment in contingency budget for project management to support delivery of key projects; it is requested that this budget is carried forward to 2025/26 to fund recruitment of additional Management Trainee graduates. Management Trainees are being used to provide support to key projects such as Churchgate and digital transformation. Management Trainees are funded from the apprenticeship scheme budget, so the project management contingency budget has been merged into the apprenticeship scheme budget.	84	0
Managing Director Treasury Investments Interest Income	(2,955)	(2,983)	(28)	Overachievement of interest income is a combination of interest rates remaining higher than anticipated during the final quarter and higher cash balances available for investment than estimated due to capital expenditure in the final quarter being made later than anticipated.	0	0
Managing Director Strategic Priorities Fund	69	0	(69)	This fund was created to enable short-term investments in Council priorities. This funding will be used in 2025/26 to support work on Local Government Reorganisation, including our contribution towards joint work/ consultancy support (where not covered by Government grant funding) and other associated implications.	69	0
Managing Director Shared Prosperity Fund Grant	0	(31)	(31)	Surplus grant balance represents the amount of grant retained by the Council as a management fee for delivering the three-year investment plan.	0	0
Customers Directorate Staffing Costs	6,297	6,181	(116)	Underspend variance relates mainly to vacancies held in the Careline and Revenues & Benefits services during the year.	0	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Customers Document Scanning Contract	53	27	(26)	Upgrades and new modules relating to the Document Scanning contract were expected to be purchased in 2024/25. Due to a lack of available resource in IT to support their installation, the upgrades are now scheduled for quarter 3 of the new financial year, with a carry forward of the unspent budget therefore requested to fund the expenditure in the next financial year.	26	0
Customers Postage contract	190	158	(32)	Underspend on postages is due to both a reduction in postage volumes and contract unit prices. The number of postal items has reduced from 100,271 in 2023/24 to 95,212 in 2024/25, including a reduction in first class items from 9,912 to 6,990, while there was the full year impact of the cost per item also reducing for both 1st and 2nd class post when the new contract commenced in December 2023.	0	(32)
Customers Land Charges Income	(164)	(205)	(41)	Overachievement of income is indicative of an increase in activity, with the number of land searches requested in the year rising to a total of 1,403, an increase of 195 on the 1,208 searches ordered in the prior year.	0	0
Customers Careline Supplies and Services	0	(34)	(34)	In the absence of receiving an invoice for the amount due, the expected full cost of services ordered from a supplier has been accrued in the last two financial years to recognise the liability as a creditor in the Council's accounts. Despite previous approaches from officers, there has been no meaningful engagement from the supplier to pursue payment. Given the time that has subsequently elapsed, it is now considered highly unlikely that a claim will be made for the outstanding amount and hence it is proposed to cease accruing this amount in the accounts.	0	0
Customers Contribution to Sales Ledger Bad Debt Provision	10	172	+162	The greater than expected contribution to the bad debt provision mainly reflects an increase in the value of outstanding debt amounts between 3-12 months past their payment due date, for which a provision is made in the accounts to recognise the risk that some of the debt outstanding may not be collected. The increase in debt follows the suspension of income recovery during the year with the transition to the new finance system, with the recovery team requiring training on recovery processes on the new system. Ultimately it is expected that debt will be recovered at similar levels to previous years.	0	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Customers Revenues & Benefits Service Government Grant Income	0	(37)	(37)	A grant receipt has been received from government for the Council's participation in the Covid-19 Pathfinder pilot project. The project requires the Council to carry out assurance checks on the grants that were paid out during the pandemic and has been delivered within existing staffing resource. The carry-forward request is for additional one-off resource to ensure payments are correctly allocated to support recovery of debts. It will also free up time to support the delivery of further process improvements from the new finance system.	37	0
Customers Net Housing Benefit Expenditure	307	367	+60	Higher than anticipated outturn is attributed primarily to the level of overpayments identified in 2024/25 (as highlighted below). Benefit amounts paid that are identified as overpayments are eligible for only 40% reimbursement through Housing Benefit subsidy grant received from government.	0	0
Customers Housing Benefit Overpayments Income	(193)	(245)	(52)	With the migration of working age adult claimants to Universal Credit, DWP initiatives on housing benefit accuracy have focused on older claimants. This has contributed to an increase in the level of overpayments identified, with officer reviews finding some older clients holding previously undeclared capital. This attracts a tariff income and reduces their Housing Benefit award. The debt amount raised in year would also include any claw back of benefits overpaid in prior years, which further increases the value.	0	0
Customers Contribution to Housing Benefit Overpayments Income Bad Debt Provision	50	232	+182	Where working age Housing Benefit clients have migrated to Universal Credit (UC), administered by the DWP, the Council can no longer collect overpayments debt from deductions to ongoing housing benefit payments. This has contributed to a reduction in overpayments debt collected and an increase in the provision required. The Council can apply for deductions from earnings via HMRC, however this is only a prescribed amount dependent on salary, and also has the option to apply for UC deductions, however other debts such as Council Tax and utility bills take priority, with benefit overpayments 13th on the list of debts to be repaid. An increase in the bad debt provision was identified as a financial risk when the original budget was approved by Council in February 2024.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2025/26 £k
Enterprise Rental income from commercial properties	(1,235)	(1,169)	+66	Overall adverse variance results mainly from the settlement during the year of a rent review dating back to 2011, with agreement ultimately reached at an annual rent amount lower than had been assumed in the previous forecasts. The outturn for this year therefore includes the impact of the necessary backdated adjustments. The impact has been partially offset by other rent reviews completed during the year where the rental values were increased.	0	0
Enterprise Net rental income from Churchgate Shopping Centre	(440)	(139)	+301	Shortfall in anticipated surplus is due to the number of vacant units, including several of the larger premises. As well as the adverse impact on rent income, there are associated expenditure pressures with empty property rates payable, plus higher than expected repairs and maintenance spend necessary. While lease incentives to secure new lettings have also contributed to the income shortfall in this year, these should improve the position for 2025/26.	0	0
Transfer to Earmarked Reserve	216	0	(216)	The ongoing budget expectation is for Churchgate to generate a sufficient annual return to both; cover the annual cost of capital and the loss of freehold rent from the acquisition of the head leasehold; provide additional financial resource to support the regeneration project. The level of return in this financial year has meant no additional contribution has been made to the Churchgate Regeneration Project earmarked reserve (as confirmed in table 9 below).	0	0
Net General Fund Impact	(224)	(139)	+85		0	0
Enterprise Riverside hub footpath	26	2	(24)	A delay was caused to the project while a decision was made on whether to repair the existing surface of the walkway. This required the input of the structural engineer advising on the delivery of Riverside Walk, as it would not have been cost-effective to repair the existing surface if it would have needed to have been replaced as part of the works to create the Riverside Walk. It is now considered that the surface is acceptable for use by the public, so repairs are likely to take place during the 25/26 financial year. The carry forward of the unspent budget is requested to fund the works in the next financial year.	24	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Housing & Environmental Health Community Safety Projects and Initiatives	14	0	(14)	Unspent budget relates to the projects for the upgrading of lamp posts for CCTV and a Jackmans Youth Club respectively. The lamp post upgrades are now due to commence in May this year. Match funding for the youth club project, a condition of the Council funding, is also expected to be finalised in May. A carry forward of the unspent budget is therefore requested to finance the expenditure in the next financial year.	14	0
Housing & Environmental Health Housing Services Staffing Costs	595	515	(80)	£80k of staffing costs of the housing team in 2024/25 have been funded from government grant received rather than the Council's staffing budget. MHCLG have provided funding for a service with BEAM to help people into the private rented sector and secure employment.	0	0
Transfer to earmarked reserve	0	80	+80	It is requested to transfer the value of the staff cost saving to the Homelessness grants earmarked reserve in order that resource remains available for the BEAM contract, which is expected to be fully delivered in 2025/26.	0	0
Place Waste Management IT Systems integration	40	0	(40)	The work on the integration of waste management IT systems and online reporting for residents was completed in-house without the need for additional consultancy.	0	0
Place Commingled Recyclates – Net cost of Haulage and Processing	482	529	+47	The budget was increased by £101k at Q3 as marked decreases in the basket price achieved for the sale of the recyclates in the second half of the financial year, most notably glass and plastic, had contributed significantly to the increase in net cost. This trend continued in the final few months of the year. Adverse movement in material prices and changes in the material composition increasing the net cost of recycling services was identified as a financial risk when the original budget was approved. Due to the volatility in the market, there is not currently an assumption of an ongoing impact.	0	0
Place Refuse Service – Contract Variation Orders	61	21	(40)	The working budget for this year anticipated an increase in container delivery requests as a result of the new services coming into effect in 2025. A delay in the stock delivery means these are being processed in the 25/26 financial year.	0	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Place Street cleansing – litter bins replacement and repairs	27	4	(23)	The contractor was unable to complete the removal of all litter bins as part of the litter bin rationalisation project as some areas required the reinstatement of pavements. Any outstanding works will be completed in 25/26 either by Veolia, or a separate ground works contractor, with a carry forward of some of the unspent budget requested to finance the activity.	10	0
Place Street cleansing - Fly tipping costs	130	97	(33)	The cost of cleansing varies year on year as some elements are dependent on the behaviour of others. The permanent budget for the cost of fly tipping was increased by £68k at the third quarter of 2023/24, to recognise the continued experience of a higher number of instances and larger sizes of fly tips, in particular white goods, commercial waste and green waste. Underspend in this year is therefore indicative of fly tipping levels and quantities in this year not being as high as recent years.	0	0
Place Garden Waste Service Printing Costs	39	13	(26)	Due to a delay in processing the direct debits from subscribers, garden waste permit production was delayed to the 2025/26 financial year. The costs will therefore be charged in the next financial year and hence a carry forward of the unspent budget is requested.	26	0
Place Leisure Facilities Management Contract Fee Income	(779)	(807)	(28)	As part of the Leisure and Active Communities contract, the Council has financed capital investments in its Leisure Centres that were identified and are being delivered by its leisure operator, Everyone Active. Everyone Active have agreed that the contract management fee will be adjusted to reflect the costs that they would have incurred if they had funded the works through the contract. With the investment in this year totalling £1.070million, the Council can expect an additional £28k per month of management fee income for four years from March 2025. The Outturn variance therefore represents the first month of additional income receivable.	0	(339)

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Place Leisure Consultancy Fees	50	19	(31)	Budget included provision of £25k for specialist consultants to develop a 'Long Term Built Leisure Strategy', with the view to ensuring NHC deliver sufficient leisure provision to meet demand arising over the period of the next Local Plan review. The built leisure strategy however cannot be developed until the playing pitch & outdoor sport strategy is complete, which is currently under review by Planning Officers. In addition, consultancy has been required in exploring the change in contractual arrangements with the Leisure Operator to an agency model. With both activities ongoing, it is requested that the unspent budget requested is carried forward to fund progress in the next financial year.	31	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2025/26 £k
Place Leisure Facilities – Liquidation of Stevenage Leisure Limited				The Council's previous Leisure Centres operator, Stevenage Leisure Limited (SLL), entered liquidation during this financial year. With liquidation significantly increasing the risk that any debts outstanding will not be fully recovered, a provision has been charged in the accounts for those amounts receivable when the Council's contract with SLL expired at the end of the last financial year. The provision relates to both membership income received in advance by SLL (e.g. where members paid for a full year) that was not transferred to the new provider and leisure centre management contract fee income outstanding (February and March 2024). In addition, a further contribution has been made to the loan impairment allowance in respect of the remaining principal outstanding from the £510k loan to SLL for the purchase of gym and fitness equipment at Hitchin and Royston Leisure Centres approved by Council in August 2017. With the loan repayments ceasing at the onset of the Covid-19 related restrictions on leisure centre operations and uncertainty over the period of recovery, a contribution to the impairment allowance equivalent to 50% of the loan principal outstanding was previously charged to the General Fund at the end of 2021/22 financial year.		
Contribution to Provision	0	272	+272		0	0
Contribution to loan impairment allowance	0	158	+158		0	0
Leisure Facilities Repairs and Maintenance	2	134	+132	The Leisure and Active Communities contract required that the facilities were handed over to the new leisure operator in a good condition. With SLL entering liquidation shortly after the new leisure contract commenced, and with minimal maintenance and compliance record evidence, the cost of rectifying all dilapidations identified has been passed to the Council. Due to the level of works required, the works have been scheduled over two years. While further expenditure is therefore expected in the next financial year, the financial impact is expected to be offset by additional management fee income from the financing of further capital investments in the facilities next year.	0	0
Transfer from earmarked reserve	(26)	(266)	(240)	The impact on the General Fund has been partially mitigated by the release of amounts held in the Leisure Centre maintenance earmarked reserve.	0	0
Net General Fund Impact	(24)	298	+322		0	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Place Climate Change Strategy Expenditure	100	81	(19)	Some of the sustainability strategy actions developed in 2024/25 are now only able to be delivered in the next financial year. It is requested that the unspent budget is carried forward to fund delivery in 2025/26.	19	0
Regulatory Planning Policy Staffing Costs	662	636	(26)	Government grant funding for Biodiversity Net Gain has been used to part fund the salary of the Council's Senior Ecologist, resulting in an underspend on the original budget available for the post. At Quarter Three, Cabinet approved the carry-forward of the Directorate's unspent staffing budget to fund agency staff in difficult to fill positions. This additional underspend is requested to be carried forward on the same grounds, noting that since the Quarter Three report was presented to Cabinet, the interim arrangements for the Director - Place role have led to the recruitment of an agency worker to backfill existing duties.	26	0
Regulatory Building Control Expenditure	97	55	(42)	The number of disabled adaptations processed by Herts Building Control had been increasing year on year, however since September 2024 the number of applications processed has reduced significantly. The level of demand for disabled adaptations in 25/26 will hence be monitored closely over the coming months, with a recommendation to reduce the budget permanently included in future finance reporting if demand remains low.	0	0
Regulatory Planning Policy – Town Centre Strategies Consultants Expenditure	150	31	(119)	An early draft of a district-wide town centre strategy was presented to the Council's Project Board in October 2024. Further work was requested before the strategy could be presented to Cabinet. The temporary contractor that was leading on this work has subsequently left the Council and Lichfields - who prepared the underlying retail expenditure evidence - have been appointed to review, update and represent the draft strategy. This is now expected in Summer 2025. The carry forward of the remaining unspent budget is requested to allow for completion of this work, any future consultation exercise(s), finalisation of the strategy and any subsequent follow-on work to be discussed and agreed in liaison with Cabinet, Project Board and / or the relevant Executive Members.	119	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Regulatory Planning Policy – Local Plan Review	55	38	(17)	The majority of the Local Plan budget was approved to be carried forward at Quarter Three. The forecast outturn at that point anticipated the initial costs of implementing a new software solution to be incurred in the final quarter of the year. However, this was not implemented within the financial year and this additional underspend is now requested to be carried forward to meet those costs expected in the next financial year and help ensure the Local Plan is delivered within currently identified resources.	17	0
Regulatory Planning Policy – Supplementary Planning Documents (SPDs)	30	16	(14)	The majority of the SPDs budget was approved for carry-forward at Quarter Three. The forecast outturn at Quarter Three anticipated costs associated with a further round of workshops for the Design Code SPD to be incurred during Quarter Four. Due to scheduling difficulties, these were held in the first half of April 2025, with the additional underspend in financial year 2024/25 now requested to be carried forward.	14	0
Regulatory Planning Applications Income	(997)	(1,076)	(79)	While the income expectation in the working budget was reduced by £200k at Quarter Two based on the experience of the first half of the year, income from pre-application advice has been boosted by changes to NHC's approach to accepting amendments to applications, whereby major changes are only accepted if a planning application has been subject to pre-application advice, and the removal of the 'free-go' for second applications on a proposed site. Income from planning applications has also overachieved the working budget, due to some larger planning applications resolved later in the year.	0	0
Regulatory Parking Lines and Signs maintenance	37	25	(12)	Due to officers being focused on the implementation of the new parking machines, there has been a delay in completing the programmed lines and signs replacement programme for 2024/25. This will be implemented alongside the 2025/26 programme of works. In addition, planned spend on tariff board upgrades and additional signage associated with the electric vehicle charging points could not commence before April 2025. It is therefore requested that the remainder of this budget is carried forward to fund these outstanding projects in the next financial year.	12	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Regulatory Letchworth Multi-Storey Car Park lighting	25	0	(25)	Delays in the supply of materials caused these works to be deferred to April 2025. A carry forward of the unspent budget is requested to cover the costs incurred in the next financial year.	25	0
Regulatory Princes Mews Car Park in Royston	39	(14)	(53)	Improved position in 2024/25 follows a new agreement reached with the landlord of the car park after Morrison's supermarket vacated the site. The financial impact is however not ongoing, as the landowners have subsequently terminated the licence agreement, and the car park was closed permanently from 7 th April 2025.	0	0
Resources Directorate Staffing Costs	1,718	1,633	(85)	Underspend is due to a higher level of vacancies held, including one post in the Property Services team being vacant for the entire financial year as recruitment attempts were unsuccessful.	0	0
Resources Insurance funded works at Walsworth Community Centre	35	25	(10)	Works funded from an insurance payout received for a claim relating to Walsworth Community Centre, have not yet been completed. It is requested that the unspent balance is carried forward to cover the cost of the works in the next financial year.	10	0
Total of explained variances	4,901	4,515	(386)		563	(371)
Other minor balances	13,848	13,417	(431)		0	10
Overall Total	18,749	17,932	(817)		563	(361)

8.3. Cabinet are asked to approve the estimated impact on the 2025/26 budget, an overall increase in budget of £160k (recommendation 2.3), which comprises;

- £563k of budget carry-forwards from 2024/25 to 2025/26 for projects that were not completed by the end of the financial year. These are shown in the penultimate column of table 4 above. This will take the total budget carried forward to £1.682million, after including those reported and approved at Quarters One, Two and Three.
- £361k decrease in budget to reflect the estimated net impact in 2025/26 and beyond of variances identified at Outturn. These are shown in the final column of table 4 above.

8.4. The original approved budget for 2024/25 (and therefore working budget) included efficiencies totalling £699k, which were agreed by Council in February 2024. At the end of the year a net total of £515k of efficiencies have been achieved in 2024/25, representing a net underachievement of planned efficiencies of £184k. The forecast at Quarter Three was a net underachievement of £264k. The change at Outturn relates to the delivery of the planning income efficiency, with the shortfall lower than previously forecast, as highlighted in table 4 above.

8.5. The working budget for 2024/25 includes budgets totalling £1.456million that were carried forward from the previous year. These are generally carried forward so that they

can be spent for a particular purpose that had been due to happen in 2023/24 but was delayed into 2024/25. At Quarter Three, it was forecast that £603k of the budget carried forward will not be spent in this year. At the end of the year £853k of the budget carried forward has not been spent. The increase of £250k relates to budgets carried forward for:

- Strategic Priorities Fund. £69k of the £76k carry forward budget was not spent during this financial year and is requested to be carried forward again, as highlighted in table 4 above.
- Riverside hub footpath. £24k of the £26k carry forward budget was not spent during this financial year and is requested to be carried forward again, as explained in table 4 above.
- Waste Management IT Systems integration. The £20k budget carried forward was not spent this year and is no longer required, as noted in table 4 above.
- Town Centre Strategies Consultants Expenditure. £69k of the £100k carry forward budget was not spent during this financial year and is requested to be carried forward again, as explained in table 4 above.
- Local Plan Supplementary planning documents. £135k (increase of £14k on the forecast at Quarter Three) of the £144k budget carried forward was unspent at the end of the year and is requested to be carried forward again, as highlighted in table 4 above.
- Local Plan post adoption review. £70k (increase of £17k on the forecast at Quarter Three) of the £108k budget carried forward was not spent in 2024/25 and is requested to be carried forward again, as highlighted and explained in table 4 above.
- Letchworth Multi-Storey Car Park lighting. The £25k budget carried forward was not spent in this financial year and is requested to be carried forward again, as noted in table 4 above.
- Parking Lines and Signs maintenance. £12k of the £39k budget carried forward was not spent in this financial year and has been requested to be carried forward again, as highlighted and explained in table 4 above.

8.6. Six corporate 'financial health' indicators were identified in relation to key sources of income for the Council in 2024/25. Table 5 below shows the performance for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber, or green. A green indicator means that income recorded matched or exceeded the budgeted level of income. A red indicator means that the outturn has not met the budgeted level of income. An amber indicator is only used during the year to highlight that there is a risk that the budgeted level of income may not be met.

8.7. At the end of the year, four of the indicators are red and two are green. At Quarter Three, three of the indicators were red and three were green. The additional red indicator relates to car parking fees income, with a minor shortfall in income recorded for the year compared to the original budget expectation (variance included in 'other minor variances' total in table 4 above).

Table 5 - Corporate financial health indicators

Indicator	Status	Original Budget £k	Outturn £k	Variance £k
Leisure Centres Management Fee Income	Red	(1,130)	(807)	+323
Garden Waste Collection Service Subscriptions Income	Green	(1,029)	(1,097)	(68)

Commercial Refuse & Recycling Service Income	Red	(1,282)	(1,244)	+38
Planning Application Fees (including fees for pre-application advice)	Red	(1,186)	(997)	+110
Car Parking Fees Income	Red	(1,948)	(1,937)	+11
Parking Penalty Charge Notices (PCNs)	Green	(573)	TBC	TBC

- 8.8. Table 6 below indicates current activity levels, where these drive financial performance, and how these compare to the prior year to indicate the direction of current trends. As performance against the planning applications fee income budget is generally determined by the number of large applications resolved in the year (rather than the total number of applications received), and this distinction is not captured in the data available, this indicator is omitted from table 6.

Table 6 - Corporate financial health indicators – activity drivers

Indicator	Activity Measure	Performance 2024/25	Performance 2023/24	Percentage Movement	Direction of Trend
Leisure Centres Management Fee	Number of Leisure Centre visits	1,724,052	1,609,760	+7.1%	
Garden Waste Collection Service	Number of bin subscriptions	34,386	31,082	+10.6%	
Commercial Refuse & Recycling Service	Number of customers	1,044	1,062	-1.7%	
Car Parking Fees	Car park tickets sold / average ticket price sold	TBC / TBC	1,136,408 / £1.72	TBC / TBC	TBC
Parking Penalty Charge Notices	Number of PCNs issued	16,602	15,395	+7.8%	

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.9. The Council's revenue budget is funded primarily from Council Tax and Retained Business Rates income. The Council was notified by Central Government in February 2024 of the amount of New Homes Bonus, Services Grant and Funding Guarantee Grant it could expect to receive in 2024/25 and planned accordingly.
- 8.10. Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of other bodies. Each organisation has a share of the balance on the Collection Fund account. The Council repaid in this year its share of the Council Tax deficit for the prior year and received its share of the Business Rates Collection Fund surplus for the prior year, as estimated in January 2024. As reported previously, this was a contribution from the General Fund of £24k to the Council Tax Collection Fund and a contribution to the General Fund of £416k from the Business Rates Collection Fund. While the repayment of the Council Tax deficit amount of £24k is included in the funding total in table 7, the business rates surplus has been transferred to reserve and will be used to mitigate the impact of deficits recorded, and/or changes to the rates retention scheme, in future years. It is also reviewed as part of the Medium-Term Financial Strategy and budget process to assess whether it can be used to support the General Fund budget.

- 8.11. The Council's share of the Council Tax Collection Fund at the end of the year is a surplus balance of £132k. This represents a decrease of £12k on the forecast surplus of £144k estimated in January. The slight deterioration in the position in the final quarter will be incorporated in the calculation of the surplus/deficit position for 2025/26 and hence impact the level of Council Tax funding available in 2026/27. It is the forecast surplus of £144k that will be transferred from the General Fund to the Collection Fund in the next financial year and increase the amount of Council Tax funding available in 2025/26, as was shown in Appendix E to the Budget 2025/26 (revenue budget and investment strategy) report.
- 8.12. The Council receives a Council Tax Support Fund grant amount annually from Government to support the operation of the Council's Council Tax Reduction Scheme. While there is a restriction that the grant must only be used to fund the costs of a localised Council Tax support scheme to help low-income and vulnerable households, there is no condition on the grant received that requires unspent funding to be returned to the Government department (MHCLG). As such, at the end of the year, the accumulated amount of grant unspent has been transferred to an earmarked reserve, as shown in table 9 below. It is anticipated that the full balance held in reserve will be used in funding the cost of the Council Tax Reduction Scheme approved for 2025/26 Council Tax billing.
- 8.13. The Council's share of the Business Rates Collection Fund at the end of the year is an overall surplus balance of £2.404million. This represents an increase of £2.306million on the estimated surplus of £98k declared in the NNDR1 return submitted to Government in January. The increase in the surplus at the end of the year is primarily due to a reduction in the provision calculated to be required at the end of the year for the impact of business rates appeals. The provision amount has been calculated based on the experience to date following the most recent triennial Business Rates revaluation, effective from April 2023, with there now being only one year left for businesses to submit an appeal against their rating value. To this point, the number of appeals registered with the Valuation Office, as well as the value of refunds issued following successful appeals, has been much lower than previously estimated. Like the Council Tax Collection Fund, it is the forecast surplus amount of £98k that will be transferred to the General Fund in the next financial year.
- 8.14. The Council is also subject to a business rates levy from Central Government as it collects more in business rates than the baseline need determined by Central Government. In 2024/25 the Council is a member of the Hertfordshire Business Rates Pool with Hertfordshire County Council and two other Hertfordshire Local Authorities. The Pool was formed with the expectation that this should reduce the business rates levy amount otherwise payable at the end of the year, referred to as the 'pooling gain', though this would be dependent on the actual level of rates collected across the Pool authorities. Based on draft business rate returns shared with the consultants to the Pool at the end of May, the Council has accrued an amount of £701k for the cost of the levy contribution for 2024/25. If the accrued amount is ultimately the final levy contribution amount payable to the Pool, this would represent a pooling gain of £1.546million on the £2.247million business rates levy that would have been due to government if the Council was outside the business rates pool. The accrued levy contribution has been funded from the grant held in earmarked reserve and therefore has had a net zero impact on the General Fund balance at the end of the year.
- 8.15. The Council receives compensation in the form of a grant from Central Government for business rate reliefs introduced, which goes into our funds rather than the Collection Fund. The total grant amount receivable for 2024/25 is £5.340million, which includes an amount of £589k received as compensation for the Government's previous decisions to cap the increases in the business rates multiplier. The multiplier compensation is included in the funding total in table 7 below, with the rest of the grant received

transferred to reserve. Some of the amount held in reserve has been used to fund the business rates levy payable for this year, while a further £2.7 million has been used to top up the business rates income charged to the General Fund in 2024/25 to the baseline funding amount anticipated when the budget was set. In addition, as shown in table 7 below, £1.727million has been transferred from the reserve to the General Fund in 2024/25 to bridge the funding gap anticipated when the budget was set.

- 8.16. Table 7 below summarises the impact on the General Fund balance of the outturn position detailed in this report. It should be noted however that the accounts for 2024/25 are yet to be audited and changes to the General Fund balance may arise as a result of the final accounts audit.

Table 7 – General Fund impact

	Working Budget	Projected Outturn	Difference
	£k	£k	£k
Brought Forward balance (1st April 2024)	(14,057)	(14,057)	-
Net Expenditure	18,749	17,932	(817)
Funding (Council Tax, Business Rates, NHB, Services Grant, Funding Guarantee)	(18,229)	(18,229)	0
Funding from Reserves (including Business Rate Relief Grant)	(1,727)	(1,727)	0
Carried Forward balance (31st March 2025)	(15,264)	(16,081)	(817)

- 8.17. The minimum level of General Fund balance was determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types so, when they occur, they are reflected as budget variances (see table 4). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £1,060k, and at the end of the year a total of £528k has come to fruition. The identified risks realised in the final quarter relate to:

- Housing benefit overpayments bad debt provision - need to increase provision in light of the roll-out of Universal Credit, as explained in table 4 above - £182k.
- Increase in the net cost of recycling services - adverse changes in the market price for commodities and change in material composition, as highlighted in table 4 above - £47k.
- Costs associated with a challenge to a decision of the Council – legal costs incurred in relation to a public enquiry for a refused planning application (included in ‘other minor variances’ total in table 4 above) - £10k

Table 8 – Known financial risks

	£'000
Original allowance for known financial risks	1,060
Known financial risks realised in Quarter 1	(50)
Known financial risks realised in Quarter 2	(60)
Known financial risks realised in Quarter 3	(179)
Known financial risks realised in Quarter 4	(239)
Remaining allowance for known financial risks	532

EARMARKED RESERVES

8.18. The Council has a number of earmarked reserves, which have been used to fund revenue expenditure during the year. These are detailed in Table 9 below. A total of £6.998million has been contributed to the reserves in 2024/25 and a total of £5.992million has been transferred out of the reserves to the General Fund.

Table 9 – Earmarked Reserves

	Balance at 1 April 2024	Contributions to reserve	Transfers out from reserves	Balance at 31 March 2025
	£'000	£'000	£'000	£'000
Children's Services Reserve	10	0	(9)	1
Churchgate Development Reserve	123	0	(112)	11
Climate Change Grant Reserve	17	6	(3)	20
Council Tax Hardship Grant Reserve	0	269	0	269
Elections Admin Grant Reserve	67	54	0	121
Environmental Health Grants Reserve	118	10	(113)	15
Growth Area Fund Reserve	24	0	0	24
Homelessness Grants Reserve	398	80	(203)	275
Housing & Planning Delivery Reserve	691	231	(90)	832
Insurance Reserve	34	0	0	34
Land Charges Reserve	12	0	0	12
Leased Assets Reserve	0	63	0	63
Leisure Management Maintenance Reserve	308	0	(275)	33
MHCLG Grants Reserve	5,735	5,349	(4,862)	6,222
Museum Exhibits Reserve	14	0	0	14
Neighbourhood Plan Reserve	132	20	(31)	121
Paintings Conservation Reserve	11	0	0	11
Shared Prosperity Fund Grant Reserve	27	0	(27)	0
Street Name Plates	16	0	0	16
Syrian Refugee Project	737	136	(115)	758
Taxi Licences Reserve	11	0	0	11
Town Centre Maintenance	85	8	0	93
Traffic Regulation Orders	372	0	(5)	367
Waste Reserve	836	0	0	836
Waste Vehicles Reserve	2,456	722	0	3,178
Welfare Reform Grants Reserve	455	50	(147)	358
Total Revenue Reserves	12,689	6,998	(5,992)	13,695

9. LEGAL IMPLICATIONS

9.1. The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically, 5.7.8 of Cabinet's terms of reference state that it has remit "to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework". By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance of reserves.

- 9.2. The requirement for financial reserves is acknowledged in statute. Sections 31A, 32 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. The Chief Financial Officer is required to report on the robustness of the proposed financial reserves, under Section 25 of the Local Government Act 2003.
- 9.3. Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. This is a requirement of the Council Procedure Rules as set out in Part 4.4.1 (b) and 4.4.1 (k) of the Council's Constitution.
- 9.4. Council's terms of reference at paragraph 4.4.1 (dd) state that it will "determine those financial matters reserved to Council by the Financial Regulations". The Financial Regulations at paragraph 10.2 include that "[t]he creation and movements in reserves need to be formally approved by Full Council, which is incorporated in to Revenue Budget Outturn report."

10. FINANCIAL IMPLICATIONS

- 10.1. Members have been advised of any variations from the budgets in the body of this report and of any action taken by officers.
- 10.2. General Fund balance of £16.081million (table 7) is significantly above the recommended minimum balance of General Fund reserves of £2.46million agreed when the budget was set. The Statement of Accounts is however yet to be audited and changes to the General Fund balance may arise as a result of the final audit. As the Housing Benefit claim is also yet to be audited, the relevant values included in the reported outturn are based on un-audited figures.

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. As outlined in the body of the report. The process of quarterly monitoring to Cabinet is a control mechanism to help to mitigate the risk of unplanned overspending of the overall Council budget.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. For any individual new revenue investment proposal of £50k or more, or affecting more than two wards, a brief equality analysis is required to be carried out to demonstrate that the authority has taken full account of any negative, or positive, equalities implications; this will take place following agreement of the investment.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” policy do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. Although there are no direct human resource implications at this stage, care is taken to ensure that where efficiency proposals or service reviews may affect staff, appropriate communication and consultation is provided in line with HR policy.

16. APPENDICES

- 16.1. Appendix A - Significant Revenue Budget Variances in 2024/25.

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18. BACKGROUND PAPERS

- 18.1. None.