

TUESDAY, 16 JUNE 2026

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: REVENUE BUDGET OUTTURN 2025/26 (FINAL)**

REPORT OF: Director - Resources

EXECUTIVE MEMBER: Executive Member - Resources

COUNCIL PRIORITY: Sustainability;

**1. EXECUTIVE SUMMARY**

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 2025/26. The net outturn of £21.400million represents a £1.385million decrease from the net working budget of £22.785million, of which £618k is requested to be carried forward to fund specific activities in the next financial year, with an ongoing impact in future years of a £33k increase. Explanations for all the significant variances identified at Outturn are provided in table 4, while Appendix A provides a summary of the major changes to planned expenditure and income occurring over the financial year.

**2. RECOMMENDATIONS**

2.1 That Cabinet note this report.

2.2 That Cabinet approves a decrease of £1.385million in the 2025/26 net General Fund expenditure, as identified in section 8, to a total of £21.400million.

2.3 That Cabinet approves the changes to the 2026/27 General Fund budget, as identified in table 4 and paragraph 8.3, a total £651k increase in net expenditure

That Cabinet recommends to Council

2.4 That Council approves the net transfer from earmarked reserves, as identified in table 9, of £4.925million.

**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 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 15 May 2026.

#### 7. BACKGROUND

- 7.1 Council approved the revenue budget for 2025/26 of £22.914million in February 2025. As at the end of the financial year, the working budget has reduced to £22.785million. Table 1 below details the approved changes to this budget to get to the current working budget:

**Table 1 - Current Working Budget**

|  | <b>£k</b>     |
|--|---------------|
| Original Revenue Budget for 2025/26 approved by Full Council   | 22,914        |
| Quarter 3 2024/25 Revenue Budget Monitoring report – 2025/26 budget changes approved by Cabinet (March 2025)                           | 807           |
| 2024/25 Revenue Budget Outturn report – 2025/26 budget changes approved by Cabinet (June 2025)   | 202           |
| Churchgate Viability and Next Steps report – additional funding for a specialist Project Manager approved by Council (July 2025)       | 120           |
| First Quarter Revenue Budget Monitoring 2025/26 – working budget changes approved by Cabinet (September 2025)                          | 453           |
| Second Quarter Revenue Budget Monitoring 2025/26 – working budget changes approved by Cabinet (January 2026)                           | (846)         |
| Decarbonisation of Leisure Centres Contract Award – working budget changes resulting from the extended opening of the lidos (May 2025) | 37            |
| Third Quarter Revenue Budget Monitoring 2025/26 – working budget changes approved by Cabinet (April 2026)                              | (902)         |
| <b>Current Working Budget</b>  | <b>22,785</b> |

- 7.2 The Council was managed under Service Directorates during 2025/26. 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 2025/26.

**Table 2 – 2025/26 Service Directorate Budget Allocations**

|                             | Chief Executive | Customers    | Enterprise   | Environment  | Governance   | Place        | Regulatory   | Resources    | Total         |
|-----------------------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
|                             | £k              | £k           | £k           | £k           | £k           | £k           | £k           | £k           | £k            |
| <b>Original Budget</b>      | <b>1,030</b>    | <b>3,899</b> | <b>1,168</b> | <b>8,053</b> | <b>2,391</b> | <b>751</b>   | <b>2,706</b> | <b>2,916</b> | <b>22,914</b> |
| Q3 2024/25                  | 53              | 79           | 73           | 8            | 25           | 530          | 0            | 39           | <b>807</b>    |
| Outturn 2024/25             | 154             | (14)         | 41           | (253)        | 1            | 212          | 14           | 47           | <b>202</b>    |
| <b>Budget at April 2025</b> | <b>1,237</b>    | <b>3,964</b> | <b>1,282</b> | <b>7,808</b> | <b>2,417</b> | <b>1,493</b> | <b>2,720</b> | <b>3,002</b> | <b>23,923</b> |
| Q1 2025/26                  | (369)           | (8)          | (73)         | 892          | 43           | (140)        | (74)         | 182          | <b>453</b>    |
| Q2 2025/26                  | (119)           | 25           | (7)          | (97)         | 65           | (559)        | (18)         | (136)        | <b>(846)</b>  |
| Q3 2025/26                  | (389)           | (83)         | (77)         | (184)        | 2            | (297)        | (58)         | 184          | <b>(902)</b>  |
| Other Changes               | (552)           | 187          | (9)          | (49)         | 71           | 292          | 65           | 152          | <b>157</b>    |
| <b>Current Budget</b>       | <b>(192)</b>    | <b>4,085</b> | <b>1,116</b> | <b>8,370</b> | <b>2,598</b> | <b>789</b>   | <b>2,635</b> | <b>3,384</b> | <b>22,785</b> |

## 8. RELEVANT CONSIDERATIONS

- 8.1 Cabinet are asked to approve the net expenditure on the General Fund in 2025/26 of £21.400million (recommendation 2.2). This is a net decrease of £1.385million on the working budget of £22.785million. 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 - 2025/26 Revenue Outturn by Service Directorate**

| Directorate     | Net Direct Working Budget | Net Direct Outturn | (Under) / Overspend |
|-----------------|---------------------------|--------------------|---------------------|
| Chief Executive | (192)                     | (334)              | (142)               |
| Customers       | 4,085                     | 3,909              | (176)               |
| Enterprise      | 1,116                     | 1,091              | (25)                |
| Environment     | 8,370                     | 7,963              | (407)               |
| Governance      | 2,598                     | 2,580              | (18)                |
| Place           | 789                       | 682                | (107)               |
| Regulatory      | 2,635                     | 2,163              | (472)               |
| Resources       | 3,384                     | 3,346              | (38)                |
| <b>TOTAL</b>    | <b>22,785</b>             | <b>21,400</b>      | <b>(1,385)</b>      |

- 8.2 Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 4 below highlights and explains the most significant variances, which are generally more than £25k, identified at the end of the year. The final columns detail if there is expected to be an impact on next year's (2026/27) budget:

**Table 4 - Summary of significant variances**

| <b>Budget Area</b>   | <b>Working Budget</b> | <b>Outturn</b> | <b>Variance</b> | <b>Reason for difference</b>   | <b>Carry Forward Request</b> | <b>Estimated Impact on 2026/27</b> |
|--|-----------------------|----------------|-----------------|--|------------------------------|------------------------------------|
|  | <b>£k</b>             | <b>£k</b>      | <b>£k</b>       |  | <b>£k</b>                    | <b>£k</b>                          |
| <b>Chief Executive</b><br>Apprenticeship Scheme                | 283                   | 252            | (31)            | Two apprentices left their apprentice roles early after being appointed to permanent positions. It is requested that the resulting underspend be carried forward to support the recruitment of additional apprentices in the first quarter of the 2026/27 financial year.  | 31                           | 0                                  |
| <b>Chief Executive</b><br>Treasury Investments Interest Income | (2,000)               | (2,080)        | (80)            | Higher levels of cash balances available, due to the timing of capital expenditure occurring later than anticipated, was combined with a spike in interest rate returns accessible from lending to other Local Authorities during the final quarter.   | 0                            | 0                                  |
| <b>Chief Executive</b><br>Strategic Priorities Fund (SPF)      | 34                    | (10)           | (44)            | This fund was created to enable short-term investments in Council priorities. The requested carry forward will be used in 2026/27 for emerging opportunities and requirements, likely to include work to support Local Government Reorganisation, including back-fill requirements and our contribution towards joint work/ consultancy support.   | 34                           | 0                                  |
| <b>Customers</b><br>IT Support and Maintenance Expenditure     | 933                   | 823            | (110)           | Underspend relates to several planned projects to enhance business resilience and cyber security that were not completed within the financial year. Vacancies held during the year, as previously highlighted at Quarters One and Two, and the technical resource required to support the LGR programme, limited capacity to deliver the projects as planned. In addition, driven by huge global AI infrastructure demand, there has been a significant surge in hardware prices, which is challenging supply and delivery of the hardware required. With the staffing issues now addressed and these critical projects in progress, approval is requested for the carry forward of the unspent budget to finance completion in the next financial year. | 110                          | 0                                  |

| Budget Area  | Working Budget<br>£k | Outturn<br>£k | Variance<br>£k | Reason for difference  | Carry Forward Request<br>£k | Estimated Impact on 2026/27<br>£k |
|--|----------------------|---------------|----------------|--|-----------------------------|-----------------------------------|
| <b>Customers</b><br>Careline Equipment Expenditure             | 350                  | 284           | (66)           | Reduction in expenditure on the SIM cards used within Careline alarms follows the negotiation of new billing terms with the supplier during the year. The new terms offer increased flexibility in managing costs by removing the fixed charges included in the previous contract.   | 0                           | (60)                              |
| <b>Customers</b><br>Careline Service Desk Solution             | 25                   | 0             | (25)           | Having evaluated the option for a solution to be developed internally, the complexity of the system and the technical resource absorbed with supporting LGR has meant that the service desk solution for Careline call handling will need to be procured externally. It is requested that the allocated resource is carried forward into 2026/27 for the procurement of the new system.  | 25                          | 0                                 |
| <b>Enterprise</b><br>Hitchin Town Hall Events Income           | (150)                | (109)         | +41            | Staff vacancies and absence during the year limited capacity for planning and delivering events organised internally, which typically generate a higher level of return. Circumstances meant that the focus was instead on keeping the facility operational and open to external hire.   | 0                           | 0                                 |
| <b>Enterprise</b><br>Hitchin Town Hall Repairs and Maintenance | 61                   | 17            | (44)           | The works identified in the respective investment proposals for 2025/26, primarily the redecoration of the Lucas Room, hallway and Mountford Hall, did not go ahead as planned due to officer capacity and long-term absences within the team. It is expected that the works will now be carried out in the next financial year, with the unspent budget requested to be carried forward.  | 44                          | 0                                 |
| <b>Enterprise</b><br>Brotherhood Hall Repairs and Maintenance  | 30                   | 5             | (25)           | With the building currently unused, the lease of the hall is expected to be forfeited by the Council earlier than the lease expiry date. Under the terms of the lease the Council as tenant is required to bring the building back to its original condition and is therefore liable for any dilapidations identified. Negotiations are ongoing with the Letchworth Garden Heritage Foundation. The unspent maintenance budget is therefore requested to be carried forward to mitigate the financial impact of dilapidations agreed in the next financial year. | 25                          | 0                                 |

| Budget Area   | Working Budget | Outturn | Variance | Reason for difference   | Carry Forward Request | Estimated Impact on 2026/27 |
|---|----------------|---------|----------|---|-----------------------|-----------------------------|
|   | £k             | £k      | £k       |   | £k                    | £k                          |
| <b>Enterprise</b><br>Amenity Areas Lighting                                       | 17             | 11      | (6)      | Structural and electrical testing was undertaken of all lighting in parks and open spaces. This exercise identified a list of remedial works required. With the Surveyor post now filled, there is likely to be additional demand on the budget in the next financial year to meet the backlog of work. As such, the carry forward of the remaining budget is requested.  | 6                     | 0                           |
| <b>Environment</b><br>Directorate Staffing Costs                                  | 1,413          | 1,381   | (32)     | Underspend due primarily to vacancies held in the Waste Services Team and the Greenspace Management team. The focus on the delivery of the new Waste contract delayed recruitment to several posts, while a move to flexible retirement within the Greenspace Team reduced expenditure on salaries.   | 0                     | 0                           |
| <b>Environment</b><br>Green Space management – Historic Landfill Sites            | 56             | 0       | (56)     | Resource was identified in this financial year for the investigations and gas monitoring of two historic landfill sites situated on Council owned green space at Walsworth Common and Cadwell Lane Playing Fields. Historic landfill sites such as these pre-date environmental regulations and therefore we only hold limited information on them. Historic landfill sites either never had, or no longer have, a permit or licence and the position of the Environment Agency, as the regulatory authority in this instance, is that they are the responsibility of the landowner. Limited investigations have previously taken place at the sites, and the Council is now undertaking further monitoring and investigations to ensure it continues to meet its responsibilities as landowner. The carry forward of the budget is requested to meet the costs of these works. | 56                    | 0                           |
| <b>Environment</b><br>Green Space Management – Commuted Sums contributions income | (25)           | (17)    | +8       | Commutated sums contributions income has reduced over recent years, with the outturn representing contributions to greenspace maintenance at only two developments in 25/26. Developers have taken the option to set up their own management companies to own and manage the greenspace privately, rather than transfer management responsibility to the Council and incur the cost of a commuted sum contribution.   | 0                     | 23                          |

| Budget Area   | Working Budget<br>£k | Outturn<br>£k | Variance<br>£k | Reason for difference   | Carry Forward Request<br>£k | Estimated Impact on 2026/27<br>£k |
|---|----------------------|---------------|----------------|---|-----------------------------|-----------------------------------|
| <b>Environment</b><br>Green Space Management - Repair of the balancing pond at Purwell Meadows, Hitchin | 20                   | 6             | (14)           | Investigation works have been undertaken during the year. It is requested that the unspent revenue investment budget is carried forward to finance the progress of recommendations from the investigations report.  | 14                          | 0                                 |
| <b>Environment</b><br>Income from Burials   | (319)                | (279)         | +40            | As previously highlighted and explained at Quarter Three, the trend apparent across the industry away from full body burials to cremations continued in the final quarter of the financial year. The Council only receives income from cremations if the family choose to purchase a grave space or a memorial tree within a North Herts Cemetery.  | 0                           | 40                                |
| <b>Environment</b><br>Community Wellbeing Projects expenditure  | 34                   | 23            | (11)           | During 2025/26, knowing that the external funding for our creative wellbeing, cooking and exercise programmes was coming to an end, delegated decision approval was obtained to introduce low-cost charges for our services, on the basis that these charges would directly support the future continuation of those services in the absence of external grants. This followed requests from service users asking to financially contribute rather than have services removed if they could not be provided free of charge. It is therefore requested that the unspent expenditure budget funded from service user contributions is carried forward to support Wellbeing programmes in the next financial year. | 11                          | 0                                 |
| <b>Environment</b><br>Leisure Centre Management Contract Income   | (196)                | (321)         | (125)          | Two one-week closures at Hitchin and Letchworth Leisure Centres originally anticipated in 2025/26 are now scheduled for 2026/27, following the delay to the delivery of the Leisure Centres Decarbonisation project (as detailed in the Capital End of Year Review 2025/26 report). The impact of the closures will therefore reduce the management fee receivable under the terms of the Leisure and Active Communities contract in the next financial year, with the corresponding budget provision requested to be carried forward accordingly.  | 125                         | 0                                 |

| Budget Area  | Working Budget | Outturn | Variance | Reason for difference  | Carry Forward Request | Estimated Impact on 2026/27 |
|--|----------------|---------|----------|--|-----------------------|-----------------------------|
|  | £k             | £k      | £k       |  | £k                    | £k                          |
| <b>Environment</b><br>Leisure Income in advance                                  | 0              | (30)    | (30)     | Prior to going in to liquidation Stevenage Leisure did not pass on the income in advance that they had received to Everyone Active. Under the contract, liability to make this payment then fell to the Council. The initial estimate was that the payment would need to include VAT. Ultimately that was not the case so this releases that over-estimate to the General Fund.                                | 0                     | 0                           |
| <b>Environment</b><br>Waste Services – replacement bins income                   | (56)           | (4)     | +52      | Demand for replacement bins has been lower than anticipated as existing bins are lasting longer, with many residents repairing bins themselves or utilising the Council's free wheel and lid repair service. Alongside the benefit of reducing plastic waste, this trend should also help reduce pressure on the Council's capital expenditure allocations for the purchase of new bins.                       | 0                     | 52                          |
| <b>Environment</b><br>Haulage and processing of dry recyclates                   | 517            | 363     | (154)    | Underspend is due to both the inclusion of soft plastics within the new materials processing contract, which has removed the additional spend previously incurred in managing this waste stream separately, and the sale prices achieved for the recyclable materials collected being higher than anticipated.   | 0                     | 0                           |
| <b>Environment</b><br>Waste, Recycling and Street Cleansing Contract expenditure | 7,021          | 6,944   | (77)     | Underspend is primarily due to lower levels of contract variation orders undertaken by the contractor than forecast, with demand for these activities not materialising as anticipated. This is typical for the first year of a new contract, where estimates are based on historic data and prudent assumptions. Actual volumes will continue to be monitored with forecasts refined as demand trends emerge. | 0                     | 0                           |
| <b>Governance</b><br>Community Forums Grants Expenditure                         | 63             | 55      | (8)      | It is requested that the balance of Community Forum grant budget not awarded in 25/26 is carried forward to 2026/27.   | 8                     | 0                           |

| Budget Area   | Working Budget<br>£k | Outturn<br>£k | Variance<br>£k | Reason for difference   | Carry Forward Request<br>£k | Estimated Impact on 2026/27<br>£k |
|---|----------------------|---------------|----------------|---|-----------------------------|-----------------------------------|
| <b>Place</b><br>Directorate Staffing Costs          | 3,526                | 3,481         | (45)           | Underspend on Place salaries due to vacancies held within the directorate. The Planning Service relies on temporary staff and contractors to help cover vacant posts and provide additional capacity. These roles are often paid for using salary lag from vacant permanent posts. As contractors typically cost more than permanent staff, the carry forward of the salary budget underspend is therefore requested to help fund the cost of temporary staff in the next financial year.   | 45                          | 0                                 |
| <b>Place</b><br>Parking Lines and Signs Maintenance | 51                   | 34            | (17)           | Spend against the ongoing monitoring programme of lines and signs relating to parking restrictions to ensure compliance for enforcement purposes can vary depending on resources and pro-active review. We are now in a period of active review so the spend in 2026/27 is expected to be higher than the budget provision in next year. The unspent budget in 2025/26 is therefore requested to be carried forward to ensure there is sufficient funding to undertake such reviews and arrange the maintenance or replacement necessary.   | 17                          | 0                                 |
| <b>Place</b><br>Car Parking Cash Collection         | 32                   | (17)          | (49)           | Negative expenditure outturn is due to the over-accrual of the estimated outstanding liability for cash collections at the end of the prior financial year 2024/25. The actual number of collections undertaken was significantly lower than assumed, while the cash processing fee was lower than anticipated as the amount of cash collected reduced with more users paying for their parking via the alternative cashless means available. The lower level of collections and cash collected has continued in the current year, with the annual budget recommended to be adjusted accordingly. | 0                           | (17)                              |
| <b>Place</b><br>Car Parking PCN Income              | (573)                | (927)         | (354)          | The higher than anticipated level of PCN activity is attributed to a lower level of turnover of Civil Enforcement Officers in the parking team in 2025/26. This has meant more staff patrolling across the District to ensure motorists are parking safely and in compliance with the relevant highway restrictions.  | 0                           | 0                                 |

| Budget Area   | Working Budget<br>£k | Outturn<br>£k | Variance<br>£k | Reason for difference   | Carry Forward Request<br>£k | Estimated Impact on 2026/27<br>£k |
|---|----------------------|---------------|----------------|---|-----------------------------|-----------------------------------|
| <b>Place</b><br>Car Parking PCN Income – Contribution to bad debt provision | 162                  | 372           | +210           | Higher levels of PCN activity over the last several years has contributed to the increase in the calculated contribution required to the bad debt provision at the end of this financial year. The suspension of income recovery during the transition to the new financial system also affected the age profile of the outstanding debt, with greater provision required for debts aging over that period to recognise the increased risk of non-collection. | 0                           | 0                                 |
| <b>Place</b><br>Town Centres Strategy                                       | 49                   | 31            | (18)           | The consultation on the draft Town Centres Strategy was completed in late January 2026. Subsequent turnover in staff has delayed progress on the strategy, with officers currently considering alternative resourcing options. It is therefore requested that the remaining budget is carried forward to fund progress in the next financial year, with the Town Centres Strategy anticipated to be ready for possible adoption in the autumn.                | 18                          | 0                                 |
| <b>Place</b><br>Hitchin Station Eastern Access Project                      | 28                   | 3             | (25)           | The Council is working in partnership with Hertfordshire County Council and Network Rail on the Hitchin Station Eastern Access project. A feasibility study has been prepared on possible options. Officers are currently waiting on responses from Network Rail to the study. The remaining budget is requested to be carried forward to fund any further work required in the next financial year.  | 25                          | 0                                 |
| <b>Place</b><br>Local Plan Development Expenditure                          | 67                   | 49            | (18)           | There was a slight delay in the Housing and the Economic studies that meant only the drafts had been prepared by March 2026. The last milestone payments have therefore slipped into 2026/27, with the carry forward of the corresponding budget requested accordingly.   | 18                          | 0                                 |

| Budget Area  | Working Budget<br>£k | Outturn<br>£k | Variance<br>£k | Reason for difference  | Carry Forward Request<br>£k | Estimated Impact on 2026/27<br>£k |
|--|----------------------|---------------|----------------|--|-----------------------------|-----------------------------------|
| <b>Place</b><br>Local Plan Development – Government Grant Income           | 0                    | (108)         | (108)          | New Local Plan regulations have come into effect that set out a new plan making system. Government grant funding has been successfully applied for, with North Herts committing to bringing forward early a Local Plan through the new system. The grant funding is intended to support North Herts to ensure good progress. The funding will be spent on increasing staff capacity to meet the strict timetables and milestones for preparing a faster plan as required by the funding. It is requested that the grant amount is transferred to reserve to be drawn down in future years as the development of the Local Plan progresses. | 0                           | 0                                 |
| Transfer to Planning Earmarked Reserve                                     | 0                    | 108           | +108           |  | 0                           | 0                                 |
| <b>Place</b><br>Development Control – Planning Applications Fees Income    | (1,315)              | (1,176)       | +139           | Shortfall in income follows the accounting adjustment posted at the end of the year end to ensure the income outturn captures income receipts from only those planning applications that have been resolved on or before the 31 <sup>st</sup> March 2026. This adjustment was larger than anticipated as it included some large applications originally received in 2024/25, which were still outstanding due to their complexity.   | 0                           | 0                                 |
| <b>Place</b><br>Development Control – Legal and Consultants expenditure    | 84                   | 118           | +34            | Further costs incurred in the final quarter relate to two planning appeals, one of which was a hearing relating to the refusal of planning permission for a Traveller and Gypsy site at Pulmer Water, and the other a Public Inquiry following the refusal, contrary to officer recommendation, of planning permission for 280 dwellings at Barkway Road, Royston. Costs associated with a challenge to a decision of the Council was identified as a financial risk when the budget was approved in February 2025.  | 0                           | 0                                 |
| <b>Regulatory</b><br>Environmental Crime Enforcement – Equipment Purchases | 5                    | 0             | (5)            | Income from Environmental Crime fixed penalty notices in 2025/26 exceeded the budgeted level. The service had planned to reinvest this additional income in the purchase of drones and associated staff training, at an estimated cost of around £5k. This expenditure was delayed due to staffing constraints within the Licensing and Community Safety team. It is therefore requested that the unspent budget be carried forward to cover the cost of the drones and associated training in 2026/27.  | 5                           | 0                                 |

| Budget Area   | Working Budget<br>£k | Outturn<br>£k | Variance<br>£k | Reason for difference   | Carry Forward Request<br>£k | Estimated Impact on 2026/27<br>£k |
|---|----------------------|---------------|----------------|---|-----------------------------|-----------------------------------|
| <b>Regulatory</b><br>Contribution to the CCTV Partnership     | 110                  | 78            | (32)           | The lower level of contribution follows confirmation from Stevenage Borough Council that the Hertfordshire CCTV partnership reported an outturn underspend for 25/26. The underspend variance was primarily the result of additional income that is generated from services provided and charged to the other Councils.   | 0                           | 0                                 |
| <b>Regulatory</b><br>Housing Services Staffing Costs          | 1,085                | 548           | (537)          | The £537k underspend on salaries follows the application of ringfenced homelessness grant to fund salary costs in 2025/26, in place of the original salary base budget provision. This means that the Council has met the MHCLG's conditions for use of the grant funding in the financial year 2025/26, whilst the transfer to earmarked reserve retains the funding for various multi-year schemes to help local people in housing need in future years.  | 0                           | 0                                 |
| Contribution to Housing Earmarked Reserve                     | 0                    | 537           | +537           |   | 0                           | 0                                 |
| <b>Regulatory</b><br>Housing Services Government Grant Income | (125)                | (520)         | (395)          | Variance represents the Asylum Dispersal Grant awarded by the Home Office to support the Council with the financial impact arising from asylum seeker accommodation within North Hertfordshire. Home Office guidance states that any Council service affected by asylum accommodation in the district is eligible to benefit from this funding. Accurately assessing the specific financial impact on each service area would require significant officer time, hence the total grant funding received up to 31st March 2026 has been charged under this heading in the General Fund. | 0                           | 0                                 |
| <b>Resources</b><br>Corporate Training Expenditure            | 45                   | 29            | (16)           | Underspend on corporate training comprises several minor variances within Learning and Development budget headings. There has been a rise in departmental requests for training to be funded from this budget. Requests already received for the 2026/27 financial year are equivalent to the full 2026/27 base budget. It is therefore requested that the Learning and Development underspend from 2025/26 be carried forward to ensure sufficient funding is available to meet further requests expected to be submitted during the 2026/27 financial year.                         | 16                          | 0                                 |

| Budget Area   | Working Budget | Outturn       | Variance       | Reason for difference  | Carry Forward Request | Estimated Impact on 2026/27 |
|---|----------------|---------------|----------------|--|-----------------------|-----------------------------|
|   | £k             | £k            | £k             |  | £k                    | £k                          |
| <b>Resources</b><br>Contribution to Sales Ledger Bad Debt Provision | 10             | 60            | +50            | Increase in contribution at the end of this year is attributed to the suspension of income recovery during the transition to the new financial system in 2024/25. This meant an increase in the level of outstanding debt at the end of 2024/25, with aging debt requiring a greater level of provision as the risk of non-collection increases over time. The level of new (1-3 months old) debt has reduced from the prior year, which shows that recovery is now having an impact, with the debt position expected to improve in 2026/27. | 0                     | 0                           |
| <b>Resources</b><br>Summons Fees Income                             | (135)          | (94)          | +41            | Income shortfall follows the cancellation of the court hearing scheduled to take place in March, due to an issue with the production of the summons template. This issue has since been resolved, with the next court date booked for July.  | 0                     | 0                           |
| <b>Total of explained variances</b>                                 | <b>11,217</b>  | <b>9,920</b>  | <b>(1,297)</b> |  | <b>633</b>            | <b>38</b>                   |
| Other minor balances  | 11,568         | 11,480        | (88)           |  | (15)                  | (5)                         |
| <b>Overall Total</b>  | <b>22,785</b>  | <b>21,400</b> | <b>(1,385)</b> |  | <b>618</b>            | <b>33</b>                   |

8.3 Cabinet are asked to approve the estimated impact on the 2026/27 budget, an overall increase in budget of £651k (recommendation 2.3), which comprises:

- £618k of budget carry-forwards from 2025/26 to 2026/27 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 £1.884million, after including those reported and approved at Quarters One, Two and Three.
- £33k increase in budget to reflect the estimated net impact in 2026/27 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 2025/26 (and therefore working budget) included efficiencies totalling £1.341million, which were agreed by Council in February 2025. At the end of the year a net total of £1.379million of efficiencies have been achieved in 2025/26, representing a net overachievement of planned efficiencies of £38k and matches the forecast at the end of Quarter Three.

8.5 The working budget for 2025/26 included budgets totalling £1.682million 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 2024/25 but was

delayed into 2025/26. At Quarter Three, it was forecast that £710k of the budget carried forward would not be spent in this year. At the end of the financial year £801k of the budget carried forward has not been spent. The increase of £91k relates to budgets carried forward for:

- Strategic Priorities Fund. £34k of the £69k budget carried forward was not spent in this year, as highlighted in table four above.
- Supplementary Planning documents. £69k (further reduction of £7k from the original £83k requested to be carried forward at Quarter Two and the reduction of £7k reported at Quarter Three) of the £135k budget carried forward was unspent at the end of the year. The £7k increase in spend in this financial year compared to the forecast at Quarter Three and the corresponding reduction in the carry forward budget is included in the 'other minor variances' totals in table four above.
- Local Plan review. A total of £95k (an increase of £18k from the forecast at Quarter Three) of the £186k carried forward was not spent in this year, as highlighted and explained in table four above.
- Transport policy projects and initiatives. Underspend reported in table four above of £25k on the budget carried forward for the Hitchin Station Eastern Access project means that an total £81k of the £84k budget carried forward for various transport schemes was unspent this year.
- Town Centres Strategy. A total of £88k (an increase of £18k from the forecast of £70k at Quarter Two) of the £119k budget carried forward was not spent, as explained in table four above.
- Parking Lines and Signs. £1k of the £35k budget carried forward was not spent during the year, as highlighted in table four above.
- Letchworth Multistorey Car Park lighting. £2k of the £25 carry forward budget was not spent in this financial year, which is included in the 'other minor variances' total in table four above.

8.6 Six corporate 'financial health' indicators were identified in relation to key sources of income for the Council in 2025/26. 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, two of the indicators are red and four are green. The status of each indicator is unchanged from that reported at the end of Quarter Three.

**Table 5 - Corporate financial health indicators**

| Indicator   | Status | Original Budget<br>£k | Outturn<br>£k | Variance<br>£k |
|---|--------|-----------------------|---------------|----------------|
| Leisure Centres Management Fee Income                                 | Red    | (714)                 | (321)         | +393           |
| Garden Waste Collection Service Subscriptions                         | Green  | (1,622)               | (1,633)       | (11)           |
| Commercial Refuse & Recycling Service Income                          | Red    | (1,267)               | (1,258)       | +9             |
| Planning Application Fees (including fees for pre-application advice) | Green  | (1,188)               | (1,353)       | (165)          |
| Car Parking Fees  | Green  | (1,978)               | (2,007)       | (29)           |
| Parking Penalty Charge Notices (PCNs)                                 | Green  | (573)                 | (927)         | (354)          |

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 2025/26 | Performance 2024/25 | Percentage Movement | Direction of Trend  |
|---------------------------------------|---|---------------------|---------------------|---------------------|---|
| Leisure Centres Management Fee        | Number of Leisure Centre visits                   | 1,558,505           | 1,724,052           | -9.6%               |  |
| Garden Waste Collection Service       | Number of bin subscriptions                       | 32,706              | 34,386              | -4.9%               |  |
| Commercial Refuse & Recycling Service | Number of customers                               | 992                 | 1,044               | -5.0%               |  |
| Car Parking Fees                      | Car park tickets sold / average ticket price sold | 1,204,898 / £1.76   | 1,151,503 / £1.79   | +4.6% / -1.7%       |  |
| Parking Penalty Charge Notices        | Number of PCNs issued                             | 18,991              | 16,602              | +14.4%              |  |

## **FUNDING, RISK AND GENERAL FUND BALANCE**

- 8.9 The Council's revenue budget is funded primarily from Council Tax and Retained Business Rates income. In November 2024, central government guaranteed an amount of Extended Producer Responsibility (EPR) funding in 2025/26. The Council was subsequently notified by Central Government in February 2025 of the amount of New Homes Bonus, Employer National Insurance Contributions Grant and Funding Guarantee Grant it could expect to receive in 2025/26 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 must repay in this year its share of the Council Tax deficit for the prior year and will receive in this year its share of the Business Rates Collection Fund surplus for the prior year, as estimated in January 2025. As reported previously, this means a contribution from the Council Tax Collection Fund to the General Fund of £144k and a contribution to the General Fund of £98k from the Business Rates Collection Fund. While the transfer of the Council Tax surplus amount of £144k is included in the funding total in table 7 below, 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 (MTFS) 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 is a surplus balance of £252k at the end of the financial year. This represents an increase of £1k on the forecast surplus of £251k estimated in January. The forecast surplus of £251k will be transferred from the Collection Fund to the General Fund in the next financial year and this will therefore increase the amount of Council Tax funding available in 2026/27, as was shown in Appendix E to the Budget 2026/27 report. The £1k improvement in the position in the final quarter will be incorporated in the calculation of the surplus/deficit position for 2026/27 and hence impact slightly the level of Council Tax funding available in 2027/28.
- 8.12 The Council's share of the Business Rates Collection Fund at the end of the year is an overall surplus of £2.623m. This represents a decrease of £203k on the estimated surplus of £2.826million declared in the NNDR1 return submitted to Government in January. The decrease in the surplus is primarily due to the calculated contribution required to the bad debt provision at the end of the year being higher than estimated. This is indicative of the higher level of debt outstanding at the end of the year, with the recovery of NNDR income subject to the same issues as those described in the explanation of the increase in the contribution to the sales ledger bad debt provision in table 4 above. Like the Council Tax Collection Fund, it is the forecast surplus of £2.826million that will be transferred from the Collection Fund to the General Fund in the next financial year.
- 8.13 The Council is also subject to a business rates levy from Central Government where it collects more in business rates than the baseline determined by Central Government. The Council's business rates levy liability for 2025/26 is £1.159million. This amount has been funded from the grant held in reserve and as such has a net zero impact on the General Fund balance at the end of the year.

- 8.14 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 amount of grant receivable for reliefs in 2025/26 is £4.562m, which includes an amount of £620k 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 £1.4million has been used to top up the business rates income charged to the General Fund in 2025/26 to the baseline funding amount anticipated when the budget was set. In addition, as shown in table 7 below, £2.861million has been transferred from the reserve to the General Fund in 2025/26 to bridge the funding gap anticipated when the budget was set.
- 8.15 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 2025/26 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**

|  | <b>Working Budget</b> | <b>Outturn</b>  | <b>Difference</b> |
|--|-----------------------|-----------------|-------------------|
|  | <b>£k</b>             | <b>£k</b>       | <b>£k</b>         |
| <b>Brought Forward balance (1<sup>st</sup> April 2025)</b>               | <b>(16,067)</b>       | <b>(16,067)</b> | <b>-</b>          |
| Net Expenditure  | 22,785                | 21,400          | (1,385)           |
| Funding (Council Tax, Business Rates, EPR, NHB, ENIC, Funding Guarantee) | (20,365)              | (20,365)        | -                 |
| Funding from Reserves (including Business Rate Relief Grant)             | (2,861)               | (2,861)         | -                 |
| <b>Carried Forward balance (31<sup>st</sup> March 2026)</b>              | <b>(16,508)</b>       | <b>(17,893)</b> | <b>(1,385)</b>    |

- 8.16 The minimum level of General Fund balance is 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 3). 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 £1,077k, and at the end of the financial year a total of £1,618k has come to fruition. The identified risk realised in the final quarter related to:
- Costs associated with a challenge to a Planning Committee decision, as highlighted and explained in table 4 above - £34k.

**Table 8 – Known financial risks.**

|  | <b>£'000</b> |
|--|--------------|
| <b>Original allowance for known financial risks</b>  | <b>1,077</b> |
| Known financial risks realised in Quarter 1          | (1,298)      |
| Known financial risks realised in Quarter 2          | (67)         |
| Known financial risks realised in Quarter 3          | (219)        |
| Known financial risks realised in Quarter 4          | (34)         |
| <b>Remaining allowance for known financial risks</b> | <b>(518)</b> |

**EARMARKED RESERVES**

8.17 The Council has a number of earmarked reserves, which have been used to fund revenue expenditure during the year. The purpose of each reserve was detailed in the Budget Report. The value of transfers during the financial year are shown in Table 9 below. A total of £5.113million has been contributed to the reserves in 2025/26 and a total of £10.038million has been transferred out of the reserves to the General Fund.

**Table 9 – Earmarked Reserves**

|  | <b>Balance at 1 April 2025</b> | <b>Contributions to reserve</b> | <b>Transfers out from reserve</b> | <b>Balance at 31 March 2026</b> |
|--|--------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|  | <b>£'000</b>                   | <b>£'000</b>                    | <b>£'000</b>                      | <b>£'000</b>                    |
| Children's Services Reserve            | 1                              | 0                               | (1)                               | 0                               |
| Churchgate Development Reserve         | 11                             | 24                              | (35)                              | 0                               |
| Climate Change Grant Reserve           | 20                             | 0                               | (3)                               | 17                              |
| Council Tax Hardship Grant Reserve     | 269                            | 0                               | (9)                               | 260                             |
| Elections Admin Grant Reserve          | 121                            | 0                               | (33)                              | 88                              |
| Environmental Health Grants Reserve    | 15                             | 66                              | (8)                               | 73                              |
| Growth Area Fund Reserve               | 24                             | 0                               | 0                                 | 24                              |
| Homelessness Grants Reserve            | 275                            | 586                             | (115)                             | 746                             |
| Housing & Planning Delivery Reserve    | 832                            | 288                             | (148)                             | 972                             |
| Insurance Reserve                      | 34                             | 0                               | 0                                 | 34                              |
| Land Charges Reserve                   | 12                             | 21                              | 0                                 | 33                              |
| Leased Assets Reserve                  | 63                             | 0                               | 0                                 | 63                              |
| Leisure Management Maintenance Reserve | 33                             | 0                               | 0                                 | 33                              |
| MHCLG Grants Reserve                   | 6,227                          | 3,942                           | (5,381)                           | 4,788                           |
| Museum Exhibits Reserve                | 14                             | 0                               | 0                                 | 14                              |
| Neighbourhood Plan Reserve             | 121                            | 20                              | (40)                              | 101                             |
| Paintings Conservation Reserve         | 11                             | 0                               | 0                                 | 11                              |
| Shared Prosperity Fund Grant Reserve   | 0                              | 19                              | (13)                              | 6                               |
| Street Name Plates                     | 16                             | 0                               | 0                                 | 16                              |
| Syrian Refugee Project                 | 758                            | 85                              | (49)                              | 794                             |
| Taxi Licences Reserve                  | 11                             | 0                               | 0                                 | 11                              |
| Town Centre Maintenance                | 93                             | 8                               | 0                                 | 101                             |
| Traffic Regulation Orders              | 367                            | 0                               | (12)                              | 355                             |
| Waste Reserve                          | 836                            | 0                               | (836)                             | 0                               |
| Waste Vehicles Reserve                 | 3,178                          | 0                               | (3,178)                           | 0                               |
| Welfare Reform Grants Reserve          | 358                            | 54                              | (177)                             | 235                             |
| <b>Total Revenue Reserves</b>          | <b>13,700</b>                  | <b>5,113</b>                    | <b>(10,038)</b>                   | <b>8,775</b>                    |

## **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.

## **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” requirements 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 2025/26

## **17. CONTACT OFFICERS**

|                            |   |  |
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## **18. BACKGROUND PAPERS**

- 18.1 None