

East Herts Council Report

Leadership Team Meeting

Date of meeting: Tuesday 20 May 2025

Report by: Councillor Carl Brittain – Executive Member for Financial Sustainability

Report title: Provisional Outturn 2023/24 & 2023/24 Draft Statement of Accounts

Ward(s) affected: (All Wards);

Summary – This report presents the provisional outturn for the General Fund Revenue Budget and the Capital programme outturn for 2023/24 financial year. The outturn remains provisional as the figures are subject to external audit.

Also presented is the 2023/24 draft Statement of Accounts.

RECOMMENDATIONS FOR AUDIT & GOVERNANCE COMMITTEE:

- a) Note the general fund revenue outturn of £224k underspend to be transferred to the general reserve; and
- b) Note the capital outturn position; and
- c) Receive the 2023/24 draft statement of accounts.

1.0 Proposal(s)

- 1.1 To advise members on the general fund revenue outturn for 2023/24 and provide explanations for significant variances against approved budgets.
- 1.2 To advise members of the final capital outturn position and financing arrangements for the 2023/24 capital programme.
- 1.3 To provide the 2023/24 draft statement of accounts.

2.0 Background

2.1 Officers acknowledge the significant delay in presenting this report to members. This delay has been caused by the ongoing audit of the 2021/22 and 2022/23 Statement of Accounts, capacity within the finance team, a review of all aged debt and reviews of Councils accounting policies (specifically Minimum revenue Provision (MRP) and capitalisation of Interest).

2.2 At the Audit and Governance Committee meeting on 22nd April 2025, the external auditors (Ernst & Young) presented their completion report for 2021/22 and 2022/23, which has concluded the outstanding audits. A number of statutory recommendations were included in the report received. Within the completion report, Leadership Team have outlined the steps that will be taken to resolve these recommendations.

2.3 The reviews mentioned in paragraph 2.1 were undertaken in Q3 & Q4 2024/25. The impacts of these are included in the 2023/24 accounts.

2.3 The deadline for the draft 2024/25 Statement of Accounts is 30th June 2025, the provisional outturn for 2024/25 and draft statement of accounts will be presented to Audit and Governance Committee at the September 2025 meeting.

3.0 Reason(s)

Revenue

3.1 An underspend of £224k is reported against the 2023/24 revenue budget. This is summarised in table 1. It is recommended that this is transferred to the general fund, to mitigate overspends in future year.

Table 1: Summarised 2023/24 Outturn Position

	2023/24 Original Budget	2023/24 Outturn	Variance
	£'000	£'000	£'000
Net Cost of Services	17,230	18,530	1,300
Corporate Budgets	1,023	(194)	(1,217)
Net (use)/Transfer to Reserves	(818)	2,223	3,041
Funding	(5,322)	(8,670)	(3,348)
Council Tax	(12,113)	(12,113)	-
2023/24 Underspend		(224)	(224)

3.2 Details on the significant variances against the 2023/24 revenue budget are shown in Appendix A.

3.3 The reserve position of the Council as at 31 March 2024, is shown in Table 2. Appendix A provides further details:

Table 2: 2023/24 General & Earmarked reserve position

Usable reserves	£'000
General Fund	3,854
Earmarked reserves	22,015
Capital grants unapplied	189
Total as at 31 March 2024	26,058

The calculated minimum level of general fund balance is £3.3m, as at 31 March 2024 the Council's general fund balance was £3.854m, this is set aside to meet unforeseen risks. As per the table above the earmarked reserves are £22m, these are set aside to for specific purposes or are required to provide risk finance.

Capital

3.4 The progress of the capital programme has been reported to Audit and Governance Committee throughout the year as part of the budget monitoring process. Capital Expenditure in 2023/24 was £25.6m, against a budget of £36.5m as set out in table 3.

Table 3: 2023/24 Capital Outturn & budget carry forwards to 2024/25

	2023/24 Revised budget	2023/24 Outturn	Variance
	£'000	£'000	£'000
Land & Buildings	30,137	21,910	(8,227)
Vehicles & Equipment	1,363	152	(1,211)
Community Assets	2,927	1,615	(1,312)
REFCUS	238	33	(205)
Grants	1,850	1,850	-
Capitalisation of interest	-	1,017	1,017
Total	36,515	26,577	(9,938)

3.5 An underspend of £9.938m is reported in respect of 2023/24. This is due to reprofiling of capital budgets undertaken as part of 2024/25 budget setting.

3.6 A new accounting policy was approved by Audit & Governance Committee in February 2025, regarding the capitalisation of interest in relation to assets under construction. This change in accounting policy has been retrospectively applied to the 2023/24 accounts, and the interest amounts capitalised are included in the 2023/24 outturn in paragraph 3.4.

3.7 The 2023/24 capital programme has been financed from the following sources:

Table 4: 2023/24 Capital Financing

	£'000
Capital Receipts	1,615
Third party contributions	1,608
Government grants	1,850
External borrowing	21,471
Revenue	33
Total	26,577

2023/24 Draft Statement of Accounts

3.8 The 2023/24 draft Statement of Accounts are included as Appendix B. The delay in publishing the accounts is due to the ongoing audits of the 2021/22 and

2022/23 Accounts, which were finalised in April 2025. A review of the Councils MRP (Minimum Revenue Provision) policy and Capitalisation of Interest were undertaken in 2024/25 by ArlingClose (The Councils treasury advisors). The impact of these reviews are included in the 2023/24 draft Statement of Accounts

3.9 The 2023/24 Statement of Accounts are available on the Councils website, and currently in a period of public inspection. This is due to complete on 13th June 2025. After this point the Councils external Auditors (Azets) will work with officers to complete the 2023/24 Audit.

4.0 Options

4.1 the Executive can choose to transfer the underspend to an earmarked reserve rather than the general reserve.

4.2 The Executive can choose not to carry forward capital budgets although this would cause budget shortfalls and overspends on major projects that span financial years. This is not recommended.

5.0 Risks

5.1 The statement of accounts and provisional outturn position are subject to external audit and there is a risk that the accounts will need to be adjusted, which may affect the outturn position.

6.0 Implications/Consultations

6.1

Community Safety

None arising directly from this report.

Data Protection

None arising directly from this report.

Equalities

None arising directly from this report.

Environmental Sustainability

None arising directly from this report.

Financial

All financial implications are included in the report.

Health and Safety

None arising directly from this report.

Human Resources

None arising directly from this report.

Human Rights

None arising directly from this report.

Legal

Regular monitoring and forecasting of the budget and capital programme are required to ensure that the Council is managing its resources effectively and complies with section 28 of the Local Government Act 2003 and The Councils Financial Procedure Rules.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1

Appendix A	2023/24 Revenue outturn Position
Appendix B	2023/24 Draft Statement of Accounts

Contact Member

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