

East Herts Council Report

Executive

Date of meeting: Tuesday, 7 October 2025

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

Report title: Provisional Outturn 2024/25 & Draft Statement of Accounts 2024/25

Ward(s) affected: (All Wards);

Summary – This report presents the provisional outturn for the General Fund Revenue Budget and the Capital programme outturn for the 2024/25 financial year. The outturn remains provisional as the figures are subject to external audit.

Also presented is the 2024/25 draft Statement of Accounts.

RECOMMENDATIONS FOR EXECUTIVE:

- a) Note the general fund revenue outturn of £132k overspend to be funded from the general reserve; and
- b) Note the capital outturn position and approve carry forward budgets of £358k; and
- c) Receive the 2023/24 draft statement of accounts.

1.0 Proposal(s)

- 1.1 To advise member on the 2024/25 revenue outturn position 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 2024/25 capital programme.
- 1.3 To provide the 2024/25 draft statement of accounts.

2.0 Background

- 2.1 The 2024/25 budget was set at full Council in February 2024. Quarterly budget monitoring reports were presented to members during the year, this report provides the 2024/25 outturn position.
- 2.2 The provisional outturn forms part of the Council's closure of accounts process for 2024/25. The outturn is reported prior to the audit of the council's Accounts by the Council's external auditors, Azets, and therefore remains provisional until the audit is complete.
- 2.3 The draft 2024/25 Statement of Accounts were published on the Council's website by the statutory deadline of 30th June 2025.

3.0 Reason(s)

Revenue

- 3.1 An overspend of £132k is reported against the 2024/25 revenue budget. In line with the Councils financial procedure rules the Director of Finance, Risk & Performance has approved that the overspend be funded from the general reserve. Table 1 shows the position before this use of reserves.

Table 1: Summarised 2024/25 Outturn position

	2024/24 Original Budget	2024/25 Outturn	Variance
	£'000	£'000	£'000
Net Cost of Services	17,177	18,863	1,686
Corporate Budgets	6,424	6,884	460
Net (use)/Transfer to Reserves	(2,348)	(4,585)	(2,237)
Funding	(8,601)	(8,378)	223
Council Tax	(12,652)	(12,652)	-
2024/25 Overspend		132	132

Appendix A provides the provisional outturn position in more detail.

Variations against 2024/25 budget

- 3.2 The variances that make up the £1.686m overspend against Net Cost of services can be found in Appendix B.
- 3.3 The £460k variance against the corporate budgets is made up of the following movements:
- Review of Minimum Revenue Provision resulting in a £281k reduction against budget
 - Interest payment on loans was £587k lower than budgeted, partially due to lower interest rates on the Councils borrowing than those assumed at budget setting. Also a reduction of interest paid due to capitalisation of interest on the Councils capital projects, as approved in February 2025.
 - The interest that the Council received on its investments was £530k higher than budgeted due to better performance of the councils short term investments.
 - A £1.857k pressure is included in corporate budgets to represent the forecast loss on the Lothbury property fund, this has partially been funded through use of reserves, as per paragraph 3.4 and the overachievement of investment income.
- 3.4 The reserve position of the Council as at 31 March, is shown in table 2.

Table 2: 2024/25 General and earmarked reserve position

Usable reserves	2024	2025	2024/25 movement
	£'000	£'000	£'000
General Fund	3,854	3,854	-
Earmarked reserves	22,015	17,297	4,718
Capital grants unapplied	189	189	-

Total	26,058	21,340	4,718
--------------	---------------	---------------	--------------

The calculated minimum level of general fund balance is £3.1m, as at 31 March 2025 the councils general fund balance was £3.854m, this is set aside to meet unforeseen risks.

In 2024/25 a net £4.718m was transferred from the Councils earmarked reserves, the main uses of reserves were:

- £3m to fund capital expenditure on BEAM, as approved by full Council.
- £132k to fund the 2024/25 overspend
- In 2024/25 a new provision was created in respect of anticipated loss on investment in the Lothbury Property Fund. The council has withdrawn from the fund in 2024/25 and as at 31 March £7m of the initial £10m invested had been redeemed. It is estimated that there will be a loss of £1.9m on this fund, £1.6m of this has been funded through a reserve specifically set aside for this purpose (interest equalisation reserve) in 2024/25.

Funding

- 3.5** The funding position shows an underachievement of income of £223k, this is due to government grants not being received in line with the budget set and growth on business rates being higher than budgeted.

Comparison of outturn position to Q3 monitoring

- 3.6** In the 2024/25 quarter 3 budget monitoring report presented to Audit and Governance committee in February 2025, an overspend of £955k was forecast. The outturn position is significantly lower than this at £132k. The main reasons for this movement are:
- A £323k movement in net cost of services (further details included in Appendix B);
 - The impact of capitalisation of interest wasn't included in the quarter 3 position, this has reduced the 2024/25 position by £340k from the Q3 forecast;
 - A review of MRP was undertaken in quarter 4 2024/25 by the interim Head of Strategic Finance and Property, in conjunction with the Councils treasury advisors, this review resulted in a reduction against budget of £281k.

Capital

- 3.7** 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 2024/25 was £7.065m, against a budget of £19.147m as set out in table 3.

Table 3: 2024/25 Capital outturn & budget carry forwards to 2025/26

	2024/25 revised budget	2024/25 Outturn	Variance	Carry forwards to 2025/26
	£'000	£'000	£'000	£'000
Land & Buildings	7,294	4,964	(2,330)	1,422
Infrastructure	347	345	(2)	-
Vehicles & Equipment	10,198	482	(9,716)	7,810
Community Assets	1,258	934	(324)	111
REFCUS	50	-	(50)	-
Capitalisation of interest	-	340	340	-
Total	19,147	7,065	(12,082)	9,343

A breakdown of expenditure against the capital programme is shown in Appendix C.

3.8 The 2025/26 capital programme, approved at full Council on 26th February 2025, included carry forwards of £8.985m. As at 31st March 2025 an additional £358k of carry forwards have been identified for approval where schemes were not completed by the end of the financial year. Of the £12.082m underspend, £2.7m will not be carried forward to 2026/27, this is due to a review of the budgets required, details are shown below:

- Refuse and recycling- vehicles, the original budget in the capital programme was estimated at £8m following procurement of the vehicles the required budget is £6.2m – a reduction of £1.8m
- The capital budgets for investment in operational assets, Hostels and Old River Lane were reviewed as part of the 2025/26 budget setting process and set at the level required therefore £900k of underspends in 2024/25 are not required to be carried forward

3.9 The 2024/25 capital programme has been financed from the following sources:

Table 4: 2024/25 Capital financing

	£'000
Capital receipts	372
Government grant	221
Third part contributions	1,756

Borrowing	1,618
Revenue	3,098
Total	7,065

2024/25 Draft Statement of Accounts

3.10 The 2024/25 draft Statement of Accounts are included as Appendix D, and are available on the Councils website, the period for public inspection opened on 27th June 2025 and closed on 8th of August 2025, no correspondence was received during this time. Officers are working with the councils external auditors (Azets) to complete the 2024/25 audit by the backstop date of 27th February 2026.

4.0 Options

4.1 The executive can chose not to carry forward capital budgets although this would cause budget shortfalls and overspends on projects. This is not recommended.

5.0 Risks

5.1 The Statement of Accounts and provisional outturn 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

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 revenue 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	2024/25 Revenue outturn
Appendix B	2024/25 Net cost of services variances
Appendix C	2024/25 capital outturn
Appendix D	2024/25 Draft statement of Accounts

Contact Member

Councillor Carl Brittain

Executive Member for Financial Sustainability

carl.brittain@eastherts.gov.uk

Contact Officer

Brian Moldon

Director for Finance, Risk and Performance,

Contact Tel. No. 2050

brian.moldon@eastherts.gov.uk

Report Author

Alison Street, Service Manager (Strategic Finance)

alison.street@eastherts.gov.uk