

# East Herts Council Report

## Executive pre-meeting

**Date of meeting: Tuesday 23 September 2025**

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

**Report title:** Financial Management 2025/26 - Quarter 1 Forecast to year end

**Ward(s) affected: All**

## Summary –

- The net revenue budget for 2025/26 is £ 20.134m as set out in Table 1. The forecast yearend outturn as of 30th June 2025 predicts an overspend of £789k.
- The revised capital budget for 2025/26 is £11.247m, as set out in Appendix C. The forecast outturn is £10.610m giving a variance of £637k.

## RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- a) Note and consider the net revenue budget end of year projected overspend of £789k.
- b) Note and consider the capital programme forecast outturn of £637k.

## 1.0 Background

**1.1** The 2025/26 Medium Term Financial Plan (MTFP), revenue budget and capital programme were approved by Council on 26th February 2025. The 2025/26 net revenue budget is £20.134m, the table below shows the budget alongside the 2025/26 forecast outturn as at quarter 1. A full breakdown of the revenue budget and forecast can be found in **Appendix A** and an explanation of key variances in **Appendix B** .

<b>Table 1: Revenue Budget and End of Year Forecast Outturn</b>	<b>2025/26 Budget</b>	<b>2025/26 Forecast Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net Cost of Services (NCS)	15,921	16,809	888
Total corporate budgets	4,377	4,278	(99)
Total reserve movements	(164)	(164)	-
<b>Net Revenue Budget</b>	<b>20,134</b>	<b>20,923</b>	<b>789</b>
Total funding	(7,008)	(7,008)	-
Funded by Council Tax	(13,131)	(13,131)	-
<b>Overspend/Underspend</b>	<b>(6)</b>	<b>783</b>	<b>789</b>

**1.2** The Net Cost of Services (NCS) budget of £15.921m includes the saving proposals of £3.409m that were approved as part of the MTFP. The table below shows “RAG” rating of the savings as at quarter 1 –

<b>RAG Rating</b>	<b>Numbers of Measures</b>	<b>£'000s</b>
<b>Red</b>	<b>6</b>	<b>129</b>
<b>Amber</b>	<b>3</b>	<b>192</b>
<b>Green</b>	<b>36</b>	<b>3,089</b>
<b>Total</b>	<b>45</b>	<b>3,409</b>

A red rating is where the saving cannot be achieved and the value of that is shown in the table. Amber is where savings have in part been achieved and the value represents what is forecast to not be achieved in the current year, but most likely to be fully achieved in the following financial years due to timing, and green is where the savings have been achieved. Appendix B shows the key variances and picks up on where there are more significant savings variances.

Where savings are rated red, the service is reviewing whether they can be delivered. If following review, the savings are deemed unachievable, they will be considered as part of the Medium Term Financial Plan to be presented to Executive in October.

## **Capital Programme**

**1.4** The revised capital budget for 2025/26 is £11.247m. The forecast outturn shows a variance of £637k underspend on the year. A summary of the Capital Programme is provided below, with further detail available within Appendix C.

**Table 2 : Summary Capital Forecast**

	<b>Carry Forward from 2024/25</b>	<b>Revised Budget 2025/26</b>	<b>Forecast Outturn 2025/26</b>	<b>Variance 2025/26</b>
	£'000s	£'000s	£'000s	£'000s
<b>Land and Buildings</b>	1,252	2,020	1,683	(337)
<b>Infrastructure</b>	0	37	37	0
<b>Vehicles, Equipment and Intangible Software</b>	7,810	8,760	8,460	(300)
<b>Community Assets</b>	111	111	111	0
<b>Revenue Expenditure funded as Capital under Statute (REFCUS)</b>	0	319	319	0
<b>Current Capital Programme Total</b>	<b>9,173</b>	<b>11,247</b>	<b>10,610</b>	<b>(637)</b>

**1.5** An underspend of £637k is forecast, these are:

- Old River Lane project - there is no further expenditure in respect of the main scheme, the only expenditure in 2025/26 is in relation to the public square, with the majority of the expenditure planned in 2026/27 & 2027/28. Therefore, an underspend of £87k is reported.
- There is no call on the capital contingency forecast as at quarter one, an underspend of £250k is reported.
- There is a forecast underspend of £300k against the ICT rolling programme, the forecast outturn includes all forecast schemes for 2025/26. This budget will be reviewed as part of the 2026/27 budget setting.

## **Debtors**

**1.6** The outstanding debt as at the end of July was £2.515m which is an improving position from March 2025 that was £3.213m. Debt greater than 180 days is £1.053m 42% of the total. The debt when compared to with position at the end of March has reduced in total by £698.4k a 22%

reduction. A review of the aged debts has been carried out and, there have been write offs in line with the council's policy totalling £312k which have contributed to this. A longstanding debt was also settled for £692k. **Appendix D** shows the profile of the aged debt.

## **2.0 Reason(s)**

**2.1** Section 28 of the Local Government Act 2003 requires the council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts Council's financial management framework requires quarterly reports to Audit and Governance Committee and the Executive with forecasts to year end.

**2.2** The Executive is required to consider the budget forecasts and ensure that action is taken in relation to any expenditure overspends or any underachievement of income so that the council's financial resources are not exceeded.

## **3.0 Options**

**3.1** Not applicable.

## **4.0 Risks**

## **5.0 Implications/Consultations**

5.1 The finance implications are contained within the report.

## **Community Safety**

None arising from this report.

## **Data Protection**

None arising from this report.

## **Equalities**

None arising from this report.

## **Environmental Sustainability**

None arising from this report.

## **Financial**

All financial implications are included in this report.

## **Health and Safety**

None arising from this report.

## **Human Resources**

None arising from this report.

## **Human Rights**

None arising from this report.

## **Legal**

Section 28 of the Local Government Act 2003 requires the council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts Council's financial management framework requires the quarterly reports to Audit and Governance Committee and the Executive with forecasts to year end.

## **Specific Wards**

No

## **6.0 Background papers, appendices and other relevant material**

6.1

<b>Appendices</b>	
A	2025/26 Revenue Budget & Forecast Outturn
B	2025/26 Significant variances
C	2025/26 Capital Programme and Forecast Outturn
D	Quarter 1 Debtors position

**Contact Member**

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