

CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

27 JUNE 2025

REPORT OF THE CORPORATE DIRECTOR (FINANCE & IT)

A.1 FINANCIAL OUTTURN 2024/25

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide an overview of the financial outturn for the year 2024/25 and to seek approval of the associated financial decisions related to the end of year accounting processes.

EXECUTIVE SUMMARY

Similarly to previous years of the financial forecast cycle and set against the context of an on-going and challenging financial environment, strong, effective and proactive financial management continues to influence the outturn position each year. Set against this approach, the comprehensive reviews as part of the quarterly financial performance reports during the year have provided timely opportunities to reflect on issues affecting the Council's general financial position in 2024/25.

The majority of budget areas have therefore performed to this adjusted position, with only a limited number of variances being highlighted at the end of the year as set out in **Appendix A**, with many of the items relating to issues highlighted / discussed during the year rather than new items emerging.

Following the completion of the comprehensive end of year processes, the financial outturn position for 2024/25 has been prepared across the various areas of the budget with a summary of the position set out below.

Table 1

Summary by Key Areas of the Budget

Key Area	Outturn Position
General Fund	
General Fund Revenue - Overall favourable variance after allowing for carry forwards.	(£5.417m)
Capital Programme – Overall favourable variance after allowing for the carry forwards and recognising ongoing significant Economic Growth projects funded via external funding.	(£0.094m)
Housing Revenue Account	
Surplus for the year contributed to HRA General Balances (over and above any budgeted transfer to / from the reserve)	(£0.327m)

General Fund Reserves (excluding requested carry forwards)	
<p>Earmarked Reserves –</p> <p>Reduced use of reserves compared to budget (<i>excluding use of S106 reserve</i>)</p> <p>Additional Contributions to reserves compared to the budget (<i>excluding carry forwards</i>)</p> <p><i>There was no change in the level of the Uncommitted Reserve which remains at £4.000m</i></p>	<p>nil</p> <p>nil</p>

Reserves

The Council's overall general fund reserves total **£38.194m** at 31 March 2025. (excluding the General Fund outturn variance of **£5.417** for 2024/25). However, **£34.194m** is in respect of earmarked reserves, which relate to future year's commitments (including the proposed 2024/25 carry forwards). The total earmarked reserves also include the balance on the Forecast Risk Fund of **£6.415m**, which is in-line with the amount required to support the Council's financial plans in future years. Earmarked reserves are predominantly for previously identified priorities of the Council.

The balance of **£4.000m** is the recommended level of uncommitted reserves, which includes a 'working balance' that forms part of the Council's treasury management processes. This level of uncommitted reserves matches that previously approved.

In respect of the HRA, additional details behind the variance set out in the table above are discussed in more detail further on in this report. The increased surplus of **£0.327m** highlighted in the table above has been transferred to the HRA General Balance.

On-going Review of Budgets and Financial Challenges 2025/26 and Beyond

As set out in previous financial performance reports, like many Local Authorities up and down the Country, the Council faces on-going financial challenges. As discussed in earlier reports, the financial forecast will be subject to updates throughout 2025/26 and will need to reflect new / emerging issues along with any significant changes to issues already identified. In respect of the latter, the budget for 2025/26 and future forecasts will need to be reviewed in light of the outturn position for 2024/25 to respond to such issues accordingly e.g. the on-going cost associated with the Council's homelessness responsibilities along with coast protection responsibilities and the expected additional emerging on-going cost of the waste and recycling contract. These are in addition to the potential costs of supporting the work associated with the Local Government Reorganisation programme, which will require additional resources both from a capacity perspective as well as financial.

Use of General Fund Outturn Variance for the Year and Other Financial Matters

The total favourable variance for the year of **£5.417m** highlighted in the table above is proposed to be 'held' in the Revenue Commitments Reserve, pending further consideration by Cabinet at its meeting on 18 July 2025. Recommended allocations from this favourable

variance are set out within Table 3 later on in this report, which take account of the emerging issues / cost pressures highlighted above that broadly reflect items outside of the Council's control that require the continuation of timely / strong financial management.

General Fund revenue carry forwards requested by Services have been reviewed in-line with the associated criteria with the items proposed to be agreed set out in column 4 within **Appendix K** that total **£15.093m**.

In respect of General Fund capital carry forwards, these total **£59.477m** and as these are more inherently aligned with the carry forward criteria, it is proposed to approve all of the items requested by Services. The level of carry forwards has significantly increased compared to last year, which is primarily due to the money received / receivable from the Government relating to the Levelling Up and Capital Regeneration schemes, which are planned to be delivered over 2025/26 and 2026/27.

RECOMMENDATION(S)

That the Corporate Finance and Governance Portfolio Holder:

- (a) notes the financial outturn position for 2024/25 as set out in this report and appendices;**
- (b) approves the financing of General Fund capital expenditure for 2024/25 as detailed in Appendix D;**
- (c) approves the movement in uncommitted and earmarked General Fund reserves for 2024/25 set out in Appendix E;**
- (d) approves the General Fund revenue carry forward items totalling £15.093m (as set out in column 4 of Appendix K);**
- (e) approves the General Fund capital carry forwards totalling £59.477m as set out in Appendix D;**
- (f) in respect of the HRA, approves the movement on HRA balances for 2024/25 including any commitments set out within Appendices H and/or I along with recharges to the HRA from the General fund of £3.025m for the year and the financing of the HRA capital expenditure set out in Appendix I;**
- (g) notes the overall General Fund outturn variance of £5.417m for 2024/25 that is being carried forward via the Revenue Commitments Reserve and recommends to Cabinet the proposed allocations from this amount as set out within Table 3.**

REASON(S) FOR THE RECOMMENDATION(S)

To set out the final financial position of the Council for 2024/25 and to seek approval of the associated end of year accounting / technical adjustments and processes.

ALTERNATIVE OPTIONS CONSIDERED

This is broadly covered in the main body of this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

A revised Corporate Plan and Vision was approved by Full Council at its meeting on 28 November 2023. One of the 6 included themes is Financial Sustainability and Openness, with a commitment to continue to deliver effective services and get things done whilst looking after the public purse; that means carefully planning what we do, managing capacity, and prioritising what we focus our time, money and assets on. Tough decisions will not be shied away from, but will be taken transparently, be well-informed, and based upon engagement with our residents.

At its meeting on 20 December 2024, Cabinet agreed a number of initial highlight priorities for consultation, which included:

- **Deliver Savings Plan for 2025/26** - To take the necessary steps to implement outstanding items included within the adopted Savings Plan for 2025/26. To review the Saving Plan set against the financial forecast and the impact of the Local Government Finance settlement (as it relates to the District), including the Government's longer term funding review, to develop a 'pipeline' of options for consideration.
- **Develop Savings Plan for 2026/27** - Complete the implementation of the items in the 2025/26 Savings Plan and develop the requirement for Savings in 2026/27 and beyond.
- **Develop a High Level Transformation Strategy and a Targeted Plan for 2025** - Develop a Transformation Strategy/Plan to include the active management of the Council's costs and liabilities and addressing both supply side and demand side challenges faced by the Council.
- **To develop proposals to secure the long-term sustainability of Housing Revenue Account (HRA)** - In respect to the Council's own housing stock, drive improvement with expanded estate management.

To develop the long term HRA 30 Year Business Plan proposals to secure sustainability of the HRA to include:

- i) Management of long-term empty properties.
- ii) Responding to the new Government's drive to increase the stock of social housing e.g. additional flexibilities relating to retained "Right-to-Buy" (RTB) receipts.

The above are set against the Government's Local Government Reorganisation plans, which therefore now form the underlying background to such actions and decisions in 2025/26 and beyond.

The forecasting and budget setting / management processes will have direct implications for the Council's ability to deliver on its objectives and priorities. In respect of the HRA, the associated Business Plan plays a significant role in the delivery of affordable and decent housing in the District and the Council's responsibilities as a landlord has direct implications for the Council's ability to deliver on its objectives and priorities.

Effective budgetary control is therefore an important tool in ensuring the financial stability of

the authority by identifying and responding to issues as timely as possible.

The outturn position and proposed allocation of the overall variance for the year set out elsewhere in this report supports the Council's continuing and successful financial planning processes.

OUTCOME OF CONSULTATION AND ENGAGEMENT

Internal consultation is carried out via the Council's approach to monitoring / developing the budget as set out within the Constitution.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	YES/NO	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input checked="" type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	Upcoming decision was published at least 28 days prior to the decision being made.

The Council operates under a broad Best Value Duty that relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 ("the 1999 Act") to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in all spending decisions.

Best value authorities must demonstrate good governance, including a positive organisational culture, across all their functions and effective risk management. They are also required, pursuant to section 3 of the 1999 Act, to consult on the purpose of deciding how to fulfil the Best Value Duty.

In 2024, the former Government published revised Statutory Guidance on the Best Value Duty of Local Authorities in England under section 26 of the 1999 Act, which best value authorities are required to have regard to. To provide greater clarity to the sector on how to fulfil the Best Value Duty, the statutory guidance sets out seven overlapping themes of good practice for running an authority that meets and delivers best value. These seven best value themes build on the lessons learned from past interventions and reflect what most local authorities already do or are striving to achieve. A detailed description of these themes, including characteristics of a well-functioning local authority and indicators used to identify challenges that could indicate failure, is set out within the revised guidance and financial management and sustainability is a reoccurring expectation throughout the themes and indicators. This report, along with how the Council responds to new or developing issues remains an important element of demonstrating these key requirements.

The Council is legally required to calculate its council tax requirement each financial year. Within this framework is the requirement to monitor and report accordingly on the financial position of the authority against this requirement.

In respect of the Housing Revenue Account, it is a statutory requirement on a local authority to determine a budget before the upcoming financial year and to ensure that its implementation will not result in an overall debit balance on the Account. The plan and strategy which comprise the Housing Investment Programme (HRA Business Plan and Housing Strategy) form part of the Council's policy framework which must be approved or adopted by Full Council, as set out in Article 4 of the Council's Constitution. The original HRA 30 Year Business Plan was agreed as part of the self-financing reforms and associated borrowing agreed by Full Council in February 2012 and the budget for 2024/25 reflected the latest / updated forecast position at that time.

The outturn position set out in this report and the actions proposed are within the Council's powers and reflect the statutory requirements and responsibilities of the Council in the preparation of its accounts.

The approval of the outturn position each year is an additional specific delegation to the Finance and Governance Portfolio Holder, in consultation with the Chief Financial Officer, to provide the necessary flexibility to comply with the new statutory timetable for publishing the Council's Statement of Accounts (Part 3.41 of the Constitution).

Any further decisions that may be required following the outturn process, such as allocating money brought forward from the prior year will be reported to Cabinet at a subsequent meeting. In effect, the approval of the outturn delegated to the Finance and Governance Portfolio Holder will primarily only place available funding that needs further allocation in reserves until such time as a formal / separate decision is made by Cabinet.

Yes	The Monitoring Officer confirms they have been made aware of the report and any additional comments from them are below:
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Attention is drawn to the on-going reference to the Council's Best Value Statutory Duty and published statutory guidance, as set out within the legal requirements section above, along with highlighting that where allocations are authorised, separate recorded decision making will be required to allocate further within those budget headings to demonstrate the full purpose of the expenditure and the implications of such decisions.

Within the Best Value Guidance, characteristics of a well-functioning authority are set out under each theme, as part of 'Leadership', an expected standard is that "*The authority's financial strategy and delivery arrangements are aligned with priorities in the corporate plan, and respond appropriately to local need, including the plans of partners and stakeholders.*" This linkage is demonstrated through the reference to the Council's Corporate Plan and the Highlight Priorities within this report.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The main financial implications for each section of the Council's accounts are as set out in this report.

Yes	The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:		
The S151 Officer is the author of this report.			
USE OF RESOURCES AND VALUE FOR MONEY			
The following are submitted in respect of the indicated use of resources and value for money indicators:			
A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;		This is addressed in the body of the report.	
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and			
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.			
MILESTONES AND DELIVERY			
<p>This report forms part of the Council's wider budget setting and monitoring processes. In respect of 2024/25, this report sets out a final outturn position for the year that builds on earlier financial performance reports that have been presented to Cabinet on a broadly quarterly basis throughout the year.</p> <p>As highlighted elsewhere in this report, the on-going financial forecast and budget monitoring processes will need to take account of the outturn position for 2024/25 and reflect new issues or significant changes to already identified matters as part of their development during 2025/26.</p>			
ASSOCIATED RISKS AND MITIGATION			
<p>Although there are no direct risks associated with the outturn position, there will be various 'knock on' risks to the Council's financial position going forward, which are either set out elsewhere within this report or will be revisited as part of developing the forecast that will be presented to a future Cabinet meeting. The financial position for 2025/26 and beyond will therefore be reviewed in light of this outturn position.</p> <p>The Council's reserves, including the Forecast Risk Fund remain a key element of supporting the Council's financial position in the interim period before new / successor Unitary Councils are established from the currently expected date of 1 April 2028. In respect of the Forecast Risk Fund, there has been no adverse impact on the balance held at the end of 2024/25, which totals £6.415m in-line with the amount highlighted within the financial forecast presented to Full Council in February 2025, which remains available to support the forecast this year and beyond.</p>			
EQUALITY IMPLICATIONS			
There are no direct implications that significantly impact on the Council's financial performance / forecast at this stage. However, the ability of the Council to appropriately address such issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.			

An impact assessment will be undertaken as part of any separate budget decisions as necessary.

SOCIAL VALUE CONSIDERATIONS

There are no direct implications that significantly impact on the financial forecast at this stage.

However, such issue will be considered as part of separate elements of developing the forecast during 2025/26.

IMPLICATIONS RELATED TO DEVOLUTION AND / OR LOCAL GOVERNMENT REORGANISATION

As highlighted earlier, the Council's financial position now needs to be considered within an interim period before new / successor Unitary Councils are established from the current expected date of 1 April 2028. This will therefore need to be considered during 2025/26 and set against the original longer term financial plans of the Council. The proposed recommended allocations from the outturn variance of **£5.417m** as set out in **Table 3** below, recognise this significant change in the financial landscape and in turn form an important element in continuing to support the Council's successful financial management processes and the prioritisation of activities, schemes and projects within the interim period.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050

There are no direct implications that significantly impact the financial forecast at this stage.

However, such issue will be considered as part of separate elements of developing the forecast during 2025/26.

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder

Health Inequalities

Area or Ward affected

Please see comments above

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Financial Outturn for 2024/25 underpins / supports the information included in the Council's Statement of Accounts. The Council's Statement of Accounts for 2024/25 are due to be published by the deadline of 30 June 2025 and will remain subject to external audit.

Details around specific items such as Revenue, Capital, Reserves and Carry Forwards are set out in the following separate sections of the report along with the appendices.

GENERAL FUND REVENUE OUTTURN 2024/25 – A DETAILED ANALYSIS

The following table sets out a summary of the outturn position after taking into account the carry forwards / commitments proposed as highlighted further on in this report. A more detailed Portfolio and Departmental analysis is set out within the appendices.

Table 2

Overall Summary of General Fund Revenue Account Outturn 2024/25

	Budget	Outturn	Variance
	£m	£m	£m
Total Net Outturn Position <i>(after requested carry forwards and reserves adjustments)</i>	15.031	10.895	(4.136)
Financing			
Business Rates	(3.265)	(4.546)	(1.281)
Revenue Support Grant	(0.766)	(0.766)	0
Council Tax (including Collection Fund)	(11.000)	(11.000)	0
Total	(15.031)	(16.311)	(1.281)
Total Variance for 2024/25 <i>(Contributed to Reserves within Corporate Services)</i>			(5.417)

As set out in earlier reports, a significant number of budget adjustments were made as part of the in-year financial performance reports and the outturn position demonstrates that a majority of budgets have performed broadly to this adjusted position, with further details set out within **Appendix A**, where a departmental headline outturn summary is shown. This appendix highlights the key variances within each department and reflects the most up to date position against various known / existing issues along with a limited number of new / emerging issues over the last quarter of 2024/25.

As discussed in previous reports, it remains helpful to highlight the financial risks of being a member of the North Essex Parking Partnership, with a sum of **£0.100m** set aside to enable the Council to respond to such risks if they arise. Work remains on-going with partners to continue to gain the level of assurance required to limit such financial risk exposure as far as reasonably practical, with the draft outturn position for the partnership in 2024/25 highlighting an improving position. It is still proposed to retain the set aside amount of **£0.100m** in the immediate term, whilst the overall financial position of the partnership still reflects a level of reserves that is lower than the agreed minimum level of **£0.400m**. *(The most recent accounts highlight a reserve position of £0.079m, which although positive, it is still significantly less than this minimum level).*

Appendix C sets out the detailed outturn position by department, with the net variance shown in column (e) of that appendix. The net variance has been further analysed by direct costs and indirect costs and is set out in columns (f) and (g) of the same appendix. Indirect costs continue to include a number of technical accounting adjustments such as those relating to pension costs.

During the external audit of the Council's Accounts over the coming months, adjustments or

amendments may be recommended by the Council's External Auditor. Although subject to the actual adjustments that may be recommended by the Auditor, they may have a direct impact on the overall outturn position for the year rather than be just presentational changes. They would then be included in the Statement of Accounts that would be presented to the Audit Committee later for approval. To enable the right level of flexibility in responding to any changes recommended by the External Auditor, a delegation to the S151 Officer in consultation with the Portfolio Holder for Finance and Governance is planned to be included in the outturn report that will be presented to Cabinet on 18 July 2025 that will, if agreed, enable the necessary adjustments to the 2024/25 outturn position to be made.

Allocation of the Overall Outturn Variance for the Year

In-line with the delegation to the Finance and Governance Portfolio Holder, the overall favourable variance for the year of **£5.417m** has been transferred to the Revenue Commitments Reserve until Cabinet formally considers its allocation at its meeting on 18 July 2025.

As highlighted earlier within this report, like many Local Authorities up and down the Country, the Council faces on-going financial challenges, and the financial forecast will be subject to updates throughout 2025/26. Similarly to its success last year, the forecast will continue to reflect as timely as possible any new / emerging issues along with any significant changes to issues already known. Financial updates will also need to be reviewed in light of the outturn position for 2024/25 and respond to such issues accordingly e.g. the on-going cost associated with the Council's homelessness responsibilities along with coast protection responsibilities and the expected additional emerging on-going cost of the waste and recycling contract. These are in addition to the potential costs of supporting the work associated with the Local Government Reorganisation programme, which will require additional resources both from a capacity perspective as well as financial.

With the above in mind, it is proposed to act now in responding to emerging issues by recommending to Cabinet a number of important allocations from the overall outturn variance of **£5.417m**, which are set out within Table 3 below.

Table 3

Proposed Item	Recommended Allocation	Comments
Homelessness Costs	£1.000m	<p>As set out within the budget reports for 2025/26 considered earlier in the year, this area of the budget remains a significant financial challenge, although the Government have continued to provide additional funding to support Local Authorities.</p> <p>Although Spendells House is now having a significant positive impact, it is likely that the pressure on the Council's underlying homelessness budgets will remain. It is therefore proposed to provide a further sum of £1.000m to support this position, which takes the total additional support provided to £2.000m in 2025/26 (given £1.000m has already been identified within the underlying budget position via earlier budget</p>

		adjustments)
Supporting the delivery of savings / efficiency plans and wider corporate priorities	£1.000m	An initial sum of £0.250m has already been set aside during the year for utilising within the context of the Council's Highlight Priorities for 2025/26, which also recognises the impact of Local Government Reorganisation. It is proposed to set aside a further £1.000m to support this important area of the Council's activities.
Coast Protection Works	£1.000m	In recognising the Council's obligations in terms of its coastal defence responsibilities, an initial sum of £1.000m has already been set aside during 2024/25 to support remedial works that are likely to emerge from the current associated review. It is proposed to increase this by a further £1.000m, giving a total amount of £2.000m to support this area of the Council's activities.
Waste and Recycling Collection and Street Cleaning Contract Arrangements	£2.417m	As recognised within the associated report considered by Cabinet at their May 2025 meeting, a further report will be presented to them following the evaluation of final tenders, which will include proposed financial / budget adjustments as necessary. Reflecting the financial analysis that will need to be set out within the report mentioned above, it is proposed to set aside the balance of the overall outturn variance as an initial sum to enable it to be considered as part of the potential / wider budget adjustments that are likely to be necessary.
TOTAL PROPOSED ALLOCATION	£5.417m	

Taking timely action now, along with the use of one-off funding (including the Forecast Risk Fund), will support the Council's overall financial plans and the development of the forecast over the coming months. Such an approach should enable the Council to satisfactorily navigate the potentially two remaining budget cycles left before it is succeeded by a new Unitary Council from as early as April 2028. As mentioned during the development of the budget for 2025/26, and as reflected in Cabinet's current highlight priorities, such an approach will put the Council in as strong a position as possible to enable it to protect front line service during this interim period.

In following on from the above and reacting as timely as possible to other issues during the year, it is also proposed to recommend to Cabinet a number of further budget adjustments and delegations in respect of the 2025/26 budget. These are currently being finalised with the expectation of including the following:

- Although recognised via a delegation agreed earlier in the year, in responding to the positive outturn position against the Leisure Facilities budgets in 2024/25, it is proposed to reallocate associated budgets as necessary that will include support for ongoing maintenance of the facilities and other key activities within the Service.
- Other potential 'technical' items to finalise the outturn position for the year.
- Proposed use of the of Asylum Grant money receivable from the Government.

In addition to the above and in reflecting the outturn position for 2024/25, other areas of the budget will also be subject to review such as the adverse position against planning and crematorium income budgets, alongside further potential cost pressures, projects and schemes. These will be reviewed / revisited as part of the regular financial performance reports during the year.

GENERAL FUND CAPITAL OUTTURN POSITION FOR 2024/25

Full details of the outturn position for each scheme together with the total carry forwards requested are set out in **Appendix D**. However, a summary is set out in the following table:

Table 4

	Budget 2024/25	Outturn 2024/25	C/Fwd	Remaining Variance
	£m	£m	£m	£m
GF Capital Expenditure	65.166	5.596	59.477	(0.093)

Financing the Capital Programme

A summary of the proposed financing of the capital expenditure in 2024/25 is set out in the following table, with a more detailed analysis being provided in **Appendix D** to this report:

Table 5

	Budget 2024/25 £m	Outturn 2024/25 £m	To Fund C/fwds £m	Variance £m
External Contributions	0.385	0.333	0.052	0
S106	0.014	0.014	0	0
Government Grants	58.578	4.786	53.793	0
Capital Receipts	0.815	(0.010)	0.805	(0.020)
Revenue Contributions	4.186	0.257	3.929	0
Use of Earmarked Reserves	1.188	0.216	0.898	(0.073)
Total	65.166	5.596	59.477	(0.093)

The overall budget for the year takes into account adjustments that have occurred since the position was last reported to members within the Q3 financial performance report. These adjustments would have either been included as recommendations within the Q3 Financial Performance Report, been subject to separate decision making processes as necessary, or formed part of finalising the outturn position for the year where 'technical' adjustments may

have been required. The significant increase when compared to earlier financial performance / budget reports is due to the inclusion of the various schemes supported by Government grant e.g. Levelling Up and Community Regeneration Projects as necessary.

The primary reason behind the variance above relates to the proposal to not continue with the Agresso E-Procurement scheme at the present time. It is expected that opportunities will arise when working with prospective LGR partners over the next two years and so this can be revisited at the most appropriate time in the future. There is therefore a corresponding reduction in the use of capital receipts and use of earmarked reserves which reflects the mix of funding associated with the scheme.

GENERAL FUND REVENUE AND CAPITAL CARRY FORWARDS INTO 2025/26

It is recognised that due to the size, nature and lead-in times of some schemes, expenditure can span financial years with some schemes not completed by the 31 March in any one year. Therefore commitments for goods and services are likely to remain outstanding at the 31 March each year, examples of which include uncompleted work that the Council has a contractual obligation against or the project is either currently underway or will be started shortly with payment dates or trigger points within the process yet to be reached, finalised and paid.

Carryforwards are expected to broadly follow the principles applied in previous years such as:

- There is a 'contractual commitment';
- There is a related long term project which is expected to span a number of financial years;
- There is non-recurring item for which no budget provision exists in the following year;

Following a review against the above criteria, a summary of the carry forward proposed to be approved is as follows:

Table 6

Area of the Budget	Total Carry Forwards
General Fund Revenue (<i>see Appendix K</i>)	£15.093m
General Fund Capital Schemes (<i>see Appendix D</i>)	£59.477m
TOTAL	£74.570m

The proposed carry forwards requested against Capital Schemes set out within the table above have significantly increased when compared to last year due to a various Government funded schemes such as the Levelling Up Projects and Capital Regeneration Schemes mentioned earlier.

The carry forwards set out within **Appendix K** also reflect the reinvestment of the overall surpluses for the year (along with money carried forward from prior years) against both the

parking and beach hut budgets. As reported earlier in the year, income has remained positive throughout 2024/25 that in turn has enabled the associated carry forwards to be included in-line with previous decisions and/or in-line with the underlying and required cost recovery basis associated with the fees and charges setting arrangements. Associated investment decisions can therefore be considered during 2025/26.

GENERAL FUND RESERVES OUTTURN POSITION FOR 2024/25

Earmarked reserves are shown in more detail in **Appendix E** and include the adjustments set out elsewhere in this report.

The change in the budgeted net use of earmarked reserves of **£25.334m** takes into account the proposed level of revenue and capital carry forwards highlighted earlier. The change in reserves also includes the overall outturn variance of **£5.417m**, which has been transferred to the Revenue Commitments Reserve in the interim period before the proposals set out earlier in this report are considered by Cabinet at its July 2025 meeting.

The overall level of reserves at the end of 2024/25 is **£43.611m**, made up of **£25.337m** for commitment reserves, **£14.274m** for other earmarked reserves and **£4.000m** for uncommitted reserves.

In terms of the Forecast Risk Fund, which is included within the figures highlighted above, this totals **£6.415m** at the end of 2024/25. Following the transfers to and from this reserve that were set out within earlier reports, this balance is in-line with the estimated position included in the 2025/26 budget report that was presented to Full Council in February 2025.

In terms of the overall level of reserves, it should be noted however, that transfers to earmarked reserves are not an increase in the Council's longer-term unallocated general resources as it relates to future years commitments. It is important to highlight that the Council continues wherever possible to 'cash-back' the delivery of its priorities rather than being based on an assessment of affordability at some time in the future, with delivery planned to continue on a range of schemes / projects over the coming months.

The Financial Strategy has continued to aim to maintain the Uncommitted Reserve at **£4.000m**. As at 31 March 2025, the uncommitted reserve stood at **£4.000m**, so it remains in line with this requirement.

It is also important to highlight that within the overall level of earmarked reserves mentioned above, the Council prudently maintains reserves to respond to significant / specific risks in the forecast such as **£1.758m** (Business Rates Resilience Reserve) and **£1.000m** (Benefits Reserve), which can be taken into account during the period of the forecast if necessary.

INCOME COLLECTION PERFORMANCE AND INCOME FROM S106 AGREEMENTS

The position against council tax, business rates, housing rents and general debt is set out in **Appendix F**.

In respect of **housing rents**, collection performance has broadly remained in-line with the previous year, with some additional comments relating to the general income from dwelling rents set out further on in this report.

In respect of **general debt**, this covers a significant range of income streams from repairs to leasehold properties to rechargeable works and will be subject to recovery action as necessary throughout 2025/26.

In respect of **business rates and council tax**, the collection performance for the year represents an improvement compared to last year. Work remains on-going in 2025/26 to continue to recover money owed to the Council underpinned by the continuation of 'building back' from the impact of COVID 19 on collection performance, although the on-going cost of living and economic challenges faced by residents and businesses is acknowledged.

As highlighted within **Appendix A.1**, the overall favourable business rates income variance for the year of **£0.953m** is a mix of a number of issues which are summarised as follows:

- General increase in income receivable - **£0.366m**
- Additional income retained from businesses operating in the renewables sector - **£0.090m**.
- Additional income from continuing to be a member of the Essex Business Rates Pool – approximately **£0.497m** over and above the amount already included in the base budget of **£0.400m**.

In terms of the operation of the pool, it is based on the principle of the local authority members being better off collectively due to the fact that the overall levy rate payable by the pool is lower than that for each individual pool member. This is primarily due to Essex County Council being a 'top-up' authority, which effectively offsets the overall levy rate that would otherwise be payable by each local authority.

In terms of how the collection performance for council tax and business rates translates into the corresponding collection fund positions, this was more positive than originally budgeted in terms of council tax (**£0.191m**), but slightly behind on business rates (**£0.123m**) at the end of March 2025. Although these positions will be subject to the collection performance in 2025/26, taking both business rates and council tax figures together, they still provide a more positive position heading into 2025/26 than originally expected.

Details around the use of income from S106 agreements is set out in **Appendix G**. There are no significant issues to highlight, and no money was returned to developers during the year.

A REVIEW OF THE HRA OUTTURN POSITION FOR 2024/25

The Housing Revenue Account (HRA) reflects a statutory obligation to account separately for the income and expenditure arising from the Council's landlord functions.

A summary of the Council's Housing Revenue Account for 2024/25 is set out in the table below with a more detailed analysis provided in **Appendix H** to this report.

Table 7

	Budget 2024/25	Outturn 2024/25	Variance
	£m	£m	£m
Direct Expenditure (including c/fwds)	13.630	12.447	(1.183)
Direct Income	(17.165)	(17.725)	(0.560)

Indirect Income / Expenditure	6.202	6.188	(0.014)
Net Use of HRA Reserves	(2.667)	(0.910)	1.757
Total HRA General Balance as at 31 March 2025			4.052

Net use of HRA Reserves includes the contribution of the year end 'surplus' to HRA General Balances of £0.745m as set out below.

Housing Revenue Account Overview

The outturn position for the year was an overall surplus of **£0.745m** (£0.327m more than the estimated surplus of £0.418m), with more detailed figures set out in **Appendix H**. There were a limited number of key issues behind this overall variance, which included the following:

1) Employee Costs – Net Underspend of £0.215m that reflects the general position against the various employee cost lines of the budget and takes account of the overall level of staff vacancies during the year.

2) Repairs and Maintenance Costs – Net Overspend of 0.447m

This position primarily reflects the necessary work undertaken during the year on the existing housing stock of 3,000+ properties. The work undertaken is based on planned and responsive maintenance work, which is undertaken via a mix of the in-house service and external contractors. Given the on-going requirements placed on the Council, such as those via the new regulatory reforms, there is likely to remain a significant level of pressure on these budgets in future years, which will continue to be revisited as part of developing the HRA Business Plan during 2025/26.

Notwithstanding the above, it is important to highlight that there was a corresponding reduction in expenditure within the Capital Programme relating to the improvements and enhancements to the housing stock as set out below. When taken together, it represents the total amount spent across both revenue and capital activities associated with maintaining tenant's homes and this aggregated position was broadly on budget.

In terms of positive variances within the overall net position highlighted above, there were a number of offsetting items such as those for electricity and gas costs, with the final position for the year being **£0.240m** below budget.

In terms of income, this was in excess of the budget by **£0.560m** as highlighted in the table above, which primarily reflects the final position against the rental income budget for the year.

In addition to the above, it is important to highlight that General Fund recharges to the HRA totalled **£3.025m**, an increase of **£0.038m** against the budget for the year. Agreement to this level of recharge forms part of the recommendations set out earlier on in this report.

Taking the above into account, along with the aggregate of other variances at the end of the year, the overall 'surplus' on the HRA is **£0.745m**. This amount has therefore been transferred to HRA General Balances.

HRA Capital Programme

A summary of the Council's HRA Capital Programme for 2024/25 is set out in the table below with a more detailed analysis provided in **Appendix I** to this report.

Table 8

	Budget 2024/25	Outturn 2024/25	C/Fwd	Remaining Variance
	£m	£m	£m	£m
HRA Capital Expenditure	10.116	7.916	1.430	0.770

Financing the HRA Capital Programme

A summary of the proposed financing of the capital expenditure in 2024/25 is set out in the following table, with a more detailed analysis being provided in **Appendix I** to this report:

Table 9

	Budget 2024/25 £m	Outturn 2024/25 £m	To Fund C/fwds £m	Variance £m
Major Repairs Reserve	3.314	3.314	0	0
Revenue funding from the HRA (Including HRA Commitments)	3.317	1.438	1.430	(0.449)
Capital Receipts	2.834	2.513	0	(0.321)
S106	0.651	0.651	0	0
HRA Total	10.116	7.916	1.430	(0.770)

The overall variance set out in the table above broadly reflects the budgeted position, with schemes proposed to continue in 2025/26 via the amounts requested to be carried forward. **Appendix I** reflects changes to the financing of the capital programme made as part of the outturn position for the year to maximise the benefit from the use of S106 or '1-4-1' capital receipts as necessary.

HRA Balances and Reserves

Although the overall level of HRA General Balances has slightly decreased to **£4.052m** at the end of 2024/25 (due to the budgeted use of the reserve during the year), it remains ahead of the budgeted / expected position. Full details of HRA reserves are set out in **Appendix J**, which reflect the adjustments discussed above.

It is worth highlighting that an additional net contribution of **£0.477m** was made to the Major Repairs Reserve during the year that reflects the 'technical' accounting adjustments associated with depreciation.

It is worth repeating an earlier point about the on-going challenges that the HRA faces. The formulation of future year's budgets will continue to be set against the context of the longer-term business plan and as highlighted within the various budget reports presented to Members earlier in the year, one area that is important to continue to highlight is the on-going impact of the new era of social regulation introduced via the Social Housing (Regulation) Act 2023. This is in addition to the continuing national trend of increases in housing disrepair claims made by

tenants. The Council remains committed to providing good quality housing whilst also recognising the ambition of building / acquiring new homes for local people. Given the financial issues the Council faces, this balance remains extremely challenging in the short term. The HRA Business Plan will continue to be subject to updates during 2025/26 with the on-going aim of delivering long term financial sustainability, not only in the immediate term but to support this underlying position for any successor organisation that will be established as part for the Government's on-going Local Government Reorganisation plans.

PREVIOUS RELEVANT DECISIONS

Executive's Proposals – General Fund Budget and Council Tax 2024/25 – Item A.1 Full Council 13 February 2024.

Executive's Proposals – Housing Revenue Account Budget 2024/25 – Item A.2 Full Council 13 February 2024.

Financial Performance Report 2024/25 – General Update at the end of July 2024 - Item A.2 Cabinet 21 October 2024.

Financial Performance Report 2024/25 – General Update at the end of September 2024 - Item A.8 Cabinet 15 November 2024.

Updated Housing Revenue Account Business Plan and Budget Proposals 2025/26 – Item A.11 Cabinet 20 December 2024.

Updated Housing Revenue Account Business Plan and Budget Proposals 2025/26 – Item A.6 Cabinet 31 January 2025.

Executive's Proposals – Housing Revenue Account Budget 2025/26 – Item A.2 Full Council 11 February 2025.

Financial Performance Report 2024/25 – General Update at the end of December 2024 - Item A.5 Cabinet 17 March 2025.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A (1 - 3)	Key Outturn Variances by Department 2024/25
Appendix B	GF - Portfolio / Department Outturn Summary 2024/25
Appendix C	GF – Revenue Departmental / Directorate Outturn 2024/25
Appendix D	GF - Capital Outturn 2024/25
Appendix E	GF - Reserves
Appendix F	Collection Performance – Council Tax, Business Rates,

	Housing Rents and General Debts
Appendix G	Income from S106 Agreements
Appendix H	HRA – Revenue Outturn 2024/25
Appendix I	HRA – Capital Outturn 2024/25
Appendix J	HRA – Reserves
Appendix K	General Fund Carry Forwards from 2024/25 into 2025/26
<i>(The variance figures set out in these appendices that are presented in brackets represent either a net underspend position or additional income received)</i>	

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