

2024-25 PROVISIONAL FINANCIAL OUTTURN

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Sue Emmons, Chief Accountant
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report summarises the Council's provisional financial performance for 2024/25 and details the capital budgets to be carried forward for schemes where costs will be incurred in 2025/26.

Recommendation (s)

The Committee is asked to:

- (1) Receive the report on provisional financial outturn for 2024/25;**
- (2) Approve the carry forward £1.923 million budget for capital schemes to be added to the 2025/26 capital programme.**
- (3) Note that the provisional outturn position is subject to external audit. Should any material changes arise from the audit, these will be reported back to members.**

1 Reason for Recommendation

- 1.1 This Committee has responsibility for the Council's overall budget framework; it is therefore important that members are made aware of the 2024/25 outturn position. The Financial Regulations also require that the budget carry-forward requests be approved by Strategy & Resources Committee.

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2 Background

- 2.1 The Council's financial performance is reported quarterly to members of Audit & Scrutiny Committee through the budget monitoring process. At year-end, the outturn position is formally reported to Strategy & Resources via this report, and to Audit & Scrutiny Committee via the Statement of Accounts report in the Autumn.
- 2.2 Provisional outturn has already been circulated to all members via Members' News in July, this report formally presents the position to Strategy & Resources Committee.
- 2.3 The provisional outturn position will be subject to external audit over the summer and autumn. Should any material amendments arise following completion of the external audit, these would be reported back to members.

General fund Summary Position

- 2.4 In summary, the outturn position for 2024/25 is:-

Table 1 - General Fund Summary	Original Budget	Current Approved Budget*	Provisional Outturn	Variance
	£'000	£'000	£'000	£'000
Strategy and Resources	(118)	(1,447)	(1,892)	(445)
Environment	4,218	4,894	4,995	102
Community & Wellbeing	5,509	6,117	6,718	601
Licensing & Planning Policy	1,237	1,282	1,267	(15)
Capital charges	(1,941)	(1,941)	(1,941)	0
Total Net Expenditure	8,905	8,905	9,147	242
Funded by:				
Council Tax precept	7,636	7,636	7,636	0
Revenue Support Grant, Services Grant & CSP	207	207	207	0
Minimum Guaranteed Funding				
Share of Business Rates	2,041	2,041	2,041	0
Transfer from Collection Fund	(979)	(979)	(979)	0
Total Funding (Budget Requirement)	8,905	8,905	8,905	0
Total General Fund	0	0	242	242

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** includes agreed virements and changes to employee and support services allocations, capital charges and IAS 19 pension adjustments from the original budget to reflect required accounting practice.*

- 2.5 The Council's £242,000 adverse variance for 2024/25 will result in a contribution from the General Fund working balance reserve, as shown in the following table:

Table 2 - General Fund Working Balance	£'000
Working Balance at 1 April 2024	2,997
Deficit on General Fund for 2024/25	(242)
Working Balance at 31 March 2025	2,754

- 2.6 At Quarter 3, an equivalent probable outturn of £230,000 over budget had been forecast and reported to Strategic Leadership Team and Members.

- 2.7 Information on the main variations to budget were circulated to all members in July. The most significant adverse variances to budget in 2024/25 were as follows:

- Housing (£0.58m) – The adverse variance within Homelessness has increased from the quarter 3 forecast of £475,000 to £581,000 at year end. This increase is mainly due to a sharp rise in the number of households in nightly paid accommodation, with the figure standing at 109 at year end, up from 88 at quarter 3. Whilst work continues to identify and implement schemes to manage demand, external factors continue to put additional pressure on the service.
- Waste Services (£0.2m) –the £49,000 hire costs of a replacement vehicle and the £85,000 additional agency staff costs reported at quarter 3 have been compounded by a further £80,000 adverse variance on the recycling income from Surrey County Council, the budget for recycling income will be reviewed during the 2026/27 budget setting process to address this issue.
- Cemeteries (£0.13m) - The forecast adverse variance within Cemeteries has increased from £83,000 at quarter 3 to £133,000 at year end due to actual income generated being lower than previously forecast. Income budgets will be reviewed during the 2026/27 budget setting process to address this issue.

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- Housing Benefits (£0.15m) – the adverse variance of £145,000 within Tax Collection & Benefits was not forecast at quarter 3 and has resulted from an unfavourable outcome from the Surrey Business Rates pool. An income of £150,000 had been budgeted for 2024/25 as this was the expected increase in retained business rates due to being within the pool, but unexpected business rates refunds have meant that the pool benefit has not been realised. An additional adverse position on Housing Benefits, caused by the need to set aside a provision of £163,000 to offset benefits payments that are unable to be reclaimed in subsidy, has been offset by a favourable variance from recovered overpayments.
- External Audit Fees (£0.15m) - the adverse variance of £148,000 was not forecast at quarter 3 and has resulted from additional fees charged by the Council's External Auditors. The additional charges levied by Grant Thornton for both main audit and housing benefit audits cover a number of financial years, and relate to additional testing and work required under new accounting regulations.
- Place Development (£0.1m) – the adverse position on planning income forecast at £50,000 at quarter 3 has risen to £75,000 at year end. From April 2025 the government has significantly increased the fees Councils can charge for planning applications which is expected to address this issue going forward.
- Community Services and Centre (£0.1m) – the adverse variance of £55,000 on Community Services at quarter 3 is lower than forecast at £37,000 at year end; and the adverse variance at the Wellbeing Centre of £78,000 at quarter 3 is also lower at year end at £59,000. Both services have had income budgets reduced for the new financial year which is anticipated to address these adverse positions for 2025/26.

2.8 The most significant favourable variances to budget in 2024/25 were as follows:

- Treasury Management Income (£0.3m) - the Council achieved £1.56m of interest income for the year, £430,000 higher than the budgeted target. £280,000 has been used to fund services in 2024/25, with the balance transferred to an interest equalisation reserve to help smooth interest returns and protect against lower interest rates in the future.
- Corporate Financial Management (£0.25m) – a favourable variance of £200,000 was forecast at quarter 3 as an expected underspend on the contract inflation contingency was identified as available to offset adverse variances elsewhere in the Council. This favourable variance is confirmed at £247,000 at end year.

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- Car parking (£0.18m) – the favourable variance on car parking income forecast at £80,000 at quarter 3 has materialised at £180,000 at year end. The majority of parking fees have remained at 2024/25 rates for the new financial year so increased income budgets in 2025/26 mean that the variance this year is expected to be neutral. Officers will closely monitor income levels throughout the year.
- Licensing (£0.1m) – a favourable variance of £90,000 within licensing has arisen due to ununiform nature of licensing income created by licenses spanning more than one financial year. Additional investment in the service will be undertaken in 2025/26 including a new system for processing applications expected to make the process easier for users.

2.9 Budget plans are being kept under review and will continue to be reported to Members, with the next scheduled quarterly update due at Audit & Scrutiny Committee in September.

3 Reserves

3.1 Transfers have been made to and from revenue and capital reserves in line with Council policy for the reserves and as approved for specific schemes during the year.

3.2 The following table shows the balances of strategic revenue reserves following preparation of the unaudited Statement of Accounts:

Table 3 – General Fund Revenue Reserves	Balance at 31 March 2024	Balance at 31 March 2025	Commitments & Forecast Transfers	Forecast Balance
	£'000	£'000	£'000	£'000
General Fund Working Balance	2,997	2,755	(1,200)	1,555
Corporate Projects Reserve (a)	4,128	3,838	(3,027)	811
Sub-Total - Reserves available for general use	7,125	6,593	(4,227)	2,366
Strategic Priorities Reserve (b)	0	0	2,072	2,072
Repairs and Renewals	596	686	(15)	671
Insurance	434	420	0	420
Property Maintenance	515	376	(345)	31
VAT Reserve	206	206	0	206
Collection Fund Equalisation Reserve (c)	3,824	2,837	(1,486)	1,351
Commuted Sums	1,439	1,439	0	1,439
Interest Equalisation Reserve	784	934	0	934
Property Income Equalisation Reserve (d)	7,224	6,694	0	6,694
Sub-Total - Contingencies unavailable for general use	15,022	13,592	226	13,818
Residential Property Acquisition Fund (e)	978	0	0	0
Community Safety	116	104	(17)	87

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Sports & Leisure Development Projects Fund	123	121	(10)	111
Place Development Grants	772	590	(520)	70
Prevention, Personalisation & Partnership Fund	125	93	(24)	69
Housing/Homelessness Support Grants	910	708	(708)	0
HIA Hardship fund	124	124	0	124
Basic Payments Scheme	136	124	(32)	92
Other smaller grants	28	28	0	28
Sub-Total - Ringfenced funds/grants for specific use	3,313	1,892	(1,311)	581
Total Revenue Reserves	25,460	22,077	(5,312)	16,765

3.3 The major movements in reserves during the year were as follows:

- (a) Corporate Projects Reserve – New Homes Bonus funding from government totalling £273,000 has been transferred into the reserve as planned, as has £100,000 of contingency budgets from 2024/25, and a transfer from the Collection Fund equalisation reserve of £500,000 following the 2023/24 review of reserves. A number of smaller sums have been transferred to the reserve to fund service expenditure in the new year. A planned contribution of £528,000 has been used to fund Council services in 2023/24; £349,000 was used to fund the Town Hall relocation project; £240,000 was used to fund planning staff and local plan work streams; and £179,000 was used to fund various feasibility studies, as previously agreed by Strategy & Resources committee.
- (b) Strategic Priorities Reserve – this is a new reserve set up in 2025/26 following agreement at Council on 6 May 2025, to fund the strategic priorities identified for the next 18 months. The balance has been created through transfers from the General Fund Working Balance and Corporate Project reserves.
- (c) Collection Fund Equalisation Reserve – As planned, £974,000 was withdrawn from the reserve to fund the prior year collection fund deficit, and £500,000 was transferred to the Corporate Projects reserve following the 2023/24 review of reserves. £486,000 was contributed back to the reserve in 2024/25 relating to business rates refunds on Council properties. The reserve balance will be required in future years to fund the accumulated collection fund deficit of £129,000 at 31 March 2025, and to offset potential future reductions in business rates income following central government's Fair Funding review. The reserve may also be used to offset any significant, future successful appeals against business rate bills, and to manage variations in annual council tax income.
- (d) Property Income Equalisation Reserve – During 2024/25, the Council received £53,000 in back rent following rent reviews at Nonsuch Industrial Estate, and £117,000 accrued income at Parkside House, which have been set-aside in the reserve to fund known future property commitments. £700,000 was drawn down to compensate for a reduced dividend from EEPIC for 2024/25.

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- (e) Residential Property Acquisition Fund - £834,000 was used to purchase property for use as temporary accommodation, and the balance was transferred to the Repairs and Renewals reserve as a fund for future maintenance works on Council-owned temporary accommodation properties.

4 2024/25 Additional Income/Savings Delivery

- 4.1 The 2024/25 budget required £356,000 of new additional income and savings to be delivered during the year. The delivery status of these is summarised in the following table:

Table 4 - Summary of Budgeted Additional Income/Savings - 2024/25	Committee	Achieved	In progress	Not Achieved
		£000	£000	£000
Income from Commercial Property	S&R	249	-	
Income from Licensing	LPPC	50	-	
Wellbeing Centre - Higher Needs Income	C&W		-	30
Other Operational Efficiencies	All	27	-	
Total Savings - £356k		326	-	30

- 4.2 As reported at Quarter 3, while £326,000 of planned savings were expected to be successfully delivered in 2024/25, £30,000 was not expected to be deliverable during the year. An update on the highest value savings that were not achieved in year is provided as follows:
- 4.3 The Income from Commercial Property was achieved, through higher rental income at industrial estate plots following further rent reviews agreed in 2023/24. And income from Licensing activities was also achieved, as were smaller operational efficiencies.
- 4.4 As detailed in section 2, income from the Wellbeing was underachieved by £59k at year end, therefore this savings target was not met. This achievable income has been addressed as part of the 2025/26 budget setting process where income budgets were reduced to a level £60,000 lower than those for 2024/25.

5 Provisions

- 5.1 Following an analysis of general debtors, the associated bad debt provision has increased by £4,000, from £259,000 to £263,000 at 31 March 2025. The £4,000 increase consists of £12,000 write-offs charged against the provision and a £16,000 increase in the provision overall to reflect the current profile and balance of outstanding debtors. Outstanding debtors will be monitored and managed during 2025/26 in accordance with the Council's debtor procedures.

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- 5.2 Income from the recovery of past housing benefit overpayments has previously been used to increase the bad debt provision for outstanding housing benefit overpayments debts, due to the planned future transfer of benefits administration to central government. Outstanding debt at the end of 2024/25 totals £1.23m (£1.36m at 31 March 2024). The balance of the provision stands at £1.21m, meaning that 98% of the outstanding debt has been provided for at 31 March 2024 (99% prior year).
- 5.3 An additional provision of £163,000 has been made in 2024/25 to offset benefits payments that are unable to be reclaimed in subsidy.

6 Pensions

- 6.1 Pensions have been treated within the accounts in accordance with recommended financial reporting standards for local authorities. The movement for accounting purposes has gone from a net asset of £2.3m at 31 March 2024 to a net asset of £18.2m at 31 March 2025 due to strong returns and interest income from plan assets. However, under the IAS19 accounting standard, a net asset restriction is applied to adjust for the effect of limiting the defined benefit asset to the asset ceiling. The asset ceiling is the net present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. There is a net liability of £6.0 million after applying the asset ceiling.
- 6.2 Additional information on pension liabilities is included within the Statement of Accounts, which is prepared in accordance with International Accounting Standard 19 (IAS19). The IAS19 accounting valuation does not comprise a full re-valuation of the fund and does not impact the Council's contributions.
- 6.3 Although the IAS19 pension liability has an impact on the Council's balance sheet, the valuation methodology is affected by short-term economic market conditions and is not used to determine the impact on council tax of the cost of paying pensions. There are separate statutory arrangements for meeting the liability, which will be addressed by increased contributions to the scheme over the remaining working lives of the staff.

7 Capital Expenditure 2024/25

Core Capital Programme

- 7.1 A summary report of the 2024/25 capital programme was issued to all Councillors via Members Update in July. The 2024/25 expenditure per Committee for the core capital programme is shown below:

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Table 5 - Core Capital Programme	2024/25 Approved Budget	2024/25 Outturn	Variance
	£'000	£'000	£'000
Strategy & Resources	1,222	681	(541)
Environment	1,096	819	(277)
Community & Wellbeing	5,047	3,616	(1,431)
Licensing & Planning Policy	0	0	0
Sub-total Core Capital Programme	7,365	5,116	(2,249)
Town Hall Relocation Project	7,000	0	(7,000)
Total	14,365	5,116	(9,249)

- 7.2 The approved budget is £434,000 higher than reported at quarter 3 due to the additional of two projects within Community & Wellbeing Committee; £299,000 for the purchase of a property for temporary accommodation, using grant funding from round 3 of the Local Authority Housing Fund (LAHF3) and some S106 affordable housing monies, as agreed at Strategy & Resources Committee on 12 November 2024; and a further £135,000 for the installation of solar PV panels on the Rainbow Leisure Centre, funded by Sport England funding.
- 7.3 On the core capital programme, actual expenditure was £5.116m which is £2.249m less than the current approved budget. The main projects contributing to the underspend are Fairview Road temporary accommodation (£425k); Bourne Hall windows replacement (£349k); the Disabled Facilities Grant (297k); ICT Programme of Works (£278k); the CRM and Data Warehouse project (£262k); Alex Rec Dojo (£170k), which is awaiting the outcome of additional funding; and two schemes at the Wellbeing Centre (£120k).
- 7.4 The £7m Town Hall relocation project was halted following a decision at Council on 6 May 2025, due to the uncertainty created by the Local Government Reorganisation. £154,000 of expenditure that would have been incurred under the capital scheme has been transferred to revenue as abortive costs and funded by the revenue allocation for the scheme.
- 7.5 The following 2024/25 projects remain in progress, or not started and it is requested that the budgets be carried forward to 2025/26:-

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Table 6 - 2024/25 Capital Projects still in progress, or not started, at 01/04/25	Remaining Budget £'000s	Funding Source
Disabled Facilities Grant	297	External grant
Sewerage Contamination Prevention - Longmead Depot	22	Capital receipts
Wellbeing centre solar panel installation	60	Capital receipts
Wellbeing centre windows replacement	60	Capital receipts
Bourne Hall Window replacement	349	Capital receipts
Fairview Road - TA	425	S106 receipts
ICT Programme of works	278	Capital receipts
Replacement of CRM and Data Warehouse	262	Capital receipts
Alex Rec Dojo	170	Capital receipts
Total budget carried forward into 2025/26	1,923	

- 7.6 The difference between the £2.25m overall variance on the core capital programme the £1.92m roll forward budgets of £326,000 is as a result of favourable variances on a number of completed projects, the main ones being: replacement of EEBC lamp columns (£96k); Ashley Centre car park barrier system (£92k); Bourne Hall roof and solar panels (£79k); and Poole Road pavilion replacement roof (£50k).

Property Acquisition Funds – Commercial Property

- 7.7 The Council retains one in-Borough commercial property acquisition fund, which has a remaining balance of £49.6m available for investment. The fund can be financed from prudential borrowing. No commercial properties were acquired during 2024/25, and with Local Government Reorganisation on the horizon, it looks less likely that any future purchases will materialise.
- 7.8 The Council formally closed its out-of-Borough commercial property acquisition fund in February 2020, as part of agreeing the Medium Term Financial Strategy 2020-24, in order to comply with government's Statutory Guidance on Investments.

Property Acquisition Funds – Residential Property

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- 7.9 In 2016/17, the Council established a £3m fund to purchase residential property, principally to assist the Council to manage homelessness and reduce associated costs. One purchase was made during 2024/25 for a large residential property for temporary accommodation. The remaining balance of the fund of £144,000 was not sufficient to purchase any property within the borough and so in November 2024 Strategy & Resources committee agreed to set up a residential property repair and maintenance fund for existing Council-owned temporary accommodation properties, and so the remaining balance was transferred to the Repairs and Renewals reserve and earmarked for this purpose.
- 7.10 The remaining balances on the Property Acquisition Funds are shown in the following table. Please note that the £49.6m funds are not reserves that the Council holds; they are limits (approved by Full Council) up to which borrowing could be undertaken.

Table 7 - Property Acquisition Funds	Commercial Property (in-Borough) £000	Residential Property £000	Total £000
Opening fund balance	80,000	3,000	83,000
Purchases during 2016/17	(19,206)	(811)	(20,017)
Purchases during 2017/18	(5,148)	(562)	(5,710)
Purchases during 2018/19	0	(257)	(257)
Purchases during 2019/20	(6,077)	(20)	(6,097)
Purchases during 2020/21	0	(95)	(95)
Purchases during 2021/22	0	(238)	(238)
Purchases during 2022/23	0	(39)	(39)
Purchases during 2023/24	0	0	0
Purchases during 2024/25	0	(834)	(834)
Repurposing of funds	0	(144)	(144)
Fund balances at 31/03/2025	49,569	0	49,569

- 7.11 The financing of capital expenditure in 2024/25 is summarised in the following table:-

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Table 8 - Financing of Capital	2024/25 Approved Budget £'000s
<u>Expenditure</u>	
Core Programme	5,116
CIL Neighbourhood 15% Schemes	50
Vehicle Finance Leases	200
Total Expenditure	5,366
<u>Financing</u>	
Capital Receipts Reserve	476
Capital Grants - DFG	1,410
External Grants	1,052
Budgeted Revenue Contributions	458
Revenue Reserves	834
S106 Receipts	117
Community Infrastructure Levy	819
Total Financing	5,166
Vehicle Finance Lease - to be financed in future years	200
Total	5,366

8 Capital Receipts

- 8.1 One capital receipt was received for the 2024/25 financial year for a deed of easement to lift a restricted covenant on Council land off Kiln Lane. Capital receipt balances are summarised in the following table:-

Table 9 - Capital Receipts Reserve	£'000s
Balance brought forward at 1 April 2024	3,808
Used to fund the 2024/25 capital programme	(476)
Capital Receipts received in 2024/25	130
Closing balance as at 31 March 2025	3,461
Earmarked for previous schemes not yet complete (balance rolled forward to be agreed by S&R Committee in July 2025)	(1,201)
Estimated capital receipts expected in 2025/26	95
Planned use for 2025/26 programme	(379)

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Estimated balance at 31 March 2026	1,976
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9 Risk Assessment

Legal or other duties

9.1 Equality Impact Assessment

9.1.1 None arising from the contents of this report.

9.2 Crime & Disorder

9.2.1 None arising from the contents of this report.

9.3 Safeguarding

9.3.1 None arising from the contents of this report.

9.4 Dependencies

9.4.1 None arising from the contents of this report.

9.5 Other

9.5.1 A risk assessment was included in the 2024/25 budget report. Monitoring arrangements during the year have allowed some corrective action to be taken on a number of budget variances, either during the year or as part of the Council's longer-term service and financial planning.

9.5.2 An updated risk assessment was included in the 2025/26 budget report. Further budget monitoring will be carried out on any specific service where the financial position was materially worse than anticipated

10 Financial Implications

10.1 Financial implications are included in the body of the report.

10.2 **Section 151 Officer's comments:** The reported outturn position is not expected to change, however, should there be any changes following completion of the external audit, these will be reported to members with the external audit report.

10.3 The Council's financial position is continually monitored and future budget plans are presented as a separate agenda item to this Committee – see 2026/27 Strategic Financial Planning report.

11 Legal Implications

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11.1 **Legal Officer's comments:** None arising from the content of this report.

12 Policies, Plans & Partnerships

12.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council.

12.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

12.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.

12.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.

12.5 **Partnerships:** None arising from the contents of this report.

12.6 **Local Government Reorganisation Implications:** As a backward-looking report, the impact of LGR on the information contained within this report is limited, as the 2024/25 budgets were set before the government announcement on LGR.

13 Background papers

13.1 The documents referred to in compiling this report are as follows:

Previous reports:

- [2024/25 Budget Report to Full Council, February 2024.](#)
- [Revenue Budget Monitoring – Quarter 3 – Audit & Scrutiny Committee, 6 February 2025.](#)
- [Capital Budget Monitoring – Quarter 3 – Audit & Scrutiny Committee, 6 February 2025.](#)
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Other papers:

- [EEBC Strategic Priorities 2025-2027 – Council, 6 May 2025.](#)