Herefordshire Council

Title of report: 2024/25 Quarter 4 Budget Outturn Report

Meeting: Scrutiny Management Board

Meeting date: Tuesday 1 July 2025

Report by: Director of Finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To present the financial outturn position for 2024/25 for revenue and capital budgets, subject to external audit, as reported to Cabinet at the meeting in June 2025.

Recommendation(s)

That Scrutiny Management Board:

a) notes the outturn revenue and capital outturn position for 2024/25; and

b) provides views and any recommendations it wishes to make.

Alternative options

1. There are no alternative options. It is within the remit of the Scrutiny Management Board to undertake a scrutiny role in relation to areas which are cross cutting in nature. The outturn position for 2024/25 is likely, in the near future, to have a material impact on future council policy and strategies.

Key considerations

2. The report included at Appendix B presents the outturn underspend position for 2024/25 of £0.5 million (0.2% of budget) after the use of reserves and recovery actions implemented by management during the year. Detailed explanations for variances from budget are set out in

Appendix C, by Directorate and Service. This report was presented at the Cabinet meeting on 5 June 2025.

3. The outturn position has been monitored closely throughout the year and management actions were identified to respond to in-year cost pressures. These measures included:

- establishment of the Budget Resilience Reserve following a review of the adequacy of earmarked reserves in Quarter 3 of 2024/25;
- planned allocation of the Budget Resilience Reserve in 2024/25 to mitigate the impact of cost pressures and volatility in demand in Directorate budgets;
- challenge of forecast expenditure over the remainder of the financial year through Directorate expenditure control panels; and
- a review of financing transactions, Minimum Revenue Provision (MRP) and other corporate budget items aligned to forecast delivery of the Capital Programme and borrowing requirements as part of year end reconciliation and closedown activity.

4. The outturn position assumes a transfer of £4.0 million from the Budget Resilience Reserve, applied to expenditure in adult social care and temporary accommodation budgets in the Community Wellbeing Directorate in 2024/25.

5. This reduces the reserve balance from £11.0 million to £7.0 million at 31 March 2025. The Earmarked Reserves and General Balances Policy Statement 2025/26, reviewed by Cabinet in January 2025, confirms that this balance will be carried forward at 31 March 2025 to manage future emerging risks and in-year budgetary pressures over the medium-term period.

6. The budget amendment, approved in February 2024, allocated additional budget of £2.3 million to the Children & Young People Directorate in 2024/25 to mitigate against non-delivery of savings.

7. The additional allocation was not added to the Directorate budget in 2024/25 and no transaction to transfer funding from the identified reserves was processed. Throughout 2024/25, the £2.3 million allocation has been reported separately in monthly Directorate budget monitoring reports and in quarterly reports to Cabinet to ensure transparency in respect of the forecast use of the additional allocation.

8. Monitoring of the Children & Young People Directorate position from Quarter 1 of 2024/25 reported £1.3 million of the savings target as delivered with £1.0 million reported as ‘in progress’. In-year delivery of savings, the assessment of risk in respect of the deliverability of ‘in progress’ savings and the Directorate forecast outturn position provided increasing assurance throughout 2024/25 that the budget amendment, intended to mitigate non-delivery of savings, was not required. At Quarter 4, the savings have been delivered in full and the Directorate has delivered an underspend position.

9. Transactions to and from reserves are processed as part of the council’s year-end closedown processes. As the reserve funding had not been transferred to the Directorate at the start of the financial year, no transaction to return reserve funding to its original source was required.

Community impact

10. In accordance with the accepted code of corporate governance, the council must ensure that it has an effective financial control framework to support delivery of services within the agreed budget. The council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition, the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

Environmental Impact

11. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

12. This report is to review the financial outturn at Quarter 3 of 2024/25 so will have minimal environmental impacts, however consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

13. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.

14. The mandatory equality impact screening checklist has been completed for this activity, and it has been found to have no impact for equality.

Resource implications

15. These recommendations have no direct financial implications, however cabinet may wish to consider how money is utilised in order to meet the council's objectives.

Legal implications

16. There are no direct legal implications arising from this report.

Risk management

17. Set out the risks relating to the recommended action (and alternative options), their consequences and any mitigating actions. Information in this section should be completed by the report author.

Consultees

18. None in relation to this report.

Appendices

Appendix A - Cabinet Report Q4
Appendix B - Revenue outturn
Appendix C - Capital outturn
Appendix D - Treasury management outturn
Appendix E - Savings delivery
Appendix F - Earmarked Reserve balances

Background papers

None Identified.