



Wednesday, 23 July 2025

Report of Councillor Ashley Baxter
Leader of the Council and
Cabinet Member for Finance, HR and
Economic Development

General Fund Provisional Outturn Report 2024/25

Report Author

Richard Wyles, Deputy Chief Executive and s151 Officer

✉ Richard.wyles@southkesteven.gov.uk

Purpose of Report

To provide details of the General Fund provisional outturn position for the Financial Year 2024/25. The report covers the following areas:

- Revenue Budget
- Capital Programmes
- Reserves overview

Recommendations

Governance and Audit Committee is asked to:

1. **Review and approve the provisional General Fund Revenue and Capital Outturn position for the financial year 2024/25.**
2. **Review and approve the following reserve movements in respect of the General Fund based on a provisional surplus for 2024/25 financial year end:**
 - ICT Reserve increase by £260k
 - Training and Development Reserve increase by £85k
 - Local Priorities Reserve increase by £769k
3. **Delegate authority to the Deputy Chief Executive and s151 Officer in consultation with the Cabinet Member for Finance, HR & Economic Development to finalise the reserve movements in order to ensure the Working**

Balance level for the General Fund and the Housing Revenue Account are maintained at prudent levels.

Decision Information	
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Connecting communities Sustainable South Kesteven Enabling economic opportunities Housing Effective council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

1.1 The financial implications are included within the report.

Completed by: David Scott, Assistant Director of Finance (Deputy s151 Officer).

Legal and Governance

1.2 The terms of reference of the Governance and Audit Committee require the Committee to consider for approval the annual revenue and capital outturn report, including the movement of reserves.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

- 2.1 This report provides the Governance and Audit Committee with details of the Council's provisional outturn position for the Financial Year (FY) 2024/25. Throughout the year, the Cabinet and the Finance & Economic Overview and Scrutiny Committee (FEOSC) have been updated via regular and comprehensive budget monitoring reports.
- 2.2 A balanced budget was set for FY2024/25 which provided a solid foundation for the delivery of Council services over the year.
- 2.3 During the financial year, the Council has managed budgets prudently and has been able to redirect funding where necessary to support the objectives set out in the Corporate Plan. A combination of savings and the generation of additional income has enabled the Council to boost its financial resilience. This is particularly important as the Government is currently consulting upon a fundamental Local Government funding review as well as a reset of the Business Rate system. The implementation of these reviews are confirmed for 2026/27 and based on indicative financial modelling both of these reviews are likely to have a significant adverse financial impact on the Council.

3. General Fund Revenue Budget 2024/25

- 3.1 The budget set by Council on 29 February 2024 was **£19.744m**. Budgets have been amended for any supplementary estimates approved in year including carry forwards from the previous year. This has resulted in an increase to the 2024/25 budget to **£23.238m**. For the purposes of the outturn variance analysis, the proposed budget carry forwards and accounting adjustments such as depreciation have been removed which reduces the budget for comparative purposes to **£17.489m** as shown in Table 1 below.
- 3.2 The forecast outturn position has been presented to FEOSC throughout the financial year. The Quarter 3 (Q3) report was presented on 18th February 2025. This report is the final report for FY2024/25 and represents a summary of the outturn compared to the approved budgets.

Table 1 – General Fund Revenue Outturn Positions (excluding accounting adjustments within Net cost of Service)

Description	2024/25 Current Budget	2024/25 Current Budget (less proposed Budget C/F and accounting adjustments)	2024/25 Provisional Outturn	Variance to Current Budget	2024/25 Outturn Variance
	£'000	£'000	£'000	£'000	%
Corporate, Governance & Public Protection	4,053	3,951	3,969	18	0.5
Finance, Property & Waste Services	11,575	9,828	10,032	204	2.1
Growth & Culture	8,831	5,038	4,389	(649)	(12.9)
Housing & Projects	1,688	1,581	1,329	(272)	(17.2)
HRA Recharge	(2,942)	(2,942)	(2,942)	0	0
Drainage Rates	947	947	976	29	3.1
Investment Income	(914)	(914)	(1,358)	(444)	(48.65)
Net Cost of Service	23,238	17,489	16,375	(1,114)	(6.7)

3.3 A summary of the key variances are provided in table 2 below:

Table 2 – General Fund Revenue Outturn significant variances

Explanation of Significant Variances	£'000
Utilities – Electricity & Gas The budget assumptions that were built into the 2024/25 budget were greater than the actual increases experienced during the year. This, coupled with the rollout of LED lamp upgrades to footway street lighting resulted in a total underspend of (£174k). The lamp upgrades significantly improved energy efficiency with an estimated 75% reduction in energy consumption per upgraded lamp. At the end of March 2025 the LED lamp upgrade programme was 70% complete and is expected to be completed by August 2025.	(174)
Fuel A reduction in fuel price increases has resulted in an overall underspend of £350k for 2024/25. The budget was set using an average unit price of 171p per litre, but actual prices in year have been between 103p and 121p per litre.	(350)

Fees and Charges There are a number of fees and charges budgets which have exceeded budget for a variety of reasons including increased throughput, take up and usage in areas specifically planning fees (£303k), car parking (£182k), the arts centres (£128k) and green waste subscriptions (£59k).	(650)
Property Maintenance A budget of £1m was approved and allocated to the capital programme. However, the stock condition surveys identified urgent remedial works, the majority of which relate to revenue expenditure which has resulted in an overspend of £262k. However, across both capital and revenue there is a net underspend of £220k which will be carried forward to complete ongoing works in 2025/26.	262
Investment Income Higher levels of investment income have resulted from a combination of greater levels of cash balances and higher average interest achieved on those investments (5.0% compared to the 4.75% budget assumption)	(444)

3.4 Appendix A provides details of the significant variances which impacts all Directorates along with supporting information explaining the main variances per service area by Directorate.

3.5 Table 3 provides a summary of the proposed budget carry forwards totalling £1.250m.

Table 3 – General Fund Revenue Proposed Budget Carry Forwards

Project	Proposed Budget Carry Forward £'000	Funding	Commentary
Arnhem/Airborne trail, website and projects delivered over an 18 month period	49	2024/25 unspent grant	Request to carry over remaining grant to fund ongoing spend within the 18-month project period
Community Fund applications	21	2024/25 unspent grant	£13k approved schemes payable in 2025/26 and £8k EEM grant received to fund specific expenditure items in 2025/26
Elections Act 2022 requirements	93	£61k 2023/24 unspent grant, £32k 2024/25 grant	Grant received to fund specific expenditure items in 2025/26
ICT Cyber Security	15	2024/25 unspent grant	Grant received to fund specific expenditure items in 2025/26

Maintenance of assets	381	Local Priorities Reserve	Request to carry over remaining budget to meet the cost of works in 2025/26
Depot (revenue)	93	Regeneration Reserve	To contribute towards the decommissioning and remedial works relating to the current Mowbeck Way site
Greening Grantham feasibility project	10	2023/24 unspent grant	Request to carry over remaining grant to fund committed spend in 2025/26
District Local Plan	187	Local plan budget bid not fully spent in year	Request to carry over remaining amount to fund committed spend in 2025/26
Future High Street project (revenue)	206	2024/25 underspend	Request to carry over remaining budget to fund progression of the project in 2025/26
Play Area's Strategy Action Plan for maintenance of play park equipment	32	Local Priorities Reserve	Request to carry over remaining budget to fund ongoing spend in 2025/26
Climate Change projects	76	Climate Change Reserve	Request to carry over remaining budget to complete projects
Rough Sleeper Project	87	2024/25 unspent grant	Request to carry over remaining grant to fund committed spend in 2025/26
TOTAL	1,250		

4. General Fund Capital Programme 2024/25

4.1 The budget set by Council on 29 February 2024 for the 2024/25 General Fund Capital Programme was **£20.361m**. Budgets have been amended for any supplementary estimates approved in year including carry forwards from the previous year resulting in an increase to the 2024/25 budget to **£28.610m**. For the purposes of the outturn variance analysis, the proposed budget carry forwards have been removed from this which reduces the budget for comparative purposes to **£17.204m**.

4.2 Table 4 below provides a summary provisional outturn of **£13.780m** resulting in a **£3.424m** underspend on the General Fund Capital Programme for 2024/25. A summary of the significant variances is provided in Appendix B.

Table 4 – General Fund Capital Outturn Position

Directorate	2024/25 Current Budget £'000	2024/25 Budget (less C/F approved by Council February 2025 and proposed Budget C/F) £'000	2024/25 Provisional Outturn £'000	2024/25 Outturn Variance £'000
Corporate, Governance & Public Protection	1,936	1,936	1,743	(193)
Finance, Property & Waste Services	15,143	6,534	5,916	(618)
Growth & Culture	7,451	7,478	4,748	(2,730)
Housing & Property	4,080	1,256	1,373	117
Total Expenditure	28,610	17,204	13,780	(3,424)
Financed By:				
Capital Grants & Contributions	14,269	10,594	8,450	(2,144)
Reserves	3,375	2,242	1,952	(290)
Useable Capital Receipts	2,166	1,235	766	(469)
Borrowing	8,800	3,133	2,612	(521)
Total Financing	28,610	17,204	13,780	(3,424)

4.3 Table 5 provides a summary of the proposed capital budget carry forwards totalling **£2.542m**.

Table 5 – General Fund Capital Proposed Budget Carry Forwards

Project	Proposed Budget Carry Forward £'000	Funding	Commentary
Disabled Facilities Grant	244	Housing Delivery Reserve	Completion of works committed in 2024/25
CCTV Infrastructure Improvements	95	Local Priorities Reserve	Continuation of the project
Vehicle Replacement Programme	261	Local Priorities Reserve	Underspend to support the 2025/26 programme
Construction of new Depot	521	Internal borrowing	Continuation of the project
Future High Street Fund	1,539	Grant	Continuation of the approved projects
Coronation Orchards	33	Grant	Continuation of the project
Cattle Market*	(150)	Local Priorities Reserve	Project ahead of schedule as at 31 March 2025 reducing the available budget carry forward that was previously agreed by Council in February 2025.
TOTAL	2,542		

5 General Fund Reserves 2024/25

5.1 An integral element of the closedown procedure is to undertake a review of the usage and levels of the Council's reserves and balances. The financial statements reflect the proposed use of these and specific details of the significant balances and reserves are set out below and detailed at Appendix C.

Table 6 – General Fund Reserves Outturn Position

Description	Actual Balance as at 31 March 2024 £'000	Provisional Movement £'000	Provisional Balance as at 31 March 2025 £'000
Revenue Reserve			
Discretionary Reserves	11,059	1,954	13,013
Governance Reserves	5,244	(191)	5,053
Grants	2,269	1,258	3,527
Working Balance *	6,675	(4,475)	2,200
Total GF Revenue Reserves	25,247	(1,454)	23,793
GF Capital Reserve			
Capital Reserves	3,855	707	4,562
Total GF Reserves	29,102	(746)	28,355

* Provisional outturn pending completion of year end accounting entries

5.2 It is recommended that the provisional revenue underspend of **£1.114m** is allocated to the following reserves:

- ICT reserve – increase by **£260K** to replenish the level of the ICT Reserve to meet future ICT related expenditure.
- Training and Development Reserve – increase by **£85K** to support ongoing development of staff and members as identified through training development plans.
- Local Priorities Reserve – increase by **£769k** to support ongoing priority projects.

5.3 Discretionary Reserves – Some of the key movements included are:

- **£91k** expenditure on climate change initiatives.
- **£1.852m** net increase on the Local Priorities Reserve following movements from the working balance and closing down of the Business Rate Volatility Reserve, partly offset by funding of various corporate initiatives in year including capital.
- **£100k** transfer to Flood Reserve
- **£481k** Invest to Save to contribute towards the LED footway lighting replacement scheme
- **£333k** repayment of LLEP (Lincolnshire Local Enterprise Partnership) funding.
- **£83k** from the Property Maintenance reserve to support revenue related property expenditure.

- **£51k** from the Regeneration Reserve as match funding for the Future High Street project.
- New Homes Bonus funding of **£564k** was added to the Local Priorities Reserve.

5.4 Governance Reserves – Significant movements included:

- Council approved the removal of the Business Rate Volatility Reserve and the transfer of the **£1.291m** balance into the Local Priorities Reserves. These two reserves have been consolidated to ensure there is sufficient funding in place to reach a balanced position for 2026/27.
- During the year the current projection for the Working Balance is higher than required so **£4m** has been transferred into other reserves, specifically **£1m** transfer into the Budget Stabilisation Reserve and the remaining **£3m** to the Local Priorities Reserve. This will bolster these two important reserves.

5.5 Grants - The net movement in the Grant Reserve is an increase of **£1.258m** which is made up primarily of the following movements in year:

- Additional **£356k** transferred in to support homelessness prevention.
- **£1.651m** added regarding funding for the upcoming food waste implementation to be spent in 2025/26.
- Spend of **£689k** on UKSPF projects during 2024/25.

5.6 The balance on the Capital Reserves at 31 March 2025 is **£4.563m** after taking into account **£766k** used to finance capital expenditure in year and **£1.473m** added into the reserve from the sale of Council assets as summarised below:

- Land at Stonebridge Road Grantham **£538k**
- Industrial Unit at Hollis Road Grantham **£237k**
- Trent Road Grantham Nursery **£410k**
- Former Offices at Sheep Market, Stamford **£250k**
- Receipts from sales of end-of-life vehicles **£39k**

6. 2024/25 Statement of Accounts Update

6.1 The preparation of the 2024/25 Statement of Accounts is underway and the Council has received a positive draft Value for Money opinion which was presented to the June meeting of this Committee. However, it was highlighted that the Council was anticipating the end of June deadline for the publication of the draft Statement of Accounts would not be met. This is primarily due to: further work being undertaken to provide further information relating to the Council's data on Plant, Property and Equipment; together with the implementation of the Council's new finance system which has impacting on staffing capacity.

6.2 The Council will continue to keep update KPMG on progress but the current anticipated timescales are likely to result in draft accounts being ready during August. Nevertheless, it is still expected that the statutory deadline of 31st March 2026 for the production of the audited accounts will be achieved.

7. Reasons for the Recommendations

7.1 It is important that members are aware of the financial position of the General Fund to ensure they can make informed decisions that are affordable and financially sustainable for the Council. Effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council's priorities.

7.2 This report provides an overview of the provisional General Fund outturn financial position for 2024/25.

8. Other Options Considered

8.1 The terms of reference of the Governance and Audit Committee require the Committee to consider the annual revenue and capital outturn report, including the movement of reserves. Therefore the option of not producing a provisional outturn report was discounted.

8.2 In order to ensure the necessary budgets are in place to support service delivery a delegation has been requested to action the approved carry forwards.

9. Consultation

9.1 The Outturn report is presented to the Governance & Audit Committee and will also be presented to the Finance & Economic Overview and Scrutiny Committee on 24 July 2025 in order that the Committee has the opportunity to provide feedback to Cabinet for consideration at its meeting on 9 September 2025.

10. Appendices

10.1 Appendix A – 2024/25 General Fund Significant Variance Analysis

10.2 Appendix B – 2024/25 General Fund Capital Programme – Outturn

10.3 Appendix C – 2024/25 General Fund Reserves Statement