



Report to: Audit and Governance Committee – 2 July 2025

Director Lead: Sanjiv Kohli – Deputy Chief Executive and Director - Resources

Lead Officer: Nick Wilson, Business Manager – Financial Services

| Report Summary           |   |
|--------------------------|---|
| <b>Report Title</b>      | Provisional Financial Outturn Report to 31 March 2025   |
| <b>Purpose of Report</b> | <p>To present to Members the provisional 2024/25 financial outturn position on the Council's revenue and capital budgets, including:-</p> <ul style="list-style-type: none"><li>• General Fund Revenue</li><li>• Housing Revenue Account</li><li>• Capital Programme</li><li>• Provisions and Impaired Estimates on Debtors</li><li>• Usable Reserves</li><li>• Collection Fund</li></ul> <p>To show performance against the approved estimates of revenue and capital expenditure and income.</p>  |
| <b>Recommendations</b>   | <p>That the final outturn of revenue and capital spending for 2024/25 be noted;</p> <p>That the variation to the capital programme, as set out in paragraph 1.5 be noted;</p> <p>That the capital financing proposals as set out in paragraph 1.6 be noted;</p> <p>That the movement in Provisions and Impaired Estimates on Debtors be noted;</p> <p>That the creations of the new reserves, as outlined in paragraph 1.15, be noted; and</p> <p>That the individual contributions to, and withdrawals from, the revenue and capital Usable Reserves be noted.</p> |

## 1.0 Background

### Overview of Provisional General Fund (GF) Revenue Outturn for 2024/25

- 1.1 The accounts show a favourable variance of £1.744m on service budgets, with a total favourable variance of £3.384m as follows:-

*Table 1: General Fund Revenue Outturn for 2024/25 Financial Year as at 31 March 2025*

|   | Budget<br>£'m  | Outturn<br>£'m | Variance<br>£'m |
|---|----------------|----------------|-----------------|
| <b>Net Cost of Services</b>               | <b>19.043</b>  | <b>17.299</b>  | <b>(1.744)</b>  |
| Other Operating Expenditure               | 4.814          | 4.734          | (0.080)         |
| Finance & Investment Income & Expenditure | (1.760)        | (1.707)        | 0.053           |
| Taxation & Non Specific Grant Inc         | (24.335)       | (25.847)       | (1.512)         |
| <b>Net Cost of Council Expenditure</b>    | <b>(2.238)</b> | <b>(5.521)</b> | <b>(3.283)</b>  |
| Transfer to/(from) Unusable Reserves      | 2.784          | 2.683          | (0.101)         |
| Transfer to/(from) Usable Reserves        | (0.546)        | 2.838          | 3.384           |
| Transfer to/(from) General Balance        | 0.000          | 0.000          | 0.000           |

- 1.2 Based on the table above, usable reserves have increased by £3.384m. This increase has been applied to a number of different reserves described at paragraphs 1.25 and 1.26 later in this report. The statutory General Fund balance has not varied during the year and remains at £1.500m, which is in accordance with the Medium-Term Financial Plan approved on 6 March 2025.

### Overview of Provisional Housing Revenue Account (HRA) Outturn for 2024/25

- 1.3 The financial outturn position to 31 March 2025 for the HRA before appropriations to reserves is a surplus of £0.978m. Table 3 summarises these variances.

*Table 2: HRA Revenue Outturn for 2024/25 Financial Year as at 31 March 2025*

|  | Budget<br>£'m  | Outturn<br>£'m | Variance<br>£'m |
|--|----------------|----------------|-----------------|
| <b>Net Cost of HRA Services</b>                  | <b>(2.030)</b> | <b>(2.632)</b> | <b>(0.602)</b>  |
| Other Operating Expenditure                      | (0.006)        | 0.181          | 0.187           |
| Finance & Investment Income/Expenditure          | 4.070          | 3.525          | (0.545)         |
| Taxation & Non Specific Grant Income             | (1.512)        | (1.530)        | (0.018)         |
| <b>(Surplus)/Deficit on HRA Services</b>         | <b>0.522</b>   | <b>(0.456)</b> | <b>(0.978)</b>  |
| <b>Movements in Reserves</b>                     |                |                |                 |
| Transfer to/(from) Usable Reserves               | 0.709          | 1.687          | 0.978           |
| Transfer to/(from) Unusable Reserves             | (11.200)       | (11.200)       | 0               |
| Transfer to Major Repairs Reserve - Depreciation | 6.388          | 5.859          | (0.529)         |
| Transfer to Major Repairs Reserve – Revenue      | 3.581          | 4.110          | 0.529           |
| <b>Total</b>                                     | <b>0</b>       | <b>0</b>       | <b>0</b>        |

- 1.4 Based on the table above an additional £0.978m has been transferred into HRA Usable Reserves.

### Overview of Provisional Capital Outturn for 2024/25

- 1.5 The accounts show actual expenditure of £32.936m, resulting in of £8.780m or 21% of the revised budget. Some slippage in capital schemes is expected at the end of the financial year as timing of expenditure changes. To ensure the overall project budget remains intact, it is proposed that reprofiling of £7.817m (£4.812m GF and £3.004m HRA). This is because there are commitments in place or schemes still expected to start. For clarity, where a scheme has been completed, any remaining budgets will not be carried forward.

Table 3: GF and HRA Capital Outturn for 2024/25 Financial Year as at 31 March 2025

| Spend Type              | Budget Approved as per Cabinet 11/3/25 £'m | Revised Post Cabinet £'m | Outturn £'m   | Variance £'m   |
|-------------------------|--|--------------------------|---------------|----------------|
| GF                      | 15.605                                     | 15.191                   | 9.715         | (5.476)        |
| GF REFCUS*              | 5.595                                      | 5.604                    | 5.346         | (0.258)        |
| <b>GF Total</b>         | <b>21.200</b>                              | <b>20.795</b>            | <b>15.060</b> | <b>(5.734)</b> |
| HRA                     | 20.824                                     | 20.824                   | 17.778        | (3.045)        |
| HRA REFCUS*             | 0.098                                      | 0.098                    | 0.098         | 0.000          |
| <b>HRA Total</b>        | <b>20.921</b>                              | <b>20.921</b>            | <b>17.876</b> | <b>(3.045)</b> |
| <b>GF and HRA Total</b> | <b>42.121</b>                              | <b>41.716</b>            | <b>32.936</b> | <b>(8.780)</b> |

\*REFCUS relates to Revenue Expenditure funded from Capital under Statute i.e. expenditure on non-Council-owned assets e.g. disabled facilities grants.

- 1.6 Total Capital spend in the year of £32.936m has been financed by a combination of borrowing, external grants and contributions, receipts, major repairs reserve and revenue contributions. It is proposed that Cabinet approve the revised capital financing proposals as summarised in *Table 4*:

Table 4: Proposed 2024/25 GF and HRA Capital Outturn Financing

| Source of Financing             | GF Programme £'m | HRA Programme £'m | Total £'m     |
|---------------------------------|------------------|-------------------|---------------|
| External Grants & Contributions | 8.189            | 1.513             | <b>9.702</b>  |
| Capital Receipts                | 1.642            | 0.300             | <b>1.942</b>  |
| Community Infrastructure Levy   | 0.031            | 0.000             | <b>0.031</b>  |
| Revenue Contributions           | 1.984            | 4.454             | <b>6.438</b>  |
| Borrowing                       | 3.214            | 11.609            | <b>14.823</b> |
| <b>Total Financing</b>          | <b>15.060</b>    | <b>17.876</b>     | <b>32.936</b> |

\*Revenue contribution includes £1.757m transfers from reserves and £0.227m in year revenue contributions.

## Provisions for Future Liabilities

- 1.7 Provisions are made when an event has taken place that gives the Council an obligation that probably requires settlement, can be reasonably estimated, but where the timing of the payment is uncertain. Good practice requires that any movements in a Provision should be approved separately by Cabinet. The provisions in the table below relate to alterations and appeals against the rateable values (RV) provided for on properties in the National Non-Domestic Rating list (NNDR). The amounts shown in the Statement of Accounts (and hence in the table below) relate to this Council's element for the provision for appeals. 2023/24 saw the release of a refreshed rating list from the valuation office. This is the third such list since rates retention came into effect in April 2013. As a result of the new list being released, from April 2023 no further appeals for the prior lists are able to be lodged, this in turn has resulted in lower threats to our rating income. During the year 2024/25, £0.616m was charged against the provision in due to RV adjustments in relation to the 2017 and 2023 rating lists and £0.720m was added to the provision (£0.107m was added for the 2017 list provision and £0.613m was added for the 2023 list provision). 40% of all provisions are applicable to NSDC (£0.246m charge and £0.288m increase therefore £0.042m as the NSDC share). The provisions provided for in *Table 5* are the Council's 40% share, as follows:

*Table 5: 2024/25 Movements in GF Provision – NNDR*

| <b>General Fund Provision (NNDR) –<br/>Period of Settlement for Appeals</b> | <b>Balance<br/>B/Fwd<br/>01/04/2024<br/>£'m</b> | <b>Movement<br/>in Year<br/>£'m</b> | <b>Actual<br/>Balance<br/>31/03/2025<br/>£'m</b> |
|---|---|-------------------------------------|--|
| Provision for Appeals – NNDR settled within 12 months                       | (0.202)   | (0.102)                             | (0.304)  |
| Provision for Appeals – NNDR settled after 12 months                        | (0.377)   | 0.060                               | (0.317)  |
| <b>Provision for Appeals – NNDR Total</b>                                   | <b>(0.579)</b>                                  | <b>(0.042)</b>                      | <b>(0.621)</b>                                   |

- 1.8 The Council receive external advice (from Analyse Local) relating to the level of provision that should be held. Analyse Local have used their knowledge and understanding from a national perspective to estimate the total liability for the 2017 list which amounts to £0.203m and a total liability for the 2023 list amounting to £1.323m. This gives a total provision at Collection Fund level of £1.553m of which this Council recognises 40% (£0.621m) due to its share of the overall NNDR income.

## Impaired Estimates on Debtors

- 1.9 Impaired Estimates on Debtors is an estimation of the amount that will remain uncollectable after a certain time period and may require write off in the future accounts of the Council. The calculation is based upon on the age and amounts of debt owed to the Council based on a hierarchical percentage i.e. the older the debt, the greater likelihood of non-collection. Good practice requires that movements in the Impaired Estimates on Debtors should be approved separately by Members. *Table 6* details these:

*Table 6: 2024/25 Movements in GF and HRA Impaired Estimates on Debtors*

| Debtor Type                                    | Balance<br>B/Fwd<br>01/04/2024<br>£'m | Write Offs in<br>Year<br>£'m | (Increase) /<br>Decrease in<br>Provision<br>£'m | Actual<br>Balance<br>31/03/2025<br>£'m |
|--|---------------------------------------|------------------------------|---|--|
| GF - Sundry Debts                              | (0.165)                               | 0.004                        | 0.036   | (0.125)                                |
| GF - Housing Benefit                           | (1.001)                               | 0.123                        | 0.060   | (0.818)                                |
| <b>GF – Impaired Estimates<br/>on Debtors</b>  | <b>(1.166)</b>                        | <b>0.127</b>                 | <b>0.096</b>                                    | <b>(0.943)</b>                         |
| HRA - Sundry and Other<br>Debts                | (0.019)                               | 0.020                        | (0.016)   | (0.015)                                |
| HRA - Former Tenants                           | (0.293)                               | 0.043                        | (0.135)   | (0.385)                                |
| HRA - Current Tenants                          | (0.055)                               | 0.004                        | (0.040)   | (0.091)                                |
| <b>HRA – Impaired<br/>Estimates on Debtors</b> | <b>(0.367)</b>                        | <b>0.067</b>                 | <b>(0.191)</b>                                  | <b>(0.491)</b>                         |

## Usable Capital Reserves

1.10 A Reserve is created for a specific future purpose or to cover contingencies. In accordance with the Code; these Usable Reserves must be separately identified between those that are retained for Capital purposes and those that are retained for Revenue purposes. Again, good practice dictates that any movements in existing reserves, or the creation of any new reserves, be approved by Members.

1.11 Capital reserves are used to fund spend incurred on the approved capital programme. *Table 7* details the position as at 31 March 2025:

*Table 7: Capital Reserves used to Fund GF and HRA Capital Programmes as at 31 March 2025*

| Capital – Type of Reserve<br>Used to Fund Capital<br>Programme | Balance<br>B/Fwd<br>01/04/2024<br>£'m | Cont'n<br>in Year<br>£'m | Use in<br>Year<br>£'m | Actual<br>Balance<br>31/03/2025<br>£'m | Anticipated<br>balance at<br>31/03/2029<br>£'m |
|--|---------------------------------------|--------------------------|-----------------------|--|--|
| <b>Capital - GF</b>  |                                       |                          |                       |  |  |
| Usable Capital Receipts  | 0.039                                 | 2.805                    | 1.643                 | 1.201                                  | 0.038  |
| Capital Grants Unapplied                                       | 11.157                                | 2.261                    | 0.031                 | 13.387                                 | 13.387   |
| <b>Capital – HRA</b>   |                                       |                          |                       |  |  |
| Usable Capital Receipts – HRA                                  | 0.120                                 | 0.219                    | 0.304                 | 0.035                                  | 0.512  |
| Usable Capital Receipts - RTB's                                | 0                                     | 0.359                    | 0.300                 | 0.059                                  | 0.889  |
| Capital Grants Unapplied                                       | 0                                     | 0.271                    | 0.271                 | 0                                      | 0  |
| Major Repairs Reserve (MRR)                                    | 8.025                                 | 9.969                    | 7.492                 | 10.502                                 | 5.277  |
| <b>Capital - Total</b>   | <b>19.341</b>                         | <b>15.884</b>            | <b>10.041</b>         | <b>25.184</b>                          | <b>20.103</b>                                  |

## Usable Revenue Reserves

- 1.12 Revenue reserves are used to fund anything that is not capital in nature, albeit can be applied to capital expenditure if necessary. They cover such areas as donations, external grants and contributions for future service provision, or specific sums of money held for a specific purpose. The tables below show high level balances against the categories of the reserves that are held for each fund together with current approved commitments and hence a forecast balance. **Appendix A** details the movement on General Fund Reserves and **Appendix B** shows HRA Reserves.

| General Fund                 | Opening Balance<br>£'m | Closing Balance<br>£'m | Commitments<br>£'m | Forecast Balance<br>£'m |
|------------------------------|------------------------|------------------------|--------------------|-------------------------|
| Budget funding reserve       | (9.838)                | (9.012)                | 5.696              | (3.316)                 |
| Earmarked for Known Pressure | (7.288)                | (8.761)                | 3.166              | (5.595)                 |
| Ringfenced                   | (2.037)                | (2.555)                | 0.265              | (2.290)                 |
| Un-ringfenced                | (13.486)               | (15.286)               | 11.417             | (3.869)                 |
| <b>Total</b>                 | <b>(32.649)</b>        | <b>(35.614)</b>        | <b>20.544</b>      | <b>(15.070)</b>         |

- 1.13 Overall the Council has increased its General Fund reserves position by £2.965m. This is attributed to:

|  | £'m           |
|--|---------------|
| <b>Brought Forward Reserves balance</b>                  | <b>32.649</b> |
| Budgeted increase in reserves                            | 0.794         |
| Contributions to Capital Expenditure                     | (1.757)       |
| Favourable variance in cost of running Council           | 3.384         |
| Other movements  | 0.544         |
| <b>Reserves balance as at 31<sup>st</sup> March 2025</b> | <b>35.614</b> |

| HRA                          | Opening Balance<br>£'m | Closing Balance<br>£'m | Commitments<br>£'m | Forecast Balance<br>£'m |
|------------------------------|------------------------|------------------------|--------------------|-------------------------|
| Earmarked for Known Pressure | (4.227)                | (5.652)                | 1.806              | (3.846)                 |
| Un-ringfenced                | (2.000)                | (2.000)                | 0.000              | (2.000)                 |
| <b>Total</b>                 | <b>(6.227)</b>         | <b>(7.652)</b>         | <b>1.806</b>       | <b>(5.846)</b>          |

- 1.14 Service variances combined with non-service related income and expenditure variances has meant that overall the District Council has increased its Housing Revenue Account reserves by £1.427m. This increase has been identified as being related to:

|  | £'m          |
|--|--------------|
| <b>Brought Forward Reserves balance</b>                  | <b>6.227</b> |
| HRA agreed Carry Forwards                                | 0.233        |
| Unused efficiency savings                                | 0.348        |
| Favourable variance in cost of running HRA               | 0.978        |
| Other movements  | (0.132)      |
| <b>Reserves balance as at 31<sup>st</sup> March 2025</b> | <b>7.654</b> |

1.15 During the year one new General Fund reserve has been set up:

| Reserve name           | Balance as at 31 Mar 2025 £'m | Purpose  |
|------------------------|-------------------------------|--|
| Residential Food Waste | (0.260)                       | Funding has been received from DEFRA under the New Burdens scheme to support the delivery of containers and project management for the implementation of residential food waste collections. |

#### **The Collection Fund 2024/25**

- 1.16 The Collection Fund accounts for the income from the collection of Council Taxes and Business Rates, and the subsequent disbursement to local authority preceptors and central government.
- 1.17 The in-year surplus on the Council Tax account was £0.061m, which reduced the overall deficit from £1.324m at 1 April 2024 to £1.263m at 31 March 2025.
- 1.18 The Code prescribes that the Statement of Accounts only show the element of Council Tax that relates to Newark & Sherwood District Council. In this regard, the share of the Council Tax deficit of £1.263m that relates to Newark & Sherwood District Council as at 31 March 2025 is £0.147m. A deficit of £1.500m was estimated during January 2025 and is therefore being recouped during 2025/26 from Council Tax preceptors. £0.174m of this related to Newark & Sherwood DC and has been budgeted for accordingly.
- 1.19 The in-year deficit on the Business Rates account was £1.303m, which reduced the overall surplus from £1.997m at 1 April 2024 to £0.694m at 31 March 2025.
- 1.20 The Code prescribes that the Statement of Accounts only show the element of business rates that relates to Newark & Sherwood District Council. In this regard, the share of the business rates surplus that relates to Newark & Sherwood District Council as at 31 March 2025 is £0.277m. The Council declared an estimated surplus as at 31<sup>st</sup> March 2025 of £0.631m during January and hence £0.252m has been included within the 2025/26 budget.

- 1.21 Impaired provisions on council tax and business rates debtors is an estimation of the amount that will remain uncollectable after a certain time period. This may be required to be written off in future by all preceptors depending on their share of the Collection Fund. The calculation is based upon on a historical experience of bad debt, i.e. experience shows 0.8% of net liability is written off for council tax, 0.7% for business rates. Where a debt is written off, for every £1.00 in council tax, £0.11p is reflected in the Councils accounts, the remaining balance is split between the remaining preceptors. For every £1.00 of business rates written off, £0.40 is reflected in the Councils accounts.

2024/25 Movements in CF Impaired Estimates on Debtors

| Debtor Type                                   | Balance<br>B/Fwd<br>01/04/2024<br>£'m | Write Offs in<br>Year<br>£'m | (Increase) /<br>Decrease in<br>Provision | Actual<br>Balance<br>31/03/2025<br>£'m |
|---|---------------------------------------|------------------------------|--|--|
| CF - Council Tax Debts                        | (3.861)                               | 0.803                        | (0.729)                                  | (3.787)                                |
| CF - Business Rates Debts                     | (0.704)                               | 0.231                        | (0.392)                                  | (0.865)                                |
| <b>CF – Impaired Estimates<br/>on Debtors</b> | <b>(4.565)</b>                        | <b>1.034</b>                 | <b>(1.121)</b>                           | <b>(4.652)</b>                         |

**Pensions**

- 1.22 The details regarding the Council's share of the Nottinghamshire County Council Pension Fund are provided for Members consideration at **Appendix C**.
- 1.23 Barnett Waddingham are the Pension Fund's appointed Actuary and their report sets out the assumptions used to prepare the IAS19 pension figures reported in the Council's accounts. It is best practice to consider these assumptions prior to agreeing their use and inclusion in the Statement of Accounts for 2024/25. The Audit & Governance Committee considered these at their meeting in April 2025.

**2.0 Proposal/Options Considered and Reasons for Recommendation**

- 2.1 To approve the Financial Outturn position for the Council for the 2024/25 financial year.

**3.0 Implications**

- 3.1 In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability, and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.
- 3.2 Legal Implications LEG2526/6672  
Audit & Governance Committee is the appropriate body to consider the content of this report.



**Background Papers and Published Documents**

Statement of Accounts files & working papers 2024/25

Capital Finance Account's 2024/25 files

Housing Revenue Account's 2024/25 files