

# **Cheltenham Borough Council**

## **Cabinet 15 July 2025**

## **Council 21 July 2025**

## **General Fund Revenue & Capital Outturn 2024/25**

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### **Accountable member:**

Councillor Peter Jeffries, Cabinet Member for Finance and Assets

### **Accountable officer:**

Gemma Bell, Director of Finance & Assets (Deputy s151 Officer)

### **Ward(s) affected:**

All

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### **Key Decision:** No

### **Executive summary:**

In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Council's finances and financial performance. This report highlights the Council's financial performance and sets out the General Fund and Housing Revenue Account (HRA) revenue and capital outturn position for 2024/25. The information contained within this report has been used to prepare the Council's Statement of Accounts for 2024/25.

Financial rule B10.1 states that carry forward of planned underspend of revenue budgets into the following financial year will only be allowed with the agreement of the Section 151 Officer, in order to meet the needs of approved service delivery. Financial rule B10.3 states that all other carry forward requests, including budget underspends that have been carried forward in previous financial years, will be subject to full Council approval at the financial outturn meeting held after the year end.

The Council's Treasury Management Policy requires the Section 151 Officer to report to members annually, by the 30 September, on the treasury management activities and treasury management indicators for the previous financial year. This report also seeks to meet this requirement.

## **Recommendations: That Council:**

- 1. receives the financial outturn performance position for the General Fund, and notes that in delivering services in 2024/25, after the application of carry forward requests and following the use earmarked reserves, there was an underspend of £913 against the 2024/25 revised budget approved by Council on 21 February 2025.**
  - 2. notes £420,144 of carry forward approved by the Section 151 Officer under delegated powers at Appendix 5.**
  - 3. notes the annual treasury management report at Appendix 7 and note the actual 2024/25 prudential and treasury indicators.**
  - 4. notes the capital programme outturn position as detailed in Section 7 of this report and Appendix 8, approve the carry forward of unspent budgets into 2025/26.**
  - 5. notes the year end position in respect of Section 106 agreements and partnership funding agreements at Appendix 9.**
  - 6. notes the outturn position in respect of collection rates for council tax and non-domestic rates for 2024/25 in Appendix 10.**
  - 7. receives the financial outturn performance position for the Housing Revenue Account for 2024/25 in Appendix 11 and approves the carry forward of capital budgets from 2024/25 into 2025/26 as set out in Appendix 12.**
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## **1. Implications**

### **1.1. Financial, Property and Asset implications**

As detailed throughout this report.

**Signed off by:** Gemma Bell, [gemma.bell@cheltenham.gov.uk](mailto:gemma.bell@cheltenham.gov.uk), 01242 264124

### **1.2. Legal implications**

As detailed in the body of the report, the Council has adopted and complied with the CIPFA Code of Practice for Treasury Management in the Public Services. This provides assurance that investments are, and will continue to be, within its legal powers.

**Signed off by:** One Legal, [legalservices@onelegal.org.uk](mailto:legalservices@onelegal.org.uk), 01684 272012

### **1.3. Environmental and climate change implications**

Key elements of the budget are aimed at delivering the corporate objectives in the Corporate Plan, including the climate change and net zero carbon priorities. The sustainability of general balances and earmarked reserves is vital to continue to work

towards this objective.

**Signed off by:** Maizy McCann, Climate Change Officer

#### 1.4. Corporate Plan Priorities

The actions outlined in this outturn report to support general balances, implement savings and grow commercial income will help ensure that the Council can continue to deliver its corporate objectives as set out in the Corporate Plan for 2023- 2027 and refreshed Corporate Plan 2025 - 2028.

**Signed off by:** Ann Wolstencroft, Head of Performance, Projects and Risk

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## 2. Background

- 2.1. On 23 February 2024, Council approved the budget for 2024/25, including setting the Council Tax. The 2024/25 approved budget once again identified ambitious efficiency savings and required reducing expenditure or generating additional income of £2.841m to deliver on target. This brings the cumulative savings required since the pandemic to over £5.5m.
- 2.2. These are unprecedented times for local government. Over the past few years, the Council has faced financial pressures in almost all areas. Like many residents and businesses in our town, we have diverted significant resources and lost substantial income while responding to the COVID-19 pandemic. This was followed by a new crisis—rising service delivery costs and the challenge of supporting a growing number of residents affected by the cost-of-living crisis. These pressures come on top of nearly a decade of year-on-year cuts to the Council's government funding.
- 2.3. As a comparison, overspends were £2.606m in 2022/23 and the 2023/24 budget still relied on general balances to support the pressures which were forecast at £1.030m by 31 March 2024. The outturn for 2024/25 is a marked change from the previous two years and an overall underspend has been reported once more, indicating that the general fund is starting to stabilise after a long period of uncertainty.
- 2.4. The assessment of the robustness of the balances made by the Section 151 officer at each budget cycle has meant budgets have made provision for this and savings have been able to be implemented in a robust and informed way. Although inflation has fallen and interest rates seem to be following, recovery is a slow and gradual process and since 2022/23 our general balances have been consistently below the optimum assessment. **However, in assessing the optimum level during 2024/25, allowances were made for planned savings.**

- Planned savings measures slippage £548k
- Interest rate variation cost £63k
- Volume variations demand led income £135k

2.5. It is recognised throughout this report that a number of the contingencies applied in assessing the optimum level of general balances came to fruition within the financial year which justifies their inclusion.

2.6. A key benefit of the Council's decision to dip into general balances to facilitate change has freed up the time and resources needed to take key decisions around the delivery of our housing services, the sale of the Municipal Offices, the sale of the Council's shareholding in Gloucestershire Airport and the development agreement for the National Cyber Innovation Centre, part of the Council's nationally significant Golden Valley Development.

2.7. Although general balances are still below the recent assessment of the optimum level of balances which was made at £1.764m in February 2025, there is a clear and realistic plan to achieve this by 31 March 2026. This is as a result of the work delivered in 2023/24 and 2024/25 meaning savings are coming to fruition and for the first time since before the pandemic, a budget has been set which makes more provision to replenish reserves than the savings and efficiencies required.

2.8. This report draws together the financial outturn position for 2024/25 for the General Fund against the Revised 2024/25 budget. It also summarises the Housing Revenue Account (HRA) revenue and capital budgets, details reserve movements and summarises requests for carry forward of budgets approved by the Section 151 Officer under delegated powers.

### **3. General Fund Outturn 2024/25**

3.1. The outturn position at 31 March 2025 reports an underspend of £913 against the revised budget approved in February 2025. A summary of the General Fund outturn position by directorate is contained in Appendix 2 and by service area in Appendix 3. Information is presented in the same format as used in the draft statement of accounts, in accordance with the CIPFA Code of Practice 2024/25.

3.2. The 2024/25 budget set a hugely ambitious savings target of £2.841million. By February 2025, it was reported that £2.011m of this had been achieved within the year. Combined with the previous three financial years, a cumulative total of over £5m of savings and efficiencies have been delivered within the Council's budget. This approach has meant frontline Council services have been safeguarded in a period of significant economic uncertainty for many of our tenants and residents.

3.3. The general balance at 31 March 2025 is £1.296m which is below the optimum

level assessed by the Section 151 Officer in the Section 25 report to Council in February 2025. The medium term financial strategy approved by Council in February 2025 outlines the strategy for recovering this position.

#### **4. Budget carry forward requests**

4.1. At the year end, a number of budget holders requested 'carry forward' of unspent budgets. Requests fall into two categories and have been dealt with as follows:

- Some requests are in respect of goods and services ordered but not received by 31 March 2025.
- Some relate to items of expenditure not yet incurred due to slippage in work programmes but still planned to be spent in line with the original intention of the budget.
- Others are amounts of grant funding which have been allocated but not yet been taken up by their intended beneficiaries.

4.2. In line with previous practice, these have been reviewed by the Executive Leadership Team and approved by the Section 151 Officer, under delegated powers (financial rule B10.1). A list of the approved carry forward of budgets totalling £420,144 for which expenditure is in line with the original approved purpose, is contained in Appendix 5.

4.3. In accordance with the Service Reporting Code of Practice (SeRCOP), a transfer was made to a 'carry forward' reserve in 2024/25 (Appendix 6) and transfers will be made from the 'carry forward' reserve in 2025/26 to the appropriate cost centres in order that members and officers have a clear indication of the total budget, including carry forwards, available for 2025/26.

#### **5. Treasury Management / Prudential Indicators**

5.1. Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services. This Council has adopted the code and complies with its requirements, one of which is the receipt by Cabinet and Council of an Annual Review Report after the financial year end. The detailed treasury report is attached at Appendix 7.

#### **6. Business Rates Retention Scheme (BRRS)**

6.1. One of the key documents in the budget setting process is the estimate of business rates yield which is reported in the National Non Domestic Rates return (NNDR1) which is submitted to the Ministry of Housing, Communities and Local Government (MHCLG). The NNDR1 return was submitted to MHCLG by the deadline of 31 January 2024 and the budget was based on the figures within that

return.

6.2. The table below reflects the actual performance against the revised budget with an overall variance for the year of £38,628 when taking into account the Gloucestershire Business Rates pooling arrangement.

	<b>2024/25 Original Budget £</b>	<b>2024/25 Revised Budget £</b>	<b>2024/25 Actual £</b>	<b>2024/25 Variance £</b>
Retained business rates	24,288,060	24,288,060	24,288,060	-
Tariff payable to government	(21,783,145)	(21,783,145)	(21,783,145)	-
Grant to compensate for government decisions	4,459,746	4,513,280	4,522,407	9,127
Estimated levy payable to government after Pool surplus/deficit	(966,249)	(899,603)	(645,102)	254,501
<b>Net retained business rates</b>	<b>5,998,412</b>	<b>6,118,592</b>	<b>6,382,220</b>	<b>263,628</b>
<b>Less Baseline Funding (target level of net retained rates)</b>	<b>(3,086,353)</b>	<b>(3,086,353)</b>	<b>(3,086,353)</b>	<b>-</b>
<b>Net surplus on business rates against baseline funding</b>	<b>2,912,059</b>	<b>3,032,239</b>	<b>3,295,867</b>	<b>263,628</b>
Deficit adjustment re 2022/23	(167,244)	(167,244)	(167,244)	-
Deficit adjustment re 2023/24	(307,181)	(307,181)	(307,181)	-
<b>Total One-off adjustments re previous years' deficits</b>	<b>(474,425)</b>	<b>(474,425)</b>	<b>(474,425)</b>	<b>0</b>
<b>Net retained business rates (after one-off deficit adjustments &amp; LIGS)</b>	<b>5,523,987</b>	<b>5,644,167</b>	<b>5,907,795</b>	<b>263,628</b>
Transfer (to)/from BRR earmarked reserve	300,000	169,612	(55,388)	(225,000)
<b>Net income included in outturn</b>	<b>5,823,987</b>	<b>5,813,779</b>	<b>5,852,407</b>	<b>38,628</b>

## 7. Capital Outturn 2024/25

7.1. The outturn position in respect of General Fund capital programme is contained in Appendix 8. Members are asked to note the outturn position and, where there is slippage, approve the budgets to be carried forward into 2025/26 requested by officers.

## 8. Reserves and Section 151 Officer Advice

8.1. The Section 151 Officer has, under delegated powers (financial rule B11.4), authority to make transfers to and from these operational reserves in accordance with the intention of the reserve as determined by the Council's Reserves Policy and Protocol. The transfers approved by the Section 151 Officer for 2024/25 are

set out in the outturn performance position schedules at Appendix 2 and 3.

- 8.2. Appendix 6 also details the reserves held by the Council, states their purpose and indicates the balance at 31 March 2025. In setting the budget for 2024/25 a review of reserves was undertaken to assess whether the levels were appropriate and in line with the policy for reserves and balances; and also whether they took into account the needs and risks of the organisation and the prevailing economic conditions.
- 8.3. In assessing the adequacy of reserves and balances for 2025/26 the Section 151 Officer used a risk based approach to assess the appropriate level of general balances which calculated the optimum level to be £1.764m. At the year end, the General Fund Balance stands at £1.296m and therefore is below the optimum level recommended by the Section 151 Officer at year end for reasons set out above – an impact of the pressures experienced since 2022/23 which have required us to draw on this balance year on year. As set out in Appendix 6 based on the current 2025/26 budget the objective is to increase general balances to £1.861m by the 31 March 2026 and other earmarked reserves from £3.509m to £4.026m. This will be the first year since before the pandemic where contributions to reserves will exceed the savings required for the period, strongly indicating that the Council's general fund position is stabilising.
- 8.4. Members will need to be mindful that there will be an expectation to further strengthen these reserves in order that the Council is robustly covered against further financial pressures which may emerge or future changes to local government financial support. This includes any impact of the Government's Fair Funding review and Business Rates reset and once the details of the recent Spending Review on Local Government are announced, which is not likely to be confirmed until December 2025. With preparation work for Local Government Reorganisation also requiring appropriate resource, it may be the case that that some difficult choices need to be made in respect of service provision in the medium term.

## **9. Section 106 Receipts**

- 9.1. A position statement in respect of the activity of Section 106 receipts is contained in Appendix 9.
- 9.2. The following summarises the activity in respect of Section 106 for 2024/25, compared to 2023/24.

	<b>2023/24</b>	<b>2024/25</b>
	<b>£</b>	<b>£</b>
Balance of unused Section 106 receipts	2,134,463	3,990,471
Net additional receipts in year	2,097,899	-
Receipts used to finance projects in year	(241,891)	(457,506)
Balance outstanding at year end	3,990,471	3,532,965

9.3. In 2023/24, there was a significant s106 contribution received for the Starvehall Farm development. This contribution is in relation to affordable housing and will be used to support the achievement of the Council's Corporate Priority to increase the number of affordable homes in our town. In 2024/25 there no new receipts but officers worked to commit a large number of smaller balances to a range of capital projects across the town.

## **10. Council tax and Business Rates Collection and Support**

10.1. The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 10. This shows the position at the end of March 2025. The collection rate for council tax has decreased slightly from 98.32% in 2023/24 to 98.18% in 2024/25. The cost of living crisis continues to have an impact on households and our team are continuing to work with any customers who are struggling to pay.

10.2. The collection rate for business rates collection has also decreased from 98.56% to 97.22% in the same period. The figures have been significantly impacted by one large business ratepayer avoiding payment. The business rates team continue to work with those business rate payers struggling to pay. Robust recovery action using all legal powers available will continue against those avoiding payment.

## **11. Housing Revenue Account (HRA)**

### **HRA Income and Expenditure**

11.1 The HRA revised forecast for 2024/25 financial year, based on performance to December 2024, anticipated an operating surplus of £88,740 and it was expected that there would be a remaining balance of £1,025m in revenue reserves at 31st March 2025.



11.2 The outturn statement, as presented in Appendix 11, shows a larger deficit than expected of £332,500 for the year leaving a balance of £603,500 in revenue reserves at year end. This is the second year that the HRA balance has finished below the target level of £1.5m however the decision to wind up Cheltenham Borough Homes and bring the housing services back in-house will generate significant savings and strengthen the HRA revenue reserve in 2025/26 and 2026/27. It is expected that the target levels will be restored by 31 March 2027.

11.3 Below is an explanation of variances exceeding £50,000:

Detail	Forecast £'000	Actual £'000	Variation £'000	Explanation
General & Special Management	5,028	5,125	97.9	This overspend is as a result of ICT costs incurred for development in QL which were not able to be capitalised. The overspend is split between housing and general management based on the nature of the development activity.
Housing Management	5,178	5,436	258.4	
Rents, Rates, Taxes and Other Charges	159	231	72	A significant increase in void properties has meant the Council has had to pay the Council Tax and other bills for longer periods as delays are experienced in turn around and re-let.
Repairs & Maintenance	5,420	5,557	137	As a result of the reduction in activity on planned maintenance works in the capital programme, a greater proportion of spend than forecast was diverted to addressing reactive repairs and maintenance work.
Provision for Bad Debts	240	78	(162)	A lower turnover in tenants and leaseholders has meant better than forecast collection of rent and service charges, meaning less need to provide for bad or doubtful debt.
Interest Payable	3,302	3,211	(90)	An underspend on the capital programme has meant lower levels of borrowing were required than forecast, reducing the interest payable.
Dwelling Rents	23,706	23,643	(62.5)	Again, this variance is in part down to the increase in the turnaround time of void properties.

### Major Repairs Reserve

11.4 In accordance with regulations this reserve is funded by sums equivalent to the depreciation provision and has been used to finance HRA capital expenditure.

## **HRA Capital Programme**

- 11.5 Actual expenditure for the year was £18.055m, an underspend of £3.039m compared with the forecast of £21.094m.
- 11.6 The three year programme approved by Council in February 2024 includes projects where expenditure plans span more than one financial year and are delivered through more than one contract. Where delays occur, for example through extended consultation with leaseholders or procurement issues, we seek opportunities for advancing other projects within overall funding. Costs are controlled at both contract and project level.
- 11.7 Changes to the projected financing of the capital programme have primarily arisen from the reduction in overall spend and the availability of additional capital receipts and revenue contributions.

## **12. Consultation**

- 12.1 Appropriate members and officers were consulted in the process of preparing the outturn position and associated reports and accounts. The outturn figures will also be presented for discussion at the Budget Scrutiny Working Group in July.

## **13. Key risks**

- 13.1. As outlined in Appendix 1.

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### **Report author:**

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### **Appendices:**

1. Risk Assessment
2. Summary Outturn Performance Position – General Fund
3. Service Level Outturn Performance Position – General Fund
4. Significant Variances
5. Carry Forward Requests
6. Movement on Earmarked Reserves and General Balances
7. Annual Treasury Management review
8. Capital Programme – General Fund
9. Section 106 Receipts Statement
10. Council Tax and NNDR collection
11. HRA Operating Account
12. HRA Capital Programme and Major Repairs Reserve

**Background information:**

- Final Budget Proposal for 2024/25 – Council 23 February 2024
- Section 25 Report – Council 23 February 2024
- Final Budget Proposals including the Revised budget for 2024/25 – Council 21 February 2025

**Appendix 1: Risk Assessment**

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
52	If the Council is unable to come up with long term solutions which close the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	5	4	20	Reduce	<ul style="list-style-type: none"> <li>- Commercial strategy &amp; activities</li> <li>- Quarterly budget monitoring</li> <li>- Cabinet engagement - budget proposals</li> <li>- Increased capacity in the finance team</li> <li>- Cabinet Away Day challenge and decisions</li> <li>- Ongoing monitoring of targets for workstreams/services</li> </ul>	Director of Finance & Assets	Ongoing
403	Prioritisation of capital resources – If CBC are unable to prioritise medium term projects and programmes which require significant capital financing, then it will increasingly have to rely of borrowing to fund service investments increasing the pressure on our revenue budgets to	Cabinet	5	4	20	Reduce	<ul style="list-style-type: none"> <li>- Ongoing review and alignment of the capital programme with the Corporate Plan</li> <li>- Quarterly budget monitoring</li> <li>- Cabinet engagement - budget proposals</li> <li>- Gateway reviews of all projects through the Corporate Programme office</li> <li>- Cabinet Away Day challenge and decisions</li> <li>- Business case and approval for all new projects, including</li> </ul>	Director of Finance & Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	fund repayments.						allocation of resource and budgets		
53	If General Balances are not strengthened then insufficient reserves will be available to cover unanticipated spend or deficits resulting in the levels which will consequently fall below the minimum required level as recommended by the Section 151 Officer in the council's Medium Term Financial Strategy	Director of Finance & Assets	5	3	15	Reduce	The MTFS is clear about the need to enhance reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2025/26 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever possible.	Director of Finance & Assets	Ongoing
199	If the Government review concludes significant changes to business rate retention, Government grant funding or Council Tax generation for Cheltenham then the MTFS budget gap may increase, requiring greater	Director of Finance & Assets	5	4	20	Reduce	<p>The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council.</p> <p>The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot.</p>	Director of Finance & Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	savings than already planned.						Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.		