

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Finance Performance Report – Provisional Outturn 2024/25

**Meeting/Date:** Cabinet – 17<sup>th</sup> June 2025

**Executive Portfolio:** Executive Councillor for Finance and Resources

**Report by:** Corporate Director (Finance and Resources)

**Ward affected:** All

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### Executive Summary:

This report sets out the provisional outturn for the financial year 2024/25 for both revenue and capital.

### REVENUE PROVISIONAL OUTTURN

The current net revenue budget for 2024/25 is £26.002m (Original budget of £26.004m plus brought forward budgets of £0.306m less carry forwards of £0.308m). The provisional outturn net expenditure for 2024/25 is £26.058m, this is a provisional outturn overspend of £56,000.

The significant variations that contribute to the provisional outturn are as follows;

### Underspends

**Corporate Resources underspend £0.5m, as a result of;** Increased investment income, lower Minimum Revenue Provision (MRP) costs, currently vacant posts, lower utilities costs at Pathfinder House and Eastfield House. Offset by reduced rental income.

**Economic Development underspend £0.1m as a result of;** Saving from posts that are currently vacant.

**Operations underspend £1.1m, as a result of;** Increased income from Green Bin subscriptions, Street Cleansing and CCTV. Lower expenditure on CCTV staffing, from delays to Climate Change projects, and a delayed recycling contract. Increased expenditure due to watercourse works, tree works, street cleansing, and Waste agency staff.

**ICT underspend of £0.1m, as a result of;** Savings from current vacancies, offset by overtime, market supplement and agency staff costs.

**Leisure and Health underspend of £0.1m as a result of;** Increased income from Health and Fitness membership fees and Active Lifestyle membership fees. Offset by extra staff costs (resulting in increased income) and other unavoidable costs.

## **Overspends**

**Chief Operating Officer overspend £0.2m, as a result of;** Lower than budgeted Housing Benefit Subsidy and Council Tax grant. Increased costs from Emergency Planning preparation, offset by lower Building Control service contribution, Mobile Home Park costs and temporary staff savings from vacancies.

**Corporate Leadership overspend £1.5m, as a result of;** The creation of transformation (£0.40m) and Community Health and Wealth (£0.75m) funds. Also increased salary and recruitment costs.

**Chief Planning Officer overspend £0.1m, as a result of;** Increase income from Planning Performance Agreements, and savings from posts currently vacant. Offset by reduced planning fee income.

**Strategic Insight and Delivery overspend £0.3m, as a result of;** Reduced income from markets and car parks, but there has been increased income from Hinchingsbrooke Country Park (Café and room bookings). Additional costs at play areas and for legal fees, and also for Green Bin subscription project staffing. This was offset partly by savings in salary from currently vacant posts

## **CAPITAL PROVISIONAL OUTTURN**

The approved original budget was £26.073m, which included re-phased budget from prior years of £13.288m. At the year end the actual budget rephased was £18.917m, which is £5.629m more rephased than originally budgeted. In addition £0.198m in additional expenditure (funded) has been added. The current budget is therefore £31.900m (£26.073m plus £5.629m plus £0.198m). The provisional outturn for 2024/25 is £16.851m, an in-year underspend of £15.049m. A total rephase to 2025/26 of £15.8m is requested.

The significant variations that contribute to this forecast are as follows;

### **In year underspends;**

Market Town projects £10.2m Hinchingsbrooke Country Park £2.4m, ICT projects £0.6m, and Vehicle Fleet £1.6m, Commercial Property works £0.9m, CIL £0.5m, Housing Fund £0.3m, Civil Parking Enforcement £0.3m Parks works £0.2m, Wheeled Bins £0.1m, Company Shares £0.1m.

### **Overspends;**

£0.6m on Disabled Facilities Grants, £0.2m on Changing Places facilities (funded), £0.1m on Salix projects, Solar Canopy £0.5m (funded), Biodiversity £0.7m (funded).

**Recommendation(s):**

It is recommended that:

- Cabinet is invited to **consider and comment** on the revenue financial performance for the financial year 2024/25, as detailed in **Appendix 1** and summarised in paragraph 3.2.
- Cabinet is invited to **consider and comment** on the capital financial performance for the financial year 2024/25, as detailed in **Appendix 2** and summarised in paragraph 3.3.
- Cabinet is asked to **consider and comment** on the requested rephasing of capital budgets from 2024/25 to 2025/26 as detailed in **Appendix 2**.

## PURPOSE OF THE REPORT

1.1 To present details of the Council's provisional outturn for 2024/2025

- Revenue forecast of an overspend of **£56,000**
- Capital forecast in-year underspend of **£15.0m**.

## BACKGROUND

- 2.1 The revenue budget and MTFS for 2024/25 approved in February 2024, assumed a net expenditure budget of £26.003m, since increased by brought forward budgets of £0.306m, reduced by carried forward budgets £0.308m giving a total current budget of £26.002m.
- 2.2 A gross capital budget of £26.073m was approved, increased to £31.900m due to additional rephasing of schemes at the year-end of £5.629m, and additional funding of £0.198m not included in the original budget.
- 2.3 The detailed analysis of the 2024/25 provisional outturn is attached at Appendix 1 for revenue, and Appendix 2 for capital.

## FINANCIAL PERFORMANCE

3.1 Financial Performance Headlines

The provisional outturn position for the current financial year and the impact of variations will be incorporated within the Medium Term Financial Strategy (MTFS).

**Revenue** The current budget is £26.002m (original budget £26.003m plus budget brought forward from 2023/24 of £0.306m, less budget carried forward to 2025/26 of £0.308m), the provisional outturn is £26.058m, this is a provisional outturn overspend of £56,000.

**Capital** The approved original budget is £26.073m, which included budgeted rephasings of £13.288m. At the year end the actual budget rephased was £18.917m, which is £5.629m more rephased than budgeted. As a result, the current budget including growth from funded schemes, is £31.900m (£26.073m plus £5.629m plus £0.198m). The capital provisional outturn is £16.851m an underspend of £15.049m. Requested rephasings of individual scheme underspending total £15.812m. The total rephase is higher than the total underspend because some schemes are overspent e.g. DFGs, and other schemes that have been added during the year, e.g. Biodiversity and Changing Places, are funded. Funding is shown separate to the expenditure, at the bottom of the table in Appendix 2.

### 3.2 Provisional Outturn - Summary Revenue Variances by Service (Appendix 1 for detail)

The table below shows the total variances for each Service and the main reasons for the variance;

Head of Service	Original budget £000	Budget b/Fwd £000	Budget c/fwd £000	Current budget £000	Q3 forecast £000	Actuals to 31 March £000	Contribution to/from reserves £000	Provisional outturn £000	Variance to budget £000	Variance to forecast £000	Comments
Corporate Resources	8,507	12	(70)	8,449	7,199	4,541	3,396	7,937	(512)	738	<b>Income:</b> Increased investment income, rental income is under budget. <b>Expenditure:</b> Reduction in the Minimum Revenue Provision, temporary vacancy savings, and utilities savings. Additional costs of training and Estates business rates.
Chief Operating Officer	5,868	134	(70)	5,932	6,414	5,375	153	6,128	196	(286)	<b>Income:</b> Housing Benefit Subsidy and Council Tax grants lower than budgeted. <b>Expenditure:</b> Reduced Building Control contribution, Mobile Home Park costs, and staff salary saving in various teams. Increased costs from Emergency Planning preparations.
Economic Development	397	-	(43)	354	277	219	-	219	(135)	(58)	<b>Expenditure:</b> Lower staff costs due to vacancy periods.
Housing Strategy	213	-	-	213	236	206	-	206	(7)	(30)	<b>Income:</b> Additional grant funding for salaries. <b>Expenditure:</b> Increased housing provision contract costs.
Corporate Leadership	665	45	-	710	2,214	1,144	1,109	2,253	1,543	33	<b>Income:</b> Loss of grant funding internally. <b>Expenditure:</b> Additional temporary staffing costs, also Transformation Fund £0.40m and Community Health & Wealth Fund £0.75m.
Chief Planning Officer	770	75	(65)	780	739	776	57	833	53	94	<b>Income:</b> Additional Planning Policy grant funding received. Pre-application fees have reduced. <b>Expenditure:</b> Savings from temporary vacancies.
Strategic Insight and Delivery	689	1	-	690	836	1,305	(348)	957	267	121	<b>Income:</b> Market and Car Parks income under budget, increased income from Hinchbrook Country Park cafe and room bookings. The Biodiversity project been capitalized leading to a large income variance. <b>Expenditure:</b> Underspend relating to currently vacant posts, and overspend relating to legal fees and play area improvements. Additional staff costs for support of green bin subscription project. The Biodiversity project expenditure has been capitalized leading to a large expenditure variance.
Operations	5,603	5	(60)	5,548	4,319	4,540	(124)	4,416	(1,132)	37	<b>Income:</b> Increased income from Green Waste collections, Bulky Waste, Street Cleansing, and CCTV. <b>Expenditure:</b> Lower expenditure on CCTV staffing, savings due to delays to Climate Change projects, and the delays to the Material Recovery Facility contract. Increased expenditure as a result of extra watercourse works, tree works and street cleansing, and also Waste agency staff.
Leisure and Health	346	-	-	346	213	234	(4)	230	(116)	17	<b>Income:</b> Increased income from Health and Fitness memberships and Active Lifestyles memberships. <b>Expenditure:</b> Some extra staff costs (resulting in extra income) and other unavoidable costs.
ICT	2,346	34	-	2,380	2,761	2,353	(14)	2,879	(101)	118	<b>Expenditure:</b> The underspend is due to a number of vacancies across the service. These are partially offset by overtime, market supplements and agency costs.
<b>Total</b>	<b>26,004</b>	<b>306</b>	<b>(308)</b>	<b>26,002</b>	<b>25,208</b>	<b>21,893</b>	<b>4,165</b>	<b>26,058</b>	<b>56</b>	<b>850</b>	

Further analysis of the revenue variance and service commentary are in Appendix 1. This provides the variances by service and comments have been provided by the budget managers.

### 3.3 Provisional Outturn - Summary Capital Programme Variances and Rephasing (Appendix 2 for detail)

The approved gross capital programme for 2024/25 is £26.073m, this total included budgeted rephasings of £13.288m. At the year end a total of £18.917m was rephased, an additional rephase of £5.629m. The total current budget is £31.900m including growth of £0.198m (£26.073m plus £5.629m plus £0.198m).

The table below shows the total variances for each Service and the main reasons for the variances.

Head of Service	Existing and New Bids	Budget Rephase <sup>(1)</sup>	Original Budget	Year End Rephase <sup>(2)</sup>	Net Rephase <sup>(3)</sup>	Growth/Virement	Current Budget	Q3 Forecast	Outturn Actual	Over/(Under) Spend	Rephase to 2025/26	Comment on Significant Variances
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Finance and Corporate Resources	114	100	214	1,035	935	0	1,149	1,105	742	(407)	1,003	Programmed delays to Estates property improvements. Additional costs for Solar Canopy which is funded, and LED lighting which will generate future savings.
Community Services	1,610	138	1,748	0	(138)	0	1,610	1,644	2,163	553	10	
Chief Planning Officer	3,228	0	3,228	0	0	0	3,228	3,070	2,780	(448)	448	Increased in Disabled Facilities Grants expenditure due to increased case complexity and cost of works.
Leisure and Health	933	0	933	124	124	0	1,057	1,059	1,033	(24)	63	Unexpected expenditure on a new boiler, and additional unforeseen costs of fitness equipment refresh. In year underspends at OL Ramsey on drainage and solar panels.
Operations	2,150	429	2,579	1,039	610	0	3,189	2,432	1,520	(1,669)	469	The existing vehicle fleet is maintained and fixed to extend vehicle lives.
Insights and Delivery	73	2,692	2,765	3,503	811	100	3,676	1,906	1,752	(1,924)	2,787	Works at Hinchbrook Country Park have been delayed as a result of the planning application being resubmitted. Civil Parking Enforcement works have commenced but not yet complete. A new Biodiversity project was added in year which is funded by grant.
ICT	321	14	335	455	441	0	776	235	180	(596)	593	Projects rephasings, partly as a result of not being able to procure services of sufficient quality, as well as projects completed.
Housing Delivery and Regeneration	4,356	9,915	14,271	12,761	2,846	98	17,215	6,547	6,681	(10,534)	10,439	Some projects are now closed, with the majority of the remaining projects expected to be completed in 2025/26, apart from the Priory Centre which is expected to complete in 2026/27.
<b>Total</b>	<b>12,785</b>	<b>13,288</b>	<b>26,073</b>	<b>18,917</b>	<b>5,629</b>	<b>198</b>	<b>31,900</b>	<b>17,999</b>	<b>16,851</b>	<b>(15,049)</b>	<b>15,812</b>	
<sup>(1)</sup> This is the estimated rephase when the budget is set.												
<sup>(2)</sup> This is the actual rephase at the year end when all costs are known												
<sup>(3)</sup> This is the actual rephase less the budget rephase. Original budget + net rephase + growth = Current budget												

### 3.4 Council Tax and Business Rates Collection

The Council Tax collection rate at the end of March was 98.09% – 0.46% more than the previous year, and the highest in-year collection rate in 5 years. This is a significant achievement by the team who have worked hard to ensure residents receive their bills promptly and are contacted about arrears at the earliest opportunity.

The number of working-age residents claiming Council Tax support was 5,102 at the end of 2024/25, an increase of 936 from the previous year. This is mainly due to changes made to the Council's Local Council Tax Support Scheme, which was launched in April 2024 with the intention of providing more support to low-income households across the district. The new scheme offers increased levels of support to those in need, and the new scheme design has also enabled improvements in processing times to be realised, ensuring that residents receive help as soon as possible.

### 3.5 Miscellaneous Debt Update

The table below shows the debtor analysis as at 31<sup>st</sup> March 2025.

Service	Debtor Aged Days						
	Current	<90	91 to 180	181 to 365	>365	Future	Total Debt
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
3C Shared Services	507		6		165		678
Business Improvement District		1	34		4		39
Commercial Rent	5	217	126	140	43	7	538
Community	5	2	1		9		17
Community Infrastructure Levy	158	90			148	3533	3,929
Corporate	52						52
Environmental					3		3
Finance	25	3	3		17		48
Hinchingbrooke Country Park	6	1			1	1	9
Housing	54	19	31	11	319		434
Housing Benefit Overpayment					21		21
Licensing	3	6	1	(1)	2		11
Markets	1	1	1		1		4
Mobile Home Park		1	1				2
Moorings				1			1
One Leisure	69	31	3	4	13		120
Operations	106	49	10	1	24	1	191
Other		(1)					(1)
Paxton Pits	6						6
Planning	12	152	4				168
Private Sector Housing	21						21
Room Hire			(1)		(1)		(2)
Section 106			41				41
Trade Waste	1	2	1		(3)	4	5
<b>Total</b>	<b>1031</b>	<b>574</b>	<b>262</b>	<b>156</b>	<b>766</b>	<b>3,545</b>	<b>6,335</b>

## 4. Update on the Commercial Investment Strategy and Investment Properties

- 4.1 The Commercial Investment Strategy (CIS) was approved by Cabinet in September 2015 and the CIS Business Plan in December 2015. The implementation of the CIS is seen as a key means by which the Council can generate income to assist it in meeting the forecast gap in the revenue budget. The CIS supplements the income from the legacy estate of investment properties, held for the purpose of generating revenue income.

- 4.2 The provisional outturn 2024/25, and budgeted expenditure and income for the CIS and investment properties are:

CIS Investments	Budget £000s	Provisional Outturn £000s	Variance £000s
<b>Cash Investments</b>			
CCLA Property Fund	(162)	(180)	(18)
<b>Total Cash Investments</b>	<b>(162)</b>	<b>(180)</b>	<b>(18)</b>
Property Rental Income	(4,754)	(4,783)	(29)
Loan Interest Paid	581	581	0
<b>Total Property Investments</b>	<b>(4,173)</b>	<b>(4,202)</b>	<b>(29)</b>
<b>TOTAL</b>	<b>(4,335)</b>	<b>(4,382)</b>	<b>(47)</b>
<b>CIS Borrowing (Maturity Loans from PWLB)</b>			
<b>Property</b>	<b>Maturity Date</b>	<b>Amount</b>	<b>% (Fixed)</b>
Wakefield	26/06/2039	£11,963,000	2.18
Fareham	02/10/2037	£5,000,000	2.78
Rowley Centre	11/03/2039	£7,292,000	2.49

### 4.3 Commercial Properties - Market Update and Activity

A recent valuation report received from Savills included the following summary of the current property investment market, which may be of interest:

*“Ongoing political and economic developments in the UK continue to create a complex and evolving landscape. The Chancellor’s strategy for economic growth faces significant headwinds, prompting the Bank of England to revise its 2025 UK GDP growth forecast downward from 1.5% to 0.75%. The Bank has continued to cut the base rate, and the markets anticipate further reductions over 2025, to stimulate economic activity. Meanwhile, the re-election of Donald Trump as US President has introduced further geopolitical uncertainty, particularly with his decision to withdraw the U.S. from the Paris Agreement and his proposed tariffs on certain imports.*

*In the UK commercial real estate market, sentiment had been improving amid expectations of continued base rate reductions, albeit at a potentially slower pace than initially anticipated. However, the volatility in UK ten-year gilt yields suggests that markets may be pricing in an extended timeline for rate cuts. This renewed uncertainty comes just as investor confidence was strengthening and it could see some investors adopt a more cautious, “wait and see” approach until the outlook becomes clearer.*

*Measured against historical trends commercial property investment volumes are lower, albeit volumes and bidder intensity is improving in most, if not all sectors. The current landscape is increasingly polarised, with “best-in-class” assets continuing to attract strong interest. By contrast, some lesser properties, particularly those with locational or quality challenges, face difficulties that could see continued value erosion. This divergence highlights the critical importance of rigorous due diligence, as investors and lenders place growing emphasis not only on financial performance but also on ESG considerations.*

*The decline in comparable transactional volumes has seen market sentiment play an increasingly crucial factor in valuation and decision-making. The aforementioned geopolitical tensions, economic uncertainty, and the financing costs are contributing to a cautious pricing environment. While lender appetite remains healthy, underwriting standards are stringent, with the quality of both the asset and sponsor playing a pivotal role in securing financing.”*



Further commentary specific to the industrial property market in Huntingdon was:

*"While nationally, industrial rents have performed well over the period from 2018, much of the local stock in Huntingdon is older mid-sized units, where historically rents have been relatively low. Over the last five years, however, the lack of available stock and the strength of demand for industrial premises has pushed rents up. The local market having benefitted from the overflow of distribution centres from the traditional 'golden triangle' around Northampton and Milton Keynes on the M1, with a knock-on effect on secondary space"*

With the exception of the larger CIS properties, much of the Commercial Property Investment Portfolio held by Huntingdonshire District Council comprises small industrial and retail units. Although we have seen some rental growth we are finding that transactions take longer to complete and even local tenants are becomingly increasingly savvy and requesting incentives and more favourable lease terms when negotiating to take leases. The Savills comment about polarisation of the market carries through to our estate, with older properties being less popular as energy efficiency becomes more important to occupiers and the difficulties of improving older stock become better appreciated.

At Rowley Arts Centre the lease of units 2 & 3 Rowley Arts Centre to Gainz Fitness & Strength is now signed and completion is imminent. objection. The tenant wishing to take their unit when they relocate remains keen and that lease is at an advanced stage.

At Shawlands Retail park Sudbury, the lease to Pure Gym has completed and they are fitting out and renewals of leases of other units are progressing as they fall due. The centre remains busy with lack of space for current tenants to expand within it perhaps being its biggest problem.

The CIS industrial investment at Little End Road, St Neots is now fully occupied and demonstrating rental growth, albeit 21a is let on a short term agreement.

At Caxtons Road Enterprise Centre, Mayfield Road and Alms Close we are pleased to report continued positive rental growth on re-lettings and rent reviews albeit there is currently little demand for the Caxtons Road offices, possibly due to them being of a size where people can work from home as an alternative.

The table below shows the activity in relation to leases, rents and vacant properties in the previous quarters and a forecast for the next quarter;

2024/25					2025/26
Property Statistics	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	Quarter 1 Forecast
Number of lettable units held	190	190	190	190	189*
No. let on typical commercial leases	126	125	124	127	128
No. let on long leases	24	24	24	24	24
No. let on non-commercial leases	18	17	17	17	17
Number vacant	20	22	25	22	20
Vacant properties by town;					
• Huntingdon	6	7	9	9	8
• St Neots	6	7	8	6	4
• St Ives	2	2	3	2	3
• Fareham	6	6	5	5	5
Property Activity	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	Quarter 1 Forecast
Number of leases renewed	3	0	2	1	8
Number of rents reviewed	1	1	2	3	2
Number of new lettings	3	2	4	5	5
Number of units under offer	8	7	7	6	4
Number of leases ended	2	4	4	3	2
Financial changes	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	Quarter 1 Forecast
Increases/(decrease) in annual rents receivable due to lease renewals*	£8,000	0	(£6,650)	£1,300	£24,491
Increases/(decrease) in annual rents receivable due to rent reviews	£177,509	£25,157	£11,800	£9725.93	£10,377
Increase in annual rents receivable due to new leases	£19,300	£17,348	£109,546	£45,000	£205,083.88**
Decrease in annual rents receivable due to vacations and insolvencies	£12,100	£32,100	£62,103	£119,321	£23,966.12

\* Units 2 & 3 Rowley Centre to be let as one.

\*\* £95,000 less in first year as 1yr rent free to be granted on letting of Unit 1 Shawlands Retail Pk, Sudbury

## 5. COMMENTS OF OVERVIEW & SCRUTINY

*Overview and Scrutiny comments to be added here.*

## 6. RECOMMENDATIONS

- Cabinet is invited to **consider and comment** on the revenue financial performance for the financial year 2024/25, as detailed in **Appendix 1** and summarised in paragraph 3.2.
- Cabinet is invited to **consider and comment** on the capital financial performance for the financial year 2024/25, as detailed in **Appendix 2** and summarised in paragraph 3.3.
- Cabinet is asked to **consider and comment** on the requested rephasing of capital budgets from 2024/25 to 2025/26 as detailed in **Appendix 2**.


## 7. LIST OF APPENDICES INCLUDED

Appendix 1 – Financial Performance for revenue provisional outturn 2024/25.

Appendix 2 – Financial Performance for capital provisional outturn 2024/25.

## CONTACT OFFICER

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