

Report subject	Financial Outturn 2024/25
Meeting date	16 July 2025
Status	Public Report
Executive summary	<p>The report presents the revenue and capital budget outturn, reserves position, dedicated schools grant outturn, housing revenue account, and results of council company and partner organisations for the financial year 2024/25.</p> <p>The financial revenue outturn is a £1.2m surplus, an improvement on the reported quarter three balanced position, with this delivered in a challenging budget environment.</p> <p>In February 2024 Council set a balanced budget and medium-term financial plan over the 4-year period to 31 March 2028 based on conventional local government financial management process. This addressed the inherited £30m structural deficit from using reserves rather than savings to balance the 2023/24 budget.</p> <p>The non-deliverability of previous year savings was addressed, particularly those expected from the transformation investment. New fully itemised savings of £38m were programmed for 2024/25 with 86% being achieved through service transformation, third party spend reduction, staff savings and raising additional income. Mitigations have been found in other areas to reduce the impact of those unable to be delivered.</p> <p>The budget recognised the ongoing cost-of-living and service demand pressures that face all local authorities and this required council tax to be increased by the maximum amount permitted by government of 4.99%, with the same increase assumed for future years.</p> <p>A revised approach was taken to the annual repayment of debt with voluntary contributions made above the statutory minimum to reduce the burden for future years.</p>

Recommendations	<p>It is RECOMMENDED that Cabinet:</p> <ol style="list-style-type: none"> 1. Note the final outturn position for 2024/25. 2. Agree to set aside £0.5m in an earmarked reserve to manage the potential risk associated with future income streams from the introduction of the resident card pilot scheme in 2025/26. 3. Agree the residual surplus of £0.7m is transferred to unearmarked reserves. 4. Agree the capital virements between schemes funded by the bus services improvement plan as set out in appendix C1. 5. Note that the museums capital scheme is forecast to exceed the approved resources by £0.55m, alongside a £0.8m shortfall in third party contributions as set out in appendix C3. 6. Recommend that Audit and Governance Committee recommend to Council to approve the revised funding strategy for the Poole museums capital schemes which will mean an increase in the approved prudential borrowing of £1.3m as set out in appendix C3. <p>It is RECOMMENDED that Council:</p> <ol style="list-style-type: none"> 1. Approves the revised funding strategy for the Poole museums capital schemes which subject to Audit and Governance Committee approval will mean an increase in the approved prudential borrowing of £1.3m.
Reason for recommendations	<p>To comply with accounting codes of practice and best practice which requires councils to regularly monitor the annual budget position and take any action to support the sustainability of the council's financial position.</p> <p>To comply with the council's financial regulations regarding capital virements, acceptance of grants and new borrowing.</p>
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Graham Farrant, Chief Executive
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Wards	Council-wide

Classification	For Decision
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Background

1. In February 2024 Council agreed the 2024/25 annual general fund net revenue budget of £359m, and a capital programme of £148m. The revenue budget included delivery of £38m of itemised service and transformation savings. Budgets were also agreed for the ring-fenced housing revenue account (HRA) and Dedicated School Grant (DSG) for school funding.
2. Services have been expected to deliver balanced budgets by finding mitigations to budget pressures, with this aided by the expenditure control measures that have been in place across the council throughout the year.
3. At quarter three, the forecast revenue outturn was a balance budget position overall, with a small contingency remaining in central budgets for unexpected movements over the final quarter.

Revenue Outturn 2024/25

4. The final revenue outturn for 2024/25 is a £1.2m surplus after allowing for additional provisions and reserves in central budgets to reflect an updated assessment of expected commitments. A summary of the outturn is below in Table 1:

Table 1: Summary General Fund Outturn 2024/25

Quarter 3		Outturn Budget Position					
Total Variances £000's	Budget Area	Gross Budget £000's	Net Budget £000's	Outturn £000's	Total Variance £000's	Savings undelivered £000's	Other Variances £000's
423	Wellbeing	304,013	125,143	124,237	(906)	2,680	(3,586)
3,398	Children	122,095	92,285	95,204	2,919	2,233	686
158	Operations	173,968	61,115	60,221	(894)	225	(1,119)
548	Resources	30,223	42,811	43,806	995	326	669
(4,485)	Central	52,284	37,439	37,095	(344)	(5,463)	5,119
(41)	Funding	0	(358,795)	(361,811)	(3,016)	0	(3,016)
0	Total	682,583	0	(1,247)	(1,247)	0	(1,247)

5. Wellbeing directorate's £0.9m net surplus is largely due to employee savings with additional service demand and related costs covered by NHS contributions and other grants.
6. Children's service overspent largely due to undelivered savings as mobilisation of the transformation programme and staff restructure were delayed. The focus in the year has been to move the performance of the social care services to a good Ofsted rating and to improve the timeliness of the SEND service, both of which were achieved.
7. Operations services achieved a small net surplus. Commercial operations delivered a broadly balanced position with reduced expenditure particularly within seafront services, mitigating the £2m overspend in parking services, the latter largely due to the expenditure on card payments and parking app usage

exceeding budget. Other overspent budgets are within customer, arts, and property (mainly engineering and facilities management), and income was below budget in the planning service. These variances were offset by savings across environment services in areas such as bereavement, transport, and waste.

8. Resources overspent largely due to additional provisions made at the yearend following a review of uncertainties including insurance risks across the council.
9. Central budgets are showing a small net surplus. This budget area includes the contingency to offset undelivered savings and once this has been accounted for there is a variance of £5.1m on the remaining budgets. This is from movements to earmarked reserves £3.2m plus additional spend on interest payments, housing benefits and investment properties with some covered by the release of the remaining contingency and surplus budget in other areas.
10. The funding variance of £3m reflects additional section 31 grants for business rates. These had previously been expected to be offset by additional business rates levy payments to government, but a reassessment of the appeals provision has removed this cost.
11. Appendix A1 provides the detail and reasons for projected budget variances in each service area.
12. Appendix A2 provides a summary revenue outturn statement.

Savings Monitoring 2024/25

13. Savings delivered at outturn are 86% of the budgeted savings (88% was reported at quarter three). The final position is summarised below. The impact of savings not delivered during the year is included in the budget variances in Appendix A1.

Table 2: Summary of savings delivery 2024/25

2024/25 Savings by Directorate	Council Approved Savings £000s	Outturn £000s	Outturn Shortfall £000's
Wellbeing Directorate	(10,330)	(9,777)	554
Children's Services Directorate	(2,953)	(2,453)	500
Operations Directorate	(10,060)	(9,835)	225
Resources Directorate	(1,085)	(895)	190
Total general service-based savings	(24,428)	(22,960)	1,468
Wellbeing Directorate	(3,777)	(1,651)	2,126
Children's Services Directorate	(4,162)	(2,429)	1,733
Operations Directorate	(3,829)	(3,829)	0
Resources Directorate	(1,262)	(1,126)	136
Across services	(503)	(503)	0
Total transformation / efficiency savings	(13,533)	(9,538)	3,995
Total savings	(37,961)	(32,498)	5,463

14. Wellbeing savings delivered are significant at £11.4m but only 81% of those budgeted. Demographic growth and a delayed care home closure reduced

savings in adult social care and commissioning. Transformation savings undelivered are from the delay in reconfiguring the block beds contracts to better reflect the needs of service users with this programme progressing in 2025/26. Investment in new technology was delayed until quarter three with full year savings expected in the new year. Undelivered savings within housing and community reflect that the notice periods from the redundancy programme continued into 2024/25 but future full year savings have been secured.

15. Children's savings of £4.9m are 69% of the budgeted savings. As with adult social care, demographic growth has reduced the potential to realise savings in care costs and a planned saving in legal costs is not deliverable due to being unsighted on late charges until the end of the year. Mobilisation of the transformation programme and staff restructure was delayed due to preparation for Ofsted and the final inspection in quarter three. Undelivered savings were identified early in the year and the 2025/26 budget and future years in the MTFP adjusted accordingly.
16. Operations savings of £13.7m are delivered at 98% of the budgeted saving. The £0.2m shortfall is due to anticipated increased demand for an improved planning service and expanded telecare service not being realised. These issues will need to be managed in 2025/26.
17. Resources savings of £2m are 86% of budgeted saving. The shortfall is partly due to an over ambitious income target for marketing and within people and culture it was not possible to convert many posts to apprenticeships. Both issues have been reflected in the 2025/26 budget. There is also a delayed saving from redundancies in finance services due to staff notice periods, but the full future year saving has been delivered.
18. Appendix A3 provides a schedule of final savings delivery for 2024/25 for each service area with explanations for non-delivery and future expectations.

Transformation

19. The total one-off costs associated with the corporate transformation investment programme in 2024/25 was £3.8m of revenue and £0.4m of capital.
20. Revenue expenditure includes the strategic investment partner (SIP) costs of £0.6m to continue work to bring services on to the Microsoft Dynamics Customer Resource Management system. This new system continues to improve customer interaction with the council as well as drive out savings and efficiencies. Other expenditure includes for internal and agency staff to create additional capacity for implementation.
21. The revenue costs also include £1.4m for redundancies to permanently reduce the staff base of the council.
22. The revenue costs of the transformation programme are funded by capital receipts using the government's permitted flexible use of capital receipts (FUCR) policy. This includes for the separate transformation programmes for adult social care and children's services which incurred costs of £1.3 in 2024/25.
23. Capital expenditure for the transformation programme is funded by prudential borrowing.
24. Additional annual on-going transformation savings of £9.23m were delivered in the 2024/25 financial year from the main programme. The on-going annual total

for savings since the programme began is £23.9m with the cumulative total for all years since the programme began in 2021/22 being £49.6m for cumulative spend of £39.4m.

25. A further £0.3m in annual (and cumulative) savings was delivered from the specific programme for adults and children's services in 2024/25, making the total of £9.5m for transformation savings in appendix A3.
26. Appendix A4 provides details of the corporate transformation programme and funding through the FUCR.

Reserves Monitoring for 31 March 2025

27. Earmarked reserves are those set aside for specific purposes, and these were reconsidered in quarter one to release funding to support the children's services business case to improve the service.
28. Table 3 below summarises the movement in reserves during the current financial year.

Table 3: Summary of movements in reserves

	Balance 1 April 2024	Balance 31 March 2025	Movement
	£m	£m	£m
Un-earmarked reserves	26.1	27.3	1.2
Earmarked reserves	39.0	55.7	16.7
Total reserves	65.1	83.0	17.9

These reserves do not include revenue reserves earmarked for capital, school balances or the negative DSG reserve. The reserves for March 2025 include the proposed Cabinet recommendations included in this report.

29. The main movements included within the £16.7m for earmarked reserves include:
 - a. £7.1m net increase in resources set aside for corporate priorities including additions at the year end for the estimated cost of the cliff stability investigation of £1.5m plus dilapidation costs for leased carparks and properties shortly due to be returned £1.7m. Included in the budget from the start of the year the collection fund business rates reserve of £8.5m was set up for drawn down from 2025/26. The balance of the movement is from net draw down of reserves for their intended purpose mainly in waste management and for the revenues and benefits new system implementation which went live November 2024.
 - b. £2.8m increase in government grants carried forward (at quarter three expected instead to draw down £9.5m).
 - c. £2.8m set up in the budget 2024/25 from one off resources, to support the financial stability of the MTFP from 2025/26.
30. Appendix B provides a summary of the actual earmarked reserves position as of 31 March 2025.

Dedicated Schools Grant (DSG)

31. The DSG in 2024/25 totals £363m and is provided to fund early years providers, schools, a small range of central services and provision for pupils with high needs. High needs funding within this total is £61m.
32. Consistent with many councils nationally, the growing demand and rising placement costs continues to outstrip funding growth for pupils with high needs. The high needs funding gap for 2024/25 was budgeted at £28m. This is net of a funding transfer of £1.3m from schools as agreed by the Department for Education in late February 2024.
33. The accumulated deficit reflecting the 2024/25 funding shortfall was budgeted to increase from £63.5m on 1 April 2024 to £91.5m by March 2025.
34. The historic trajectory of expenditure growth was budgeted to be curtailed for 2024/25. This was based on the slowdown in demand being experienced over autumn 2023 and the initiatives being planned through the development of the 15-year deficit recovery plan. In the event, the slowdown in demand was short lived, and the development of the inclusion fund and wider children's services improvements took longer than expected with no financial benefit in the year.
35. A greater proportion than previously of the new demand was accommodated in mainstream provision with payments to mainstream schools ahead of budget. However, the surge in demand also meant greater use of independent schools, alternative provision, and bespoke therapies due to capacity constraints in the state sector. This undermined the key assumptions in the budget. There was some offset from low spend charged to the inclusion fund (invest-to-save) budget due to the delayed timescale of implementation.
36. At quarter three the anticipated overspend was £16.5m, giving a total high needs funding gap of £44.6m, with a projected accumulated deficit for March 2025 at £108m as reported to Cabinet in February. The number of education, health, and care plans (EHCPs) and permanent exclusions, and the average placement costs continued to rise beyond expectations over the final quarter.
37. The year end position is in table 4 below:

Table 4: Summary position for dedicated school's grant

Dedicated Schools Grant	£m
Accumulated deficit 1 April 2024	63.5
Budgeted high needs funding shortfall 2024/25	28.1
High needs overspend 2024/25	21.8
Underspend across other areas	(0.1)
Accumulated deficit 31 March 2025	113.3

38. Actions included in the deficit management plan to change the trajectory of the deficit are still in the initial stages of implementation, but these should start to impact in 2025/26.

39. The Department for Education June 2025 Spending Review settlement confirmed funding for reform of the current Special Education Needs and Disabilities (SEND) system, details of which will be set out in a White Paper in the autumn.
40. Government recognise that local authorities will need support during the transition to a reformed SEND system. There is to be a phased process which will include the government working with local authorities to manage their SEND system, including deficits, alongside an extension to the Dedicated Schools Grant Statutory Override, which is currently due to end in March 2026, until March 2028.
41. The government intend to provide more detail by the end of the year including a plan for supporting local authorities with both historic and accruing deficits. More details will be set out at the provisional Local Government Finance Settlement in the autumn.

Capital Investment Programme (CIP)

42. The original £148 million capital budget has been updated to £124.8m at the end of the year to take account of adding expenditure slippage from 2023/24 of £62m, and a net reduction from reprofiling some expenditure into 2025/26, adding new schemes, and removing schemes no longer viable or being reconsidered (£85.8m). Most schemes in the current programme are within the Operations directorate, accounting for £110m (86%) of the programme.
43. At the end of 2024/25, the council carried forward £21.7m of grants from prior years not yet allocated to specific schemes. Of this, £11.7m is for children services with a report to Cabinet in March 2025 considering the future children's services capital programme. A further £10m has been carried forward for the operations directorate, with £3.9m related to the tail end of the transforming cities fund and £5.8m for waste infrastructure.
44. Appendix C1 provides a monitoring report for the capital programme at the end of the year. This shows 82% of the current year programme has been delivered. The detail of each project is shown in Appendix C2.
45. Appendix C1 includes the detail in paragraph 2 of the recommendation for Cabinet to increase the budget for the bus priority project of Bournemouth station to town centre with funding provided by budget released from other bus service improvement schemes.
46. Appendix C3 provides a report from the Director of Customer, Arts and Property as the current senior responsible officer for the museum capital projects. The report provides an overview of the financial position for the projects which are nearing completion and provides recommendations for Cabinet and Council. There is a forecast overspend of £0.55m due to cost increases and income shortfalls of £0.8m, of which £0.6m has been underwritten by prudential borrowing. The recommendations are to revise the funding strategy to increase prudential borrowing by £1.35m, the combined budget shortfall from costs overruns and unachieved third-party contributions.

Housing Revenue Account (HRA)

47. The HRA is a separate account within the council that ring-fences the income and expenditure associated with the council's housing stock. The HRA does not therefore directly impact on the council's wider general fund budget.

48. The 2024/25 HRA budget was approved by Council in February 2024. It budgeted for total income of £55.6m for the year and a net surplus of £5.9m.
49. The main income variances are favourable, from rents (£1.6m) due to ongoing lower levels of rental voids and right-to-buy sales than expected and from higher utility recharges (£0.8m).
50. Favourable expenditure variances include from supervision and management largely due to lower utility costs, staff vacancies and reassessment of provisions (£1.8m). Net interest costs are also favourable (£1.2m) with rate movements ahead of budget with borrowing costs fixed and lower spending due to reprofiling of the capital programme.
51. There are higher repairs and maintenance costs from the remedial work identified and with a focus on damp and mould. This offset the previously identified saving from the lower number of void properties needing work to be undertaken prior to re-letting.
52. The forecast depreciation charge of £15.1m is £2.7m adverse to budget, a slight increase from the previous quarter. It follows the harmonisation of approaches between the two neighbourhoods implemented at the end of last year. As a non-cash charge, it has no overall impact on the financial position of the HRA.
53. The favourable forecast variances for both income and operating expenditure result in a forecast net operating surplus of £28m that is £3.9m favourable to budget. The impact of the higher depreciation charge and lower net interest payable results in a final net surplus of £8.1m that is £2.2m favourable to budget.
54. The HRA February 2024 budget paper set out a capital programme of £44.7m for 2024/25. This includes £25.2m investment in new-build projects delivered as part of the council newbuild housing & acquisitions strategy (CNHAS) and £16.2m in planned maintenance. Expenditure for the year at £29.1m is 65% of budget with slippage across all areas of the programme.
55. Appendix D provides a summary of HRA budget monitoring for both the revenue and capital account at outturn.

Companies and partner organisations

56. The financial sustainability of the council could be impacted by the performance of partners and subsidiaries in which it has a financial interest. Each of these entities has their own governance framework and arrangements for reporting their financial and operating performance.
57. Appendix E contains a summary of the outturns for partner and subsidiary organisations. It should be noted that these are provisional figures and are unapproved by the respective boards of directors and are also subject to audit.

Scenarios

58. The outturn includes some estimates and assumptions, with anticipated losses provided for where known and able to be estimated.

Summary of financial implications

59. This is a financial report with budget implications a key feature of the above paragraphs.

Summary of legal implications

60. The recommendations in this report are to comply with the council's financial regulations with attention drawn to significant budget variances as part of good financial planning to ensure the council remains financially viable over the current year and into the future.

Summary of human resources implications

61. There are no direct human resources implications from the recommendations in this report.

Summary of sustainability impact

62. There are no direct sustainability impacts from the recommendations in this report.

Summary of public health implications

63. The council is seeking to maintain appropriate services for the vulnerable as well as improve the sustainability of services important for the wellbeing of all residents.

Summary of equality implications

64. Budget holders are managing their budgets with due regard to equalities issues.

Summary of risk assessment

65. The outturn is prepared based on the best estimates available to close the financial statements. Any variations to these will impact in the 2025/26 financial year.

Background papers

66. The link to the 2024/25 quarter three budget monitoring report is below:

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Appendices

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|------------|---|
| Appendix A | Revenue Outturn 2024/25 |
| | A1 Revenue Budget Variances by Service Area |
| | A2 Revenue Outturn Summary |
| | A3 Revenue Savings Monitoring |
| | A4 Transformation Programme |
| Appendix B | Earmarked Reserves for 31 March 2025 |
| Appendix C | Capital Programme Outturn 2024/25 |
| | C1 Summary Capital Programme Outturn and Narrative |
| | C2 Capital Programme Project Detail |
| | C3 Report from the Director of Customer, Arts and Property on the updated financial position for the museum projects. |
| Appendix D | HRA Outturn 2024/25 |
| Appendix E | Company Outturns 2024/25 |