

Report: Financial Outturn Report 2025/26

Relevant Portfolio Holder	Councillor Craig Warhurst
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Debra Goodall
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Wards Affected	ALL
Ward Councillor(s) consulted	No
Relevant Council Priority	Underpins all Council priorities
Key Decision NO – Information only	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Governance and Standards Committee is asked to RESOLVE to:

- 1.1 Consider, with appropriate comment, the purpose of the Financial Outturn Report and relationship to the Draft Statement of Accounts elsewhere on this agenda, and the proposed future-year closedown timetable and reporting arrangements.

2 BACKGROUND

- 2.1 This report provides Audit, Governance and Standards Committee with an overview of the Council's 2025/26 Financial Outturn Report, its purpose, how it is prepared, the governance and assurance processes that support it, and its relationship to the Council's draft Statement of Accounts published on 30 June 2026. The report also sets out the timetable for formal approval of the outturn position and planned improvements to the year-end reporting process to be implemented from the 2026/27 financial year.
- 2.2 The Financial Outturn Report is a key element of the Council's financial governance framework. It provides a narrative explanation of the Council's financial performance during the financial year and explains the principal factors affecting the final revenue, capital, reserves and treasury management positions. The report enables Members to understand how financial resources have been managed during the year and how actual performance compares with the approved budget framework.

- 2.3 Whilst the Statement of Accounts presents the Council's financial position in accordance with statutory accounting requirements and the CIPFA Code of Practice, the Outturn Report provides additional management commentary and explanations to aid transparency and accountability. The two documents are therefore complementary and are produced from the same underlying financial records and closedown process.
- 2.4 The Outturn Report is prepared following completion of the annual financial closedown process and follows the same format as the quarterly monitoring approach. This process is led by the Finance Team and involves detailed engagement with budget managers and service managers across the Council. At year end, however, several one-off annual adjustments are made that cannot be adequately estimated during quarterly monitoring.
- 2.5 The year end closedown process includes:
- Review and validation of all income and expenditure transactions recorded during the financial year.
 - Completion of accruals and prepayments to ensure income and expenditure are recognised in the correct accounting period.
 - Review of grant income and expenditure, including treatment of any balances to be carried forward.
 - Review and application of earmarked reserves.
 - Processing of shared service recharges and other inter-authority accounting adjustments.
 - Review of collection fund and general fund transactions.
- 2.6 In addition to these technical accounting activities, services provide explanations for material budget variances, progress against capital programme delivery and movements in reserves. These form the basis of the narrative included within the Outturn Report.
- 2.7 Several controls and assurance processes are in place to support the accuracy and completeness of the Outturn Report. These include:
- Review of financial transactions and balances by finance business partners.
 - Reconciliation of key control accounts and balance sheet items.
 - Validation of year end positions with budget holders and service managers.
 - Management review by senior finance officers.
 - Consistency checks between the Outturn Report, supporting working papers and the Statement of Accounts.
 - Review by the Section 151 Officer and Deputy Section 151 Officer prior to publication.

- 2.8 The outturn report reflects the Council's best and most complete understanding of its financial performance following conclusion of the year-end closedown process.
- 2.9 The Council published its draft Statement of Accounts for 2025/26 on 30 June 2026 in accordance with statutory requirements. The Statement of Accounts and the Financial Outturn Report are prepared using the same underlying financial records and year end closedown information. As a result, the financial positions presented within both documents are expected to align. The two documents, however, serve different purposes. The Statement of Accounts is a statutory financial reporting document prepared in accordance with professional accounting standards and regulatory requirements. The Outturn Report is a management and governance report that provides explanation, context and narrative around the Council's financial performance and budget delivery during the year.
- 2.10 The Outturn Report therefore assists Members in understanding the financial results reported within the Statement of Accounts and the reasons for significant variances and movements during the year.
- 2.11 This year, the Financial Outturn Report 2025/26 is scheduled to be presented to Executive on 28 July 2026. Executive consideration of the report will represent the formal approval of the Council's final revenue, capital and reserve outturn positions for 2025/26. As figures within the report remain subject to completion of final quality assurance procedures and formal Executive consideration, the final outturn report has not been included for formal Audit, Governance and Standards Committee consideration.
- 2.12 Following review of the 2025/26 closedown process, the Finance Team is planning to implement a revised annual timetable for future years. This revised approach will bring forward key elements of the closedown and reporting process to ensure that the Financial Outturn Report is completed before preparation of the draft Statement of Accounts. This will strengthen the relationship between the two documents and improve opportunities for Member consideration at an earlier stage.
- 2.13 Subject to implementation of the revised timetable, it is anticipated that future Outturn Reports will be presented to Executive and Audit, Governance and Standards Committee earlier in the municipal calendar, potentially during May or early June each year, ahead of publication of the draft Statement of Accounts. This revised approach is expected to improve governance, strengthen financial transparency and provide Members with earlier visibility of the Council's year end financial performance.

- 2.14 In summary, the Financial Outturn Report is a key governance document which explains the Council's final financial performance for the year and supports transparency and accountability in financial reporting. It is prepared through a comprehensive closedown process, supported by a range of financial controls and quality assurance procedures, and is intrinsically linked to the draft Statement of Accounts published on 30 June 2026. Formal approval of the 2025/26 outturn position will be sought from Executive on 28 July 2026, with future years seeing an earlier timetable to enable outturn reporting and Member consideration before publication of the draft accounts.

3 FINANCIAL IMPLICATIONS

- 3.1 The Financial Outturn report is a key document in establishing the financial performance of the Council over the previous financial year.
- 3.2 The Outturn Report helps inform consequences and financial impact in the following (i.e. current) financial year and provides significant management information and context in the setting of the coming year budget and Medium Term Financial Plan.

4 LEGAL IMPLICATIONS

- 4.1 There are no direct legal implications arising from this report.

5 OTHER - IMPLICATIONS

Local Government Reorganisation

- 5.1 There are no direct implications arising from this report in relation to Local Government Reorganisation or Devolution.

Relevant Council Priority

- 5.2 Financial resilience and good governance underpin the council's ability to meet all of its priorities.

Climate Change Implications

- 5.3 None directly resulting from this report.

Equalities and Diversity Implications

- 5.4 No adverse impacts resulting from the content of this report.

6 RISK MANAGEMENT

- 6.1 The principal risk associated with this report is that weaknesses in the year end closedown process could result in inaccurate financial reporting. This risk will be further mitigated in future years through detailed review and reconciliation procedures undertaken by the Finance Team, challenge from budget managers and review by the Section 151 Officer and Deputy Section 151 Officer.
- 6.2 A further risk arises from the current timing of the Outturn Report being considered after publication of the draft Statement of Accounts. The revised closedown timetable being implemented for future years will mitigate this risk by ensuring the Outturn Report is completed and reported to Members prior to publication of the draft accounts.
- 6.3 The Committee's consideration of this report contributes to the Council's overall financial governance and assurance framework and aligns to the Corporate Risk:
COR002 - Financial Resilience of the Council and ability to manage financial shocks.
There are also indirect relationships to the following two Corporate Risks:
COR008 – Resolution of Section 24 Notice
COR026 – Risk of Cashflow Strain

7 APPENDICES and BACKGROUND PAPERS

- 7.1 None