



# Housing and Community Overview and Scrutiny Committee



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<b>Report for:</b>	Housing and Community Overview and Scrutiny Committee
<b>Title of report:</b>	Financial Performance Quarter 1 2023-24
<b>Date:</b>	13th September 2023
<b>Report on behalf of:</b>	CLlr Sally Symington, Portfolio Holder for Corporate and Commercial Services
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	Appendix A – General Fund Forecast Outturn Position Q1 2023-24 Appendix B – HRA Forecast Outturn Position Q1 2023-24 Appendix C – Projected Housing and Community Capital Outturn Q1 2023-24
<b>Background papers:</b>	None.
<b>Glossary of acronyms and any other abbreviations used in this report:</b>	GF – General Fund HRA – Housing Revenue Account

## Report Author

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## Corporate Priorities

A clean, safe and enjoyable environment  
Building strong and vibrant communities  
Ensuring economic growth and prosperity  
Providing good quality affordable homes, in particular for those most in need  
Ensuring efficient, effective and modern service delivery

	Climate and ecological emergency
<b>Wards affected</b>	All
<b>Purpose of the report:</b>	<p>1. To provide details of the projected outturn 2023-24 as at quarter 1 for the:</p> <ul style="list-style-type: none"> <li>• General Fund</li> <li>• Housing Revenue Account</li> <li>• Housing and Community Capital Programme</li> </ul>
<b>Recommendation (s) to the decision maker (s):</b>	<p>1. That Committee note the financial position for 2023-24 as at Quarter 1.</p>
<b>Period for post policy/project review:</b>	The Council's financial position is reported to committee on an ongoing, quarterly basis.

## 1 Introduction:

1.1 This report presents the Council's forecast outturn for 2023-24 as at quarter 1, 30<sup>th</sup> June 2023. The report covers the following budgets with associated appendices:

- General Fund – Appendix A. A surplus against budget of £0.766m is forecast. Included in this is a pressure of £0.03m against Housing and Community service areas.
- Housing revenue Account (HRA) – Appendix B. A pressure of £0.390m is forecast.
- Capital Programme – Appendix C. Housing and Community General Fund schemes are forecasting re-phasing (slippage) to future years of £1.254m. The HRA capital programme is forecast to budget and re-phasing to future years of £17.682m.

## 2 General Fund Position – all Scrutiny Committee Areas

2.1 Appendix A provides an overview of the General Fund forecast outturn position.

2.2 The table below provides an overview by Scrutiny area of the provisional outturn for controllable budgets within the General Fund.

Table 1 Scrutiny Committee	Current Budget £m	Forecast Outturn £m	Variance	
			£m	%
Finance & Resources	10.937	11.760	<b>0.823</b>	7.5%
Strategic Planning and Environment	12.299	13.088	<b>0.789</b>	6.4%
Housing and Community	1.903	1.933	<b>0.030</b>	1.6%
<b>Total Operating Cost</b>	<b>25.139</b>	<b>26.781</b>	<b>1.642</b>	6.5%
Core Funding	(25.140)	(27.548)	<b>(2.408)</b>	9.6%
<b>(Surplus)/ Deficit</b>	<b>(0.001)</b>	<b>(0.767)</b>	<b>(0.766)</b>	

**2.3** Key variances against General Fund and HRA service areas (greater than £0.100m) are outlined in sections 3-5 below.

### **3 General Fund Position- Housing and Community**

<b>Table 2 – Housing and Community General Fund Quarter 1</b>	<b>Current</b>	<b>Forecast</b>	<b>Variance</b>	
	<b>Budget</b>	<b>Outturn</b>	<b>£m</b>	<b>%</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Housing & Property	1.228	1.231	<b>0.003</b>	0.002
Corporate and Commercial	(2.412)	(2.421)	<b>(0.009)</b>	0.004
People and Transformation	1.239	1.341	<b>0.102</b>	0.082
Place	1.848	1.782	<b>(0.066)</b>	(0.036)
<b>Total Operating Cost</b>	<b>1.903</b>	<b>1.933</b>	<b>0.030</b>	0.016

#### **3.1 People & Transformation – pressure of £0.102m**

This comprises smaller pressures across the service.

### **4 Housing Revenue Account Position**

**4.1** The HRA is a ring-fenced account relating to the Council’s Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The provisional outturn position for the HRA is shown at Appendix B.

**4.2** The projected HRA balance at the end of 2023-24 is a pressure of £0.390m.

#### **4.3 Supervision and Management - £0.577m pressure against budget**

A pressure of £0.577m is being seen on employee budget due to interim management £0.279m within the HRA while works continue on the Housing Transformation Improvement Programme. Agency staff covering vacancies across the service are causing pressures of £0.365m. This pressure is offset by a number of vacancies across the service £0.062m.

#### **4.4 Repairs & Maintenance - £1.313m pressure against budget**

A pressure of £1.313m is being forecast due to demands on repairs and maintenance remaining high, including that relating to void properties and the completion of damp and mould works. The service is working on a number of strategies to ensure that pressures are contained and where possible reduced for the remaining 9 months of 2023-24, the current economic inflationary pressures significantly impact on this particular services ability to manage cost pressures.

### **5 HRA- Technical and Accounting Adjustments £1.484m over achievement in investment income**

**5.1** Like the General Fund, in recent years due to the pandemic and the planning moratorium the HRA saw a large amount of capital slippage, £55.938m, which has increased the balances held in investments at the start of 2023-24. This has led to a surplus of £1.484m from the investment of those cash balances. The cash balances for the HRA are expected to significantly decrease during 2023-24 as the capital programme progresses. It is still expected that the HRA will require borrowing to fund its capital expenditure by the end of 2023-24.

### **6 Capital Programme**

**6.1** Appendix C shows the projected capital outturn in detail by scheme.

The table below summarises the overall capital outturn position by Scrutiny committee area.

The current budget is the original budget approved by Cabinet in February 2023, plus approved amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred but will now be in 2024-25 rather than 2023-24 ('slippage'), or conversely, where expenditure planned initially for 2024-25 has been incurred in 2023-24 ('accelerated spend').

The 'Variance' column refers to projects which are expected to come in under or over budget and projects which are no longer required.

Table 3- Capital Outturn 2023-24	Current Budget	Re-phasing	Revised Budget	Forecast	Variance	
	£m	(To)/from future years £m	£0m	Outturn £m	£m	%
Housing & Community GF Total	3.380	(1.254)	2.125	2.125	0.000	0.00%
HRA Total	86.989	17.682	69.308	69.308	0.000	0.00%
Grand Total	90.369	(18.936)	71.433	71.433	0.000	0.00%

## 6.2 General Fund Capital Programme Major Variances

General Fund capital budgets are reporting slippage of £2.780m. The slippage includes the following items over £0.100m:

- Disabled Facilities Grant £0.344m. Based on capacity within the team, some of the funding is expected to be carried forward to future years.
- Adventure Playground Improvement Programme £0.911m due to a review of the service and project requirements moving forward.

## 6.3 Housing Revenue Account

HRA capital budgets are reporting slippage of £17.682m. The housing development programme is being reviewed. Some projects, including Cherry Bounce and Garages Sites are currently on hold while options and assessments are considered in the context of increasing project costs linked to the challenging current economic climate.

## 6.4 Supplementary Capital Budget and Capital Virement Requests

A request will be made to Cabinet to approve supplementary capital budget of £0.109m for improvement works to tennis courts across the borough, to be funded via a capital grant that the Council is to receive for this purpose.

A request will be made to Cabinet to recommend to Council to approve slippage of £1.000m of HRA capital budgets relating to the buy-back of Council Homes purchased under Right to Buy Purchases. There are several purchases coming to completion but the timing meant they were delayed from 22/23 into the present year. This budget was approved during 2022/23 and unspent during that year. Approval of the request will allow this unspent budget to be added to the capital programme for 2023-24.

## **7. Financial implications**

**7.1** Contained within the body of this report.

## **8. Legal implications**

**8.1** There are no direct legal implications arising from this report.

## **9. Risk implications**

**9.1** Regular monitoring and reporting on the Council's financial position is one of the key ways in which the organisation manages the potential risk of the weakening of its financial resilience.

## **10 Equalities, Community Impact and Human Rights**

**10.1** Community Impact Assessments on Council activities are carried out by relevant services with responsibility for those activities. A separate Community Impact Assessment has not been carried out in respect of this report.

**10.2** There are no Human Rights Implications arising from this report.

## **11 Sustainability implications**

**11.1** There are no specific sustainability implications arising from this report.

## **12 Council infrastructure**

**12.1** The content of this report sets out the implications of the Council's activities for its financial resources for 2023-24.

## **13 Conclusions**

**13.1** The forecast position for 2023-24 at quarter 1 is a surplus of £0.766m against Council General Fund budgets. This includes a pressure of £0.030m against Housing and Community service areas. Housing Revenue Account budgets are reporting a pressure of £0.390m.

**13.2** The forecast position for 2023-24 at quarter 1 is slippage of £1.254m for General Fund capital schemes and £17.682m for the Housing Revenue Account capital schemes.