







# Strategic Planning & Environment Overview and Scrutiny Committee



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<b>Report for:</b>	Strategic Planning & Environment Overview and Scrutiny Committee
<b>Title of report:</b>	Provisional Financial Outturn 2023/24
<b>Date:</b>	15 <sup>th</sup> July 2024
<b>Report on behalf of:</b>	Cllr Michela Capozzi, Portfolio Holder for Corporate & Commercial Services
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	Appendix A – General Fund Revenue Provisional Outturn 2023/24 Appendix B – SPaE Capital Programme Provisional Outturn 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

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<b>Corporate Priorities</b>	<ul style="list-style-type: none"> <li>A clean, safe and enjoyable environment</li> <li>Building strong and vibrant communities</li> <li>Ensuring economic growth and prosperity</li> <li>Providing good quality affordable homes, in particular for those most in need</li> <li>Ensuring efficient, effective and modern service delivery</li> <li>Climate and ecological emergency</li> </ul>

<b>Wards affected</b>	All
<b>Purpose of the report:</b>	<p>1. To provide details of the provisional financial outturn 2023-24 for the:</p> <ul style="list-style-type: none"> <li>• General Fund</li> <li>• Capital Programme</li> </ul>
<b>Recommendation (s) to the decision maker (s):</b>	<p>To note the provisional 2023-24 provisional financial outturn position and associated reserve movements for the General Fund and Capital Programme.</p> <p>To note the proposed reserve movements, virements and supplementary budgets highlighted in the report.</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:

The report presents the provisional 2023/24 financial outturn position for the Council as at 31<sup>st</sup> March 2024. The final position for the year is subject to:

- Finalisation of reserve movements.
- The completion of the audit of the Council's accounts by the Council's external auditors KPMG.

The report focuses in particular on services falling under the remit of Strategic Planning and Environment Overview and Scrutiny Committee

## 2. Executive Summary:

### 2.1 Key Provisional Outturn Figures

The General Fund revenue budget is forecasting an underlying surplus of £0.489m, of which a pressure of £1.380m relates to Strategic Planning and Environment services. A request will be taken to Cabinet to recommend to Full Council that this surplus be transferred to the following reserves to fund future initiatives.

- £0.006m to the Council Tax Hardship Reserve
- £0.025m to the Housing Conditions Survey Reserve
- £0.458m to the Invest to Save Reserve

Strategic Planning and Environment General Fund capital is reporting further slippage of £0.207m across various schemes from the position report at quarter 3 2023/24. Strategic Planning and Environment capital schemes are overspent by £0.068m due to expenditure on wheeled bins for waste collection.

### 2.2 Summary Narrative and Forward Look

During 2023/24 the Council experienced significant revenue pressures across its General Fund (£0.500m) and Housing Revenue Account (HRA) (£0.150m) budgets relating to the staff 2023/24 staff pay award.

Further expenditure pressures for the General Fund arose due to agency staff costs associated with the delivery of the Council's Waste service (£0.606m). Whilst some General Fund revenue streams performed below budget such as Planning income (£0.282m shortfall against target), others performed over target such as income from Garden Waste (£0.821m additional income over target) and income from the investment of the Council's cash

balances ( £3.444m additional income over target). Overall, General Fund pressures were covered by additional income and underspends, leaving an overall surplus of £0.489m.

The Housing Revenue Account experienced significant expenditure pressures against budgets for the repair and maintenance of Council housing stock due to demand for works (£5.283m). Other expenditure pressures included supervision and management costs, which includes interim staff costs, support service costs and insurance costs ( £1.75m total expenditure pressure ). Income for the HRA performed well during the year, with rental income delivering £0.956m over target and income from the investment of HRA cash balances delivering £1.775m over target. The HRA’s overall position is a deficit of £0.294m. A request will be made for Cabinet to recommend to Full Council to draw down from HRA revenue reserves to balance the overall position.

The Council set a balanced budget for 2024/25 in February 2024. This budget addressed known variances arising during 2023/24. Further review of the Council’s expected position for 2024/25 has been undertaken following completion of the Council’s provisional outturn position.

Risks remain within the Council’s financial position in the current financial year. Within the General Fund, these include those relating to key income streams such as parking. Expenditure pressures seen during 2023/24 within the Council’s Waste service are likely to continue into 2024/25. Within the Housing Revenue Account, the demand for repairs and maintenance to Council Homes continues. Insurance costs, driven by claims relating to water ingress, damp and mould are also expected to continue into 2024/25.

These risks are being closely monitored by service leads with support from the Council’s Finance team. Emerging variances to budget and associated mitigating actions will be communicated to Members as part of the Council’s regular financial reporting arrangements.

### 3. General Fund Position – all Scrutiny Committee Areas

Appendix A provides an overview of the General Fund forecast outturn position. The table below provides an overview for by scrutiny area.

Table 1- General Fund Position by Scrutiny Area	Current Budget £m	Forecast Outturn £m	Variance	
			£m	%
Finance & Resources	9.317	11.799	<b>2.482</b>	26.6%
Strategic Planning and Environment	12.599	13.979	<b>1.380</b>	11.0%
Housing & Community	1.876	1.582	<b>(0.294)</b>	(15.7%)
<b>Operational Cost</b>	<b>23.792</b>	<b>27.360</b>	<b>3.568</b>	15.0%
Core Funding	(23.792)	(27.849)	<b>(4.057)</b>	17.1%
<b>Contribution (to)/ from General Fund Working Balance</b>	<b>0.000</b>	<b>(0.489)</b>	<b>(0.489)</b>	

#### 4. General Fund Position- Strategic Planning and Environment

Table 2 – Strategic Planning and Environment	Current	Forecast	Variance	
	Budget	Outturn	£m	%
	£m	£m	£m	%
Neighbourhood Operations	11.310	12.394	1.084	9.6%
Housing & Property	0.053	0.075	0.022	41.5%
People & Transformation	(0.114)	(0.017)	0.097	(85.1%)
Place	1.350	1.527	0.177	13.1%
<b>Total Operating Cost</b>	<b>12.599</b>	<b>13.979</b>	<b>1.380</b>	<b>11.0%</b>

4.1 Variances for 2023/24 reported against Strategic Planning and Environment General Fund service areas are outlined below.

#### 4.2 Neighbourhood Operations

Staffing pressures for Waste services are £0.726m for the year, due to the impact of the 2023/24 pay award £0.120m and additional agency requirements to meet service demand £0.606m. A significant element of this staffing pressure was as a result of the in-year route optimisation project commencing later than expected, in August 2023. In addition, staff absence remained higher than previous trends and higher than budgeted. The pressure in 2023/24 is a significant reduction on 2022/23 financial pressures following the implementation of the route optimisation project and further cost reductions are expected going forward.

Other service operation pressures include £0.113m on hire vehicle budgets due to the ongoing breakdowns from the existing fleet and £0.077m on fuel. The service are working closely with finance colleagues to monitor spend in this area and manage the position going forward.

Income pressures across Neighbourhood Operations total £0.080m relating to Bulky Waste Collections, Pest Control Services and Cesspool Emptying. The services are being reviewed as part of the commercial income review with the aim of reducing risks to future year budgets.

Maintenance of trees on highways has been contracted to Dacorum for a number of years by Hertfordshire County Council. This agreement has now ceased; however, a large number of works are still due to be completed for which the Council will receive no further income. This is causing a pressure of £0.111m on the budgets within this area. In addition, the service are working on a backlog of safety works required to trees around the borough. A significant amount of works were undertaken in quarter 4 2023/24 as the service sought to maximise contractor capacity during a time of the year that is optimum for undertaking tree maintenance. This caused a pressure of £0.102m for the general fund and £0.068m for the HRA. A total pressure on Trees and Woodlands budgets of £0.281m.

The above pressures are offset by the following underspends/surpluses within the directorate:

A surplus of £0.821m on Garden Waste income is reported. Take up of the scheme is much higher than anticipated when the charge was introduced at the end of 2022/23. The budget set was based on a 30% uptake. By the end of 2023/24, a 70% uptake of the service was achieved across the borough for all eligible households. For 2024/25 subscriptions we have a 64% uptake to date.

Recycling income is showing a surplus of £0.040m. This includes additional income arising from the final payment from Hertfordshire County Council for the Alternative Funding Model (AFM), which generated income based on recycling levels £0.064m. This scheme ended in 2022/23, the final payment received for last financial year has now been paid and was in excess of that forecast at the end of last financial year.

The cost for Gate fees for the disposal of recycling materials has risen over the last 12 months. At provisional outturn these costs are budget by £0.124m. These costs are driven by the basket rate on recyclables. This market is known to have suddenly declined in price, so the continuation of this underspend cannot be guaranteed moving forward in the medium term and is not budgeted for in 24/25.

There is an underspend of salaries within the Health and Safety budget, £0.093m

#### **4.3 People & Transformation**

A pressure of £0.097m is reported in relation to Filming budgets for 2023/24. Income has been lower than budget during the year, believed to be linked to the writers' strike which impacted filming across the globe.

#### **4.4 Place**

Throughout 2023/24 the planning service has seen income pressures for planning income. At provisional outturn there is a pressure of £0.282m against planning income and £0.090m against land searches fees. The pressures are linked to the impact of the current economic conditions on developers and the associated adverse impact on planning income.

The Council received £0.211m in relation to county-wide business rates growth from Hertfordshire County Council. It is proposed this income be transferred to the Dacorum Development reserve to fund future projects arising from the investment.

#### **4.5 Risks to Strategic Planning and Environment Scrutiny 2024/25 Budgets**

There is a risk on the Waste service budget for 2024/25 as pressures outlined at 4.2 continue from 2023/24. The service are working closely with finance colleagues to monitor agency spend resulting from sickness absence and vehicle breakdowns.

As the cost-of-living pressures continue for households, there is a risk that the pressures on income within Neighbourhood Operations could continue into 2024/25.

Pressures on trees and woodlands budgets are likely to continue into 2024/25. Potential pressures of £0.080m has been identified to date. Dependant on surveys and urgent health and safety works, further works are underway to develop the councils medium term approach to tree works .

Filming income poses a risk to budgets in 2024/25 based on actual income generated in the last few financial years. The risk could be between £0.070m to £0.100m.

### **5. General Fund reserve transfer requests**

#### **5.1 Cabinet will be asked to recommend to Council to approve the following reserve requests relating to Strategic Planning and Environment services in 2023/24:**

- Contributions to reserves of unspent SANG Contributions £1.378m to SANG Reserve
- Drawdown from the Dacorum Development reserve £0.028m in respect of CIL administration costs.

Cabinet will be asked to recommend Council to approve the following reserve requests relating to Strategic Planning and Environment services in 2024/25:

- Contribution to reserves of business rates growth received from Hertfordshire County Council £0.211m to the Dacorum Development reserve, to be drawn down in 2024/25 and 2025/26 to fund project manager and studies on the use of town centres in the borough.
- Drawdown from the Dacorum Development reserve £0.030m in respect of Works to Durrants riverside.

## 5. Capital Programme

5.1 Appendix C shows the projected capital provisional 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 6- Capital Outturn 2023-24	Current Budget	Re-phasing (To)/from future years	Revised Budget	Forecast Outturn	Variance	
	£m	£m	£0m	£m	£m	%
Strategic Planning and Environment	1.490	(0.207)	1.283	1.351	0.068	4.58%

### 5.2 General Fund Capital Programme Major Variances for Strategic Planning and Environment

The slippage of £0.207m against Strategic Planning and Environment capital schemes includes accelerated spend of £0.150m relating to the Fleet replacement programme. The overspend of £0.068m relates to wheeled bins for waste collection.

### 5.3 Supplementary Capital Budget Requests

Cabinet will be asked to recommend to Council to approve the following supplementary budget requests for Strategic Planning and Environment services relating to 2024/25:

- UK Shared Prosperity Fund £0.265m. This project is fully grant funded.

## 6. Financial implications

6.1 Contained within the body of this report.

## 7. Legal implications

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

## **8. Risk implications**

**8.1** 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.

## **9. Equalities, Community Impact and Human Rights**

**9.1** 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.

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

## **10. Sustainability implications**

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

## **11. Council infrastructure**

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

## **12. Conclusions**

**12.1** The position for 2023/24 is a surplus of £0.459m against Council General Fund budgets, of which a pressure of £1.380m relates to Strategic Planning and Environment services. Housing Revenue Account budgets are reporting a residual pressure of £0.294m.

**12.2** The position for 2023/24 at quarter 4 is slippage of £0.207m and an overspend of £0.068m for Strategic Planning and Environment General Fund capital schemes. Housing and Community General Fund schemes are underspent by £0.097m and Housing Revenue Account capital schemes are underspent by £0.223m.