



# Housing & Communities

## Overview and Scrutiny Committee



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<b>Report for:</b>	Housing and Communities 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 – Housing Revenue Account Provisional Outturn 2023/24 Appendix C – Housing and Community 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

### 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 provisional financial outturn 2023/24 for the:</p> <ul style="list-style-type: none"> <li>• General Fund</li> <li>• Housing Revenue Account</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, Housing Revenue Account 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 Housing and Community 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 surplus of £0.294m relates to Housing and Community 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

The Housing Revenue Account (HRA) is forecasting a residual pressure of £0.294m at year end. This position includes the release of a £0.650m from an HRA provision following review of the balance held. A request for a net drawdown from HRA reserves of £0.294m will be taken to Cabinet to recommend to Full Council in order to balance the outturn position.

Housing and Community General Fund capital is reporting further slippage of £0.300m compared to the position at quarter 3 2023/24, largely relating to Disabled Facilities Grant. Housing and Community General Fund capital is underspent by £0.097m relating to the creation of move on- accommodation for rough sleepers at Aragon Close.

HRA capital has additional slippage from the position reported at quarter 3 2023/24 of £4.955m and an underspend of £0.223m.

## 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- Housing and Community

Table 2 – Housing and Community General Fund	Current Budget	Forecast	Variance	
	£m	£m	£m	%
Housing & Property	1.228	0.839	<b>(0.389)</b>	(31.7%)
Neighbourhood Delivery	(2.369)	(2.342)	<b>0.027</b>	(1.1%)
Corporate and Commercial	(0.043)	0.000	<b>0.043</b>	(100.0%)
People and Transformation	1.162	1.330	<b>0.168</b>	14.5%
Place	1.898	1.755	<b>(0.143)</b>	(7.5%)
<b>Total Operating Cost</b>	<b>1.876</b>	<b>1.582</b>	<b>(0.294)</b>	(15.7%)

4.1 Variances for 2023/24 reported against Housing and Communities General Fund service areas are outlined below.

#### 4.2 Housing and Property

Demand for Temporary Accommodation has increased in 2023/24, leading to an increase in costs of placing residents in hotels. This is a statutory duty of the Council, the increase in costs being driven by the rising number of referrals to temporary accommodation. The increased demand has led to increased repairs and maintenance to our temporary accommodation at a pressure of £0.200m and also an increase in utility costs of £0.048m. Due to the high number of referrals, Temporary Accommodation have seen high occupancy rate in their hostels. This has meant the Council has received £0.366m more income than budgeted for, that offsets the pressures detailed in the previous paragraph.

Closed Circuit Television have not fully achieved the service commercial income target in 2023/24, resulting in a pressure of £0.093m. Income targets for the service have been reviewed as part of the 2024/25 budget to address this shortfall.

A pressure of £0.031m is reported on Licencing fees. These pressures are offset by underspend in staffing of £0.081m due to vacancies within the service.

There are vacancies within the Community Safety team leading to an underspend of £0.033m.

The Department for Levelling Up, Housing and Communities announced a £0.270m top to the Homelessness Prevention Grant part way through 2023/24. This allowed the Council to fund some homelessness prevention activity through the grant, reducing the net cost of the service to the Council by £0.068m.

#### 4.3 Corporate and Commercial

Licensing income has a pressure of £0.053m for 2023/24 relating to annual licence fees. A significant number of the fees are set by statute and not controlled by Dacorum. The service will monitor this position closely to identify if there is likely to be a continued risk into 2024/25.

#### 4.4 Neighbourhood Operations

Garage Income was 2% below budget, giving a forecast pressure for the service £0.058m. A large number of garages were repaired in 2023/24, focusing on those where there is a waiting list. The remaining sites

are currently being reviewed for the best approach to take in regard to the remaining void stock, to maximise value for money associated with the use of these assets.

#### 4.5 People and Transformation

The pressure of £0.135m on People and Transformation relates to additional services supplied to the Housing Revenue Account, these pressures are picked up within the recharge to the HRA and covered within the Core Funding.

#### 4.6 Place

A surplus for the Old Town Hall is reported of £0.058m. This is due to strong income being received from operations surplus of £0.101m, staff vacancies £0.043m, offset by pressures on supplies and services budgets £0.076m.

Community grants are underspent by £0.150m as a result of a reduction in applicants compared to previous financial years. The service are looking at how to increase engagement in the process and will work with the voluntary sector as part of this.

#### 4.7 Risks to Housing and Communities General Fund 2024/25 Budgets

Temporary Accommodation will be an area of financial focus for 2024/25. Demand is increasing as a result of the cost of living and also the allocation of asylum cases to be housed. The service is monitoring demand closely and will report accordingly on the position in 2024/25.

### 5. Housing Revenue Account Position

5.1 The HRA is a ring-fenced account relating to the Council's landlord functions. It is accounted for separately from General Fund services. 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.

5.2 The provisional HRA balance at the end of 2023/24 is a net pressure of £0.294m. This is summarised as follows:

**Table 3: Summary Housing Revenue Account Position**

Housing Revenue Account	Current Budget £m	Forecast Outturn £m	Variance £m
Income	(63.939)	(67.305)	(3.366)
Expenditure	63.774	68.084	4.310
<b>Reduction in provisions</b>	<b>0.000</b>	<b>(0.650)</b>	<b>(0.650)</b>
<b>Transfer to the HRA Working Balance (reserve movement)</b>	<b>0.165</b>	<b>0.165</b>	<b>0.000</b>
<b>Net Deficit / Surplus</b>	<b>0.000</b>	<b>0.294</b>	<b>0.294</b>

5.3 Variances for 2023/24 reported against Housing Revenue Account service areas are outlined below.

#### 5.4 Supervision and Management

A pressure of £0.351m is being seen on employee budget due to interim management within the HRA as work continues on the Housing Transformation Improvement Programme (HTIP) and agency staff cover vacancies across the service.

The pay award caused a pressure of £0.150m across the HRA.

Utility costs for sheltered housing caused pressure of £0.311m. These costs will be accounted for in the calculation of the service charges for tenants in future years.

There is a pressure of £0.625m in respect of insurance cost relating to increased claims in respect of damp and mould.

## 5.5 Repairs & Maintenance

Continuing from 2022/23, there has been a continued high demand for repairs and maintenance for housing along with inflationary increases to the works undertaken. The main demand and pressures are from Responsive Repairs and Empty Homes as shown in the table below.

Offsetting this increased pressure is a gain share from the main housing repairs contract. This is £0.464m for 2023/24. The gain share is not budgeted within the HRA budgets. The gain share has the effect of reducing the pressures on HRA repairs and maintenance costs.

**Table 4: Breakdown of HRA Revenue Repairs and Maintenance Financial Forecast**

	<b>Budget £m</b>	<b>Outturn £m</b>	<b>Variance £m</b>
Main Contract Overheads	2.183	2.751	0.568
Contract Pain and Gain	0.000	(0.464)	(0.464)
Cyclical Planned Maintenance	0.933	0.474	(0.459)
Compliance Planned Maintenance	3.301	3.191	(0.109)
Responsive Repairs	4.469	8.689	4.220
Empty Homes	3.745	5.236	1.491
Recharge to GF	(0.037)	0.00	0.037
<b>Total</b>	<b>14.594</b>	<b>19.877</b>	<b>5.283</b>

## 5.6 Income

Dwelling rent has a surplus of £0.956m, due to occupancy and voids rates. The budget is based on occupation at budget setting. When a tenancy changes, the new tenant is charged rent based on the target weekly rent for the property which is often higher than that charged to the previous tenant. Given the number of void relets in 2023/24, this has increased the rental income for the service.

Contribution to expenditure is income received from leaseholders for works to housing blocks. The cost of this work is recovered based on actual costs. There have been a significant number of major works completed over the last 12 months resulting in a higher income forecast from contributions.

## 5.7 HRA- Technical and Accounting Adjustments

Cash balances remain higher than budgeted, as capital HRA spend is 30% behind budget. This has the effect of increased cash balances, resulting in increased returns on cash investments, additional income of £1.797m for the HRA.

Given the pressures and demands on the HRA budgets, the budgeted revenue contribution to capital for 2023/24 has been redirected to support revenue expenditure. This contribution was reviewed as part of 2024/25 budget setting. Given demand on revenue repairs works, this contribution is likely to be removed from future budgets. A reduction in allocation to capital reserves means other capital financing options must be used. This can increase future borrowing requirements and associated future cost of capital.

The expected increase to the bad debt provision for the HRA has been lower than expected £0.182m. An increase in provision was required for leasehold properties, this is linked to the large invoices for



- Contribution to reserves relating to Private Sector Housing income £0.025m to Housing Conditions Survey Reserve to be drawn down in 2024/25.

Cabinet will be asked to recommend Council to approve the following reserve requests relating to 2024/25:

- Drawdown from the Civic Buildings Reserve of £0.040m to deliver a structural review of leisure centres to determine future investment.

## 7. Capital Programme

### 7.1 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 5 - Capital Outturn 2023-24	Current Budget	Re-phasing (To)/from future years	Revised Budget	Forecast Outturn	Variance	
	£m	£m	£0m	£m	£m	%
Housing & Community General Fund	4.517	(0.300)	4.218	4.120	(0.097)	(2.15%)
HRA Total	59.432	(4.955)	54.477	54.254	(0.223)	(0.38%)

### 7.2 General Fund Capital Programme Major Variances

Housing and Community General Fund capital budgets are reporting and underspend of £0.097m relating to move- on accommodation at Aragon close. Housing and Community General Fund capital is also reporting slippage of £0.300m. The slippage includes the following items over £0.100m:

- Disabled Facilities Grant £0.236m – applications for DFG are continuing with further spend in 2024/25.

### 7.3 Housing Revenue Account

Following a review of the forecasts and project progression for HRA capital budgets further slippage of £5.595m in respected of planned expenditure to existing HRA properties and (£0.643m) in respect of new housing developments.

Slippage in respect of existing HRA properties is a result of capacity of Council contractors, mobilisation issues for decant homes programme, asbestos surveys being required and a high percentage of access



refusal. In addition, a project in respect of the roof at Pelham Court has been delayed due to procurement and working with telecommunications providers in respect of equipment on the roof.

Slippage in respect of Right to Buy buy-backs equates to £0.532m due to assessment of properties, meaning that suitable properties that benefit Dacorum have not been identified.

Housing Development sites have had budget bought forward at the end of the year due to progress being further ahead in respect of Marchmont Fields site.

An underspend of £0.223m is reported for the HRA, this is as a result of the gainshare agreement with the main contractor.

#### **7.4 Supplementary Capital Budget Requests**

Cabinet will be asked to recommend to Council to approve the following supplementary budget requests for Housing and Community services relating to 2023/24:

- Local Authority Housing Fund £0.452m. This is grant funding for 40% spend of the project. The remaining 60% is funded from existing capital budgets.
- Affordable Housing Development fund £0.317m. This is to reflect previously approved contributions to third parties to develop affordable housing in the borough. The budget is funded from Council 141 Right to Buy receipts.

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

- Local Authority Housing Fund £0.0398m. This is grant funding for 40% spend of the project. The remaining 60% is funded from existing capital budgets.

#### **7.5 Capital Budget Virement**

Cabinet will be asked to approve the following budget virement requests relating to 2024/25:

##### **Asset Management service**

Planned Expenditure	reduction of £3.665m
DBC Commissioned Capital Works	reduction of £5.476m
Special Projects	increase of £0.387m

##### **Safe Homes service**

M&E Contracted Works	increase of £2.540m
Communal Gas & Heating	increase of £3.010m
Social Housing Development Fund	increase of £3.054m
Local Authority Housing Fund	increase of £0.150m

#### **8. Financial implications**

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

#### **9. Legal implications**

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

#### **10. Risk implications**

**10.1** 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.

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

**11.1** 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.

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

## **12 Sustainability implications**

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

## **13 Council infrastructure**

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

## **14 Conclusions**

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

**14.2** A position for 2023/24 at quarter 4 is slippage of £0.300m for Housing and Community General Fund capital schemes and £7.138m for Housing Revenue Account capital schemes.