



<b>Report for:</b>	Cabinet
<b>Title of report:</b>	Financial Performance Quarter 1 2024/25
<b>Date:</b>	10 <sup>th</sup> September 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 Q1 2024/25 Appendix B – Housing Revenue Account Q1 2024/25 Appendix C – Capital Programme Q1 2024/25
<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 and Responsible Officer

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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 Quarter 1 position 2024-25 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>	To note the Quarter 1 2024-25 forecast financial outturn position for the General Fund, Housing Revenue Account and Capital Programme.
<b>Period for post policy/project review:</b>	The Council's financial position is reported to committee on an ongoing, quarterly basis.

## **1. Executive Summary and Key Forecast Outturn Figures**

This report presents the forecast outturn position for the Council as at 30 June 2024, Q1 2024/25.

- 1.1** The General Fund is reporting a forecast surplus against budget of £0.402m. This surplus is driven by returns on the investment of the Council's cash balances. The position includes some pressures against service expenditure budgets and income targets. This includes agency and vehicle repair costs in Environmental Services and a shortfall against income targets from investment properties and parking.
- 1.2** The Housing Revenue Account (HRA) is the Council's housing landlord function and is accounted for separately to General Fund services. At Q1, the HRA is reporting a budget pressure of £0.159m. A surplus is forecast against income targets, the result of reduced void rates and higher than expected performance related to supported housing charges. There are forecast pressures against utilities, repairs and maintenance.
- 1.3** The Council operates a capital programme across its General Fund and Housing Revenue Account that represents investment in its assets. General Fund capital schemes are forecasting an overspend of £0.073m and slippage of £3.647m. The majority of the overspend relates to Hemel Hempstead Sports Centre astroturf renewal. The slippage relates in the main to the developer of the new community facility and foodbank going into administration, delayed work on the Customer Relationship Management system and slippage on the CCTV work programme.
- 1.4** HRA capital schemes are forecasting an overspend of £0.327m and slippage of £7.712m. This relates to work on new build developments and planned expenditure on existing Council homes.

## **2. Summary Narrative and Forward Look**

- 2.1** The Council set a balanced budget for 2024/25 in February 2024. This budget addressed known variances arising during 2023/24. As part of the 2023/24 provisional outturn report, it was identified that risks remained within the Council's financial position for 2024/25. Included within this were costs relating to the Council's Waste Services. These pressures are included in the forecast outturn for 2024/25 as at Q1 of the current financial year. General Fund income pressures for 2024/25 have been identified against investment properties and parking.
- 2.2** The HRA position for 2023/24 benefitted from a one-off provision release and draw down from revenue reserves. Reserves are finite in nature and cannot be relied on up to sustain the HRA indefinitely.
- 2.3** Within the Housing Revenue Account, the demand for repairs and maintenance to Council homes represents the biggest ongoing risk for the financial sustainability of the Council's housing landlord function. This is reflected in the Q1 2024/25 forecast financial position for the HRA. The Housing and Property service will monitor this closely to try to reduce budget pressures where possible.
- 2.4** Staffing costs also represent a risk to the HRA, with agency appointments to posts being made and permanent recruitment on hold as the service awaits the outcome of the Housing Transformation Improvement Programme review.
- 2.5** All General Fund and HRA 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**

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

<b>Table 1- General Fund Position by Scrutiny Area</b>	<b>Current Budget £m</b>	<b>Forecast Outturn £m</b>	<b>Variance</b>	
			<b>£m</b>	<b>%</b>
Finance & Resources	7.134	7.825	<b>0.691</b>	9.7%
Strategic Planning and Environment	13.213	13.919	<b>0.706</b>	5.3%
Housing & Community	2.252	2.265	<b>0.013</b>	0.6%
<b>Operational Cost</b>	<b>22.599</b>	<b>24.009</b>	<b>1.410</b>	6.2%
Core Funding	(22.600)	(24.412)	<b>(1.812)</b>	8.0%
<b>Contribution (to)/ from General Fund Working Balance</b>	<b>(0.001)</b>	<b>(0.403)</b>	<b>(0.402)</b>	

#### 4. General Fund Position- Finance and Resources and Core Funding

<b>Table 2 – Finance and Resources</b>	<b>Current Budget £m</b>	<b>Forecast Outturn £m</b>	<b>Variance</b>	
			<b>£m</b>	<b>%</b>
Chief Executives	1.347	1.368	<b>0.021</b>	1.6%
Housing & Property	(2.128)	(1.658)	<b>0.470</b>	(22.1%)
Neighbourhood Operations	(0.635)	(0.584)	<b>0.051</b>	(8.0%)
Corporate and Commercial	3.404	3.447	<b>0.043</b>	1.3%
People and Transformation	5.051	5.072	<b>0.021</b>	0.4%
Place	0.095	0.180	<b>0.085</b>	89.5%
<b>Total Operating Cost</b>	<b>7.134</b>	<b>7.825</b>	<b>0.691</b>	9.7%
<b>Core Funding</b>	<b>(22.600)</b>	<b>(24.412)</b>	<b>(1.812)</b>	8.0%

- 4.1 Key variances for 2024/25 reported against Finance and Resources General Fund service areas are outlined below.

#### 4.2 Housing and Property

A pressure of £0.105m is reported on Civic Halls in respect of income, utilities and repairs. Included in this are costs and income relating to Victoria Hall, Tring and Berkhamsted Civic Centre and the Council's Community Centres.

Agency costs for surveyors within the Property team represent a pressure of £0.095m. Market forces supplements are now in place to support ongoing recruitment and retention within the service.

The commercial and operational property portfolio is reporting a net pressure of circa £0.226m, including increased maintenance, service charges and utility costs. This includes an income pressure of £0.320m against current income targets.

### 4.3 Neighbourhood Operations

There is a forecast shortfall against parking income targets of £100k. The announcement of a General Election in the summer has brought a delay to the consultation process for proposed changes to car parking fees and an associated pressure of £100k.

### 4.4 Place

There are forecast staffing pressures within the Place service. These are currently offset by additional income within the Place directorate that is reported against other OSC committee budgets.

### 4.5 Core Funding

Core Funding covers key corporate funding income and expenditure and includes General Fund investment income, government grants and income from Council Tax and Business rates.

Cash balances and interest rates remain higher than expected, generating an additional £1.908m. This is linked to slippage on the Council's capital programme leading to an increased level of cash balances for investment. Capital programme re-phasing (slippage and accelerated expenditure) is explained at section 8 of this report.

The forecast recharge for services provided from the General Fund to the HRA reflects an expected income reduction of £0.096m. This will be offset by cost underspends against services carrying out work for the HRA.

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

Table 3 – Strategic Planning and Environment	Current Budget	Forecast	Variance	
	£m	£m	£m	%
Neighbourhood Operations	11.372	11.941	<b>0.569</b>	5.0%
Housing & Property	0.053	0.073	<b>0.020</b>	37.7%
People & Transformation	(0.114)	(0.040)	<b>0.074</b>	(64.9%)
Place	1.902	1.945	<b>0.043</b>	2.3%
<b>Total Operating Cost</b>	<b>13.213</b>	<b>13.919</b>	<b>0.706</b>	5.3%

5.1 Key variances for 2024/25 reported against Strategic Planning and Environment General Fund service areas are outlined below.

### 5.2 Neighbourhood Operations

Pressures on budgets within Environmental Services at Q1 total £0.502m. £0.267m relates to staffing costs across the service. These have been incurred in relation to sickness and to additional staff resources required to operate replacement vehicles when twin-pack waste vehicles are being repaired. There is a £0.200m pressure relating to repairs and maintenance on the Council's fleet vehicles. £0.035m relates to the hiring of vehicles during

repairs and while new fleet is awaiting delivery. Further analysis is being undertaken to identify offsetting underspends and opportunities to reduce pressures.

A forecast pressure of £0.080m is reported on Trees and Woodlands works, a continuation of pressures reported in 2023/24. A review of tree works requirements and risks identified is being undertaken to assess the medium-term outlook for this service.

### 5.3 People & Transformation

A pressure of £0.070m is reported in relation to Filming budgets for 2024/25. Income has been lower than budget during the year. The income position continues to be closely monitored.

### 5.4 Place

There are pressures against Business Centre income and expenditure budgets. These are under ongoing review.

## 6. General Fund Position- Housing and Community

Table 4 – Housing and Community General Fund	Current Budget	Forecast	Variance	
	£m	£m	£m	%
Housing & Property	1.482	1.518	<b>0.036</b>	0.024
Neighbourhood Operations	(2.546)	(2.596)	<b>(0.050)</b>	0.020
Corporate and Commercial	(0.022)	0.044	<b>0.066</b>	(3.000)
People and Transformation	1.412	1.362	<b>(0.050)</b>	(0.035)
Place	1.926	1.937	<b>0.011</b>	0.006
<b>Total Operating Cost</b>	<b>2.252</b>	<b>2.265</b>	<b>0.013</b>	0.006

6.1 Variances for 2024/25 reported against Housing and Communities General Fund service areas are outlined below.

### 6.2 Housing and Property

Demand for Temporary Accommodation continues to grow, the net impact on revenue budgets is forecast at £0.290m. This assumes that demand continues at the current level. Increased demand has meant an increased level of repairs to maintain Temporary Accommodation assets and also the use of alternative provision in the form of hotel accommodation. It is expected that the service will make use of grant funding to meet some of the costs in this area. The financial impact of this will be reflected in future reports. There are underspends across other areas of the directorate partly offsetting the temporary accommodation pressure.

### 6.3 Neighbourhood Operations

Garage Income is forecast to exceed budget by £0.050m. The service has focused on increasing occupancy of the Council's garages.

### 6.4 Corporate and Commercial

Licensing income has a pressure of £0.060m for 2024/25, a shortfall that has continued from 2023/24. Licensing income will continue to be closely monitored.

## 6.5 People and Transformation

There is a forecast underspend against the Customer Services Unit, which is offsetting pressures elsewhere in the directorate.

## 7 Housing Revenue Account Position

7.1 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 forecast outturn position for the HRA is shown at Appendix B.

7.2 At Q1 2024/25, the HRA is forecasting a pressure of £0.159m. This is summarised below:

**Table 5: Summary Housing Revenue Account Position**

Housing Revenue Account	Current Budget £m	Forecast Outturn £m	Variance £m
Income	(71.736)	(72.466)	(0.730)
Expenditure	69.927	70.816	0.889
<b>Net Deficit / (Surplus)</b>	<b>(1.809)</b>	<b>(1.650)</b>	<b>0.159</b>
<b>Transfer (to)/from the HRA working balance and other reserves</b>	<b>1.809</b>	<b>1.650</b>	<b>(0.159)</b>
<b>Overall Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

7.3 Variances for 2024/25 reported against Housing Revenue Account service areas are outlined below.

### 7.4 Income

Surplus income of £0.730m is reported at Q1. £0.686m of this is dwelling rent relating. Reduced void rates and higher than expected income from supported housing charges are contributing to this overall surplus to HRA income targets.

### 7.5 Repairs & Maintenance

A pressure of £0.337m is reported for repairs and maintenance of Council homes. Works relating to damp and mould are giving rise to pressures of £0.750m. This pressure is partly offset by a reduction in expected work relating to Empty Homes and other anticipated underspends.

### 7.6 Supervision and Management

There is a net staffing pressure within the service of £0.258m relating to interim cover for vacant posts.

The HRA continues to experience a high level of utility costs, a forecast pressure of approximately £0.326m.

It is anticipated that legal cases involving disrepair will be a cost of £0.120m to the HRA in 2024/25. Work is ongoing to profile anticipated costs in current and future years. Additional legal support is required to assist in disrepair claims, forecast at £0.055m.

## 8. Capital Programme

**8.1** 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 2024, plus approved amendments.

The 're-phasing' column refers to projects where expenditure is still expected to be incurred but will now be in 2025/26 rather than 2024/25 ('slippage'), or conversely, where expenditure planned initially for 2025/26 has been incurred in 2024/25 ('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.

All overspends will be monitored closely. Associated supplementary budget requests will be brought to Cabinet to recommend to Council later in the financial year as appropriate.

<b>Table 6- Capital Outturn 2024/25</b>	<b>Current</b>	<b>Re-phasing</b>	<b>Revised</b>	<b>Forecast</b>	<b>Variance</b>	
	<b>Budget</b>	<b>(To)/from future years</b>	<b>Budget</b>	<b>Outturn</b>	<b>£m</b>	<b>%</b>
	<b>£m</b>	<b>£m</b>	<b>£0m</b>	<b>£m</b>		
Finance and Resources	7.234	(3.152)	4.082	4.146	0.065	0.90%
Strategic Planning and Environment	3.089	(0.155)	2.934	2.934	0.000	0.00%
Housing & Community	2.376	(0.339)	2.036	2.044	0.008	0.32%
<b>GF Total</b>	<b>12.698</b>	<b>(3.647)</b>	<b>9.052</b>	<b>9.124</b>	<b>0.073</b>	<b>0.57%</b>
<b>HRA Total</b>	<b>65.297</b>	<b>(7.712)</b>	<b>57.585</b>	<b>57.912</b>	<b>0.327</b>	<b>0.50%</b>
<b>Grand Total</b>	<b>77.995</b>	<b>(11.358)</b>	<b>66.637</b>	<b>67.036</b>	<b>0.399</b>	<b>0.51%</b>

**8.2 General Fund Capital Programme**

General Fund capital budgets are forecasting an overspend of £0.072m. £0.065m of this relates to the cost of Hemel Hempstead Sports Centre Astroturf works, where costs are expected to exceed the original programme budget.

General Fund budgets are reporting slippage of £3.647m. The slippage includes the following items over £100k:

- Future Vision of Customer Relationship Management £0.400m. The project is underway, with recruitment commencing in 2024/25.
- Multi-Functional Devices – work is continuing to identify the most appropriate set up for printing facilities at the Forum offices moving forwards, based on current organisation requirements.
- CCTV programmes total slippage £0.339m. A programme of equipment replacement will commence in 2024/25 and continue into 2025/26.



- Chipperfield Common car park resurfacing £0.109m. Progress of the works is pending Secretary of State approval.
- Creation of new Community Facility and Foodbank Hub £2.500m. The developer for the project has gone into administration. The project is on hold until a new developer is agreed. A revised project plan is still under development.

### **8.3 Housing Revenue Account Capital Programme**

Housing Revenue Account capital budgets are forecasting slippage of £7.712m. £6.729m relates to Paradise Depot where the project is on hold due to the contractor going into administration. Work is ongoing to identify a new contractor. The remaining slippage relates to Paradise Fields new build (£0.654m) and the buy- back of Council homes previously purchased under right to buy legislation (£0.530m). Both projects are currently delayed. There is accelerated expenditure of £1.066m (brought forward from 2025/26) relating to Marchmont Fields new build, which is progressing ahead of the budgeted timescales.

The HRA is reporting overspends on capital projects of £0.326m. £0.337m of this relates to new housing developments, which has seen significant inflationary increases and additional costs.

## **9. Financial implications**

Contained within the body of this report.

## **10. Legal implications**

There are no direct legal implications arising from this report.

## **11. Risk implications**

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.

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

**12.1** 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.

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

## **13 Sustainability implications**

There are no specific sustainability implications arising from this report.

## **14 Council infrastructure**

The content of this report sets out the implications of the Council's activities for its financial resources for 2024/25.

## **15 Statutory Comments**

### **Monitoring Officer:**

No comments to add to the report.

### **Deputy S151 Officer:**

Contained in the body of the report. This is a Deputy s151 Officer report.

## **16 Conclusions**

- 16.1 The position for 2024/25 is a surplus of £0.402m against Council General Fund budgets. Housing Revenue Account budgets are reporting a pressure of £0.159m.
- 16.2 There is slippage against the Council's overall Capital Programme of £11.358m and a forecast overspend of £0.399m