



Audit Committee

Report for:	Audit Committee
Title of report:	Final Outturn 2023-24
Date:	18 th September 2024
Report on behalf of:	Cllr Michela Capozzi, Portfolio Holder for Corporate & Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A – General Fund Revenue Final Outturn 2023-24 Appendix B – Housing Revenue Account Final Outturn 2023-24 Appendix C – Capital Programme Final Outturn 2023-24 Appendix D- Reserves position as at 31 st March 2024
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account

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Corporate Priorities	<ul style="list-style-type: none"> 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
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Wards affected	All
Purpose of the report:	<ol style="list-style-type: none"> 1. To provide details of the Final Outturn 2023-24 for the: <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Capital Programme
Recommendation (s) to the decision maker (s):	<ol style="list-style-type: none"> 1. That Committee review the final financial outturn for 2023-24 (Appendices A and B) and note the final financial outturn position for 2023-24. 2. That Committee review the Capital Programme Outturn for 2023-24 (Appendix C). 3. That Committee review the balances on earmarked reserves as at 31st March 2024 (Appendix D).

1 Introduction:

1.1 This report presents the final financial outturn position for the Council for 2023-24. Under the Council's Financial Regulations, Audit Committee have delegated powers to approve final movements to the Council's financial reserves following the external audit of the Council's accounts, should this be required. For 2023-24, there are no changes between the provisional and final outturn to report.

1.2 A provisional outturn position was presented to Cabinet on 23rd July 2024. The reported provisional outturn position included the following:

- General Fund (GF) revenue budgets: a surplus of £0.489m. Cabinet recommended to Council that this surplus be transferred to the Invest to Save reserve to fund future initiatives.
- Housing Revenue Account (HRA) revenue budgets: a final residual pressure of £0.294m at year end. Cabinet recommended to Council to fund this residual pressure from HRA reserves.
- The GF capital programme: further slippage of £2.183m and an underspend of £0.099m. The slippage is the combined position across a number of different schemes. These include a rolling programme of ICT hardware, works on Council owned properties and Disabled Facilities Grant payments. The underspend relates to move on- accommodation for rough sleepers at Aragon Close .
- The HRA capital programme: further slippage of £4.955m and an underspend of £0.223m. The slippage relates predominantly to planned expenditure on existing HRA properties. There is also accelerated spend against the Marchmont Fields as the project has progressed ahead of schedule.

1.3 This final outturn report for 2023-24 has been produced following finalisation of reserve movements for the year, audit work undertaken in conjunction with our external auditors and the publication of the Year End Report to Audit Committee by the Council's external auditors.

1.4 The overall position for GF revenue, HRA revenue, GF capital and HRA capital are unchanged from the position reported to Cabinet at provisional outturn. The final outturn report includes the impact of the

reserve movements recommended by Cabinet to Council in order to balance the position on GF and HRA revenue as part of the provisional outturn report.

2 General Fund Revenue Outturn

2.1 Appendix A provides an overview of the General Fund final outturn position. This is also summarised in the table below. Note, under local authority financial reporting conventions, negative figures (also denoted in brackets) represent income or a surplus, whilst positive figures represent expenditure or a budget pressure/deficit.

Table 1- General Fund Provisional Outturn 2023-24	Current Budget £m	Forecast Outturn £m	Variance	
			£m	%
Finance & Resources	14.369	15.869	1.500	10.4%
Housing and Community	1.184	1.086	(0.098)	(8.3%)
Strategic Planning and Environment	11.259	10.793	(0.466)	(4.1%)
Net Cost of Services	26.812	27.748	0.936	3.5%
Investment Property	(4.314)	(4.289)	0.025	(0.6%)
Other Core Funding items including recharge to the HRA	(24.904)	(31.638)	(6.734)	27.0%
Contribution To/ (From) Earmarked Reserves	2.406	8.179	5.773	239.9%
(Surplus)/ Deficit	0.000	0.000	0.000	

2.2 Key variances (greater than £0.100m) are summarised below. These were reported to Cabinet as part of provisional outturn. Some overspends contained within the deficit position against 'Net cost of services' have been funded by additional draw-downs from revenue reserves during 2023-24, following Full Council approval in year. These additional reserve draw-downs are reflected in the 'overspend' shown against 'Contribution To/ (From) Earmarked Reserves'. The 'overspend' indicates that more funding was transferred to reserves that originally budgeted for.

2.3 Finance and Resources

Income from the Leisure centre contracts generated a surplus of £0.090m for 2023-24. The surplus was transferred to a leisure reserve to ensure that any pressures relating to Leisure Services can be met over the medium term.

There is a pressure of £0.385m in respect of targets previously established in relation to commercial business cases undertaken in 2022-23. These commercial income targets were reviewed after the completion of business cases as part of the 2024-25 budget setting process, and budgets adjusted accordingly. The Council's Commercial Strategy supports development of a stronger commercial culture and ethos in Council service delivery. Further improvements to net income will be analysed through an ongoing programme to review the Council's commercial income streams, and deliverables established.

External Audit fees for 2023-24 have increased following the introduction of a new charging regime overseen by Public Sector Audit Appointments (PSAA), the body responsible for appointing the Council's

external auditors. These increases are part of a suite of measures to address the backlog in Local Authority audit by providing external audit firms with appropriate financial resources to deliver on their local authority contracts. These costs represent a pressure of £0.213m. Growth in the budget for external audit fees has been incorporated into 2024-25 budgets.

2.4 Strategic Planning and Environment

There are staffing pressures for Waste services due to 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.

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 required completion for which the Council will receive no further income. This has generated 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.

Throughout 2023-24 the planning service has seen income pressures for planning income. 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.

There was additional income over budget relating to the Old Town Hall theatre £0.101m.

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.

2.5 Housing and Community

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 these pressures.

2.6 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 £3.415m. This is linked to slippage on the Council's capital programme leading to an increased level of cash balances for investment.

Further government grants to those originally budgeted, creating an overall surplus of £5.215m against government grants. The additional grant funding includes grant received relating to business rates relief awarded to local organisations.

3 Housing Revenue Account Position

3.1 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.

3.2 The HRA is reporting a balanced final outturn position for 2023-24 following a net drawn down from HRA reserves. This is shown in Appendix B and table 3 below.

Table 3 Housing Revenue Account	Current Budget £m	Forecast Outturn £m	Variance £m
Income	-63.923	-68.110	-4.187
Expenditure	63.758	68.239	4.481
Surplus/ deficit prior to reserve movements	-0.165	0.129	0.294
Reserve movements	0.165	-0.129	-0.294
Net Deficit / Surplus	0.000	0.000	0.000

3.3 Dwelling Rents - £0.942m additional income over budget.

Dwelling rent has a surplus 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.

3.4 Charges or Services and Facilities - £0.793m additional income over budget.

The position includes a one -off release of £0.650m from a provision held by the HRA following review of the balance held.

3.5 Interest and Investment Income - £1.775m additional income over budget

Cash balances remain higher than budgeted, as capital HRA spend was 30% behind budget. This has the effect of increased cash balances, resulting in increased returns on cash investments , additional income of £1.775m for the HRA.

3.6 Contribution towards Expenditure - £0.683m over achievement in income

Additional income over budget for minor capital receipts and rechargeable works has been achieved during the year.

3.7 Repairs and Maintenance- £5.449m pressure

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.

3.8 Supervision and Management and Recharges- £1.999m pressure against budget

There is a pressure of £0.351m 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 costs relating to increased claims in respect of damp and mould.

3.9 Other Expenditure (Rent, Rates and Taxes, Provision for Bad Debt)- £0.340m underspend

Whilst tenants have needed the support of the service during the year to help manage their position with respect to rent and other amounts due to the Council, the budgeted allocation to top up the bad debt provision has not been required in full.

4 Housing Revenue Account- Technical and Accounting Adjustments

4.1 In addition to the service-related variances above, the technical adjustments have arisen during the year.

4.2 Revenue Contribution to Capital - £2.538m under budget

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. 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.

5 Capital Programme

5.1 Appendix C shows the projected capital final outturn in detail by scheme. The position is unchanged from provisional outturn.

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

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

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

Table 4- Final Outturn 2023-24	Current	Re-phasing	Revised	Forecast	Variance	
	Budget	(To)/from future years	Budget	Outturn	£000	%
	£000	£000	£000	£000		
Finance and Resources	3.661	(1.676)	1.985	1.915	(0.070)	(1.91%)
Strategic Planning and Environment	1.490	(0.207)	1.283	1.351	0.068	4.58%
Housing & Community	4.517	(0.300)	4.218	4.120	(0.097)	(2.15%)
GF Total	9.668	(2.183)	7.485	7.387	(0.099)	(1.02%)
HRA Total	59.432	(4.955)	54.477	54.254	(0.223)	(0.38%)
Grand Total	69.100	(7.138)	61.963	61.641	(0.322)	(0.47%)

5.2 General Fund Capital Programme Major Variances

General Fund capital budgets are reporting and underspend of £0.99m relating to move- on accommodation at Aragon close. General Fund budgets are also reporting slippage of £2.183m. The slippage includes the following items over £0.100m:

- Rolling Programme – Hardware £0.548m. The tendering of the procurement is due to complete, and the rollout of new equipment is expected to commence in July 2024
- Future vision of Customer Relationship Management system £0.132m – delays in recruitment has meant the project has been slightly delayed. Recruitment was undertaken at the end of 2023/24 and the project is expected to progress during 2024/25.
- Bennettsgate - Window Renewal £0.162m. Works commenced September 2023 and are expected to be completed by the end of quarter 1 on 2024/25.
- Bellgate Canopy Renewal – Highfield £0.110m. Phase 2 of the works have been delayed due to roof leaks which are due to complete. It is anticipated that these works will commence in June 2024.
- Electric Vehicle Charging Point Programme £0.201m – The project has commenced with a number of charging points installed across the Borough and further sites having commenced. The programme will complete in 2024/25.
- Disabled Facilities Grant £0.236m – applications for DFG are continuing with further spend in 2024/25.

5.3 Housing Revenue Account Major Variances

Following a review of the forecasts and project progression for HRA capital budgets further slippage of £5.595m in respect of planned expenditure to existing HRA properties and accelerated spend of £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.

6 Financial and Value for Money implications

6.1 Contained within the body of the report

7 Legal Implications

7.1 The Council has a statutory responsibility to make arrangements for the proper administration of its financial affairs. This report forms part of these arrangements.

8 Equalities, Community Impact and Human Rights

8.1 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.

8.2 There are no Human Rights Implications arising from this report.

9 Sustainability implications

9.1 There are no specific sustainability implications arising from this report.

10 Council infrastructure

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

11 Conclusions

11.1 At final outturn 2023-24, there is a balanced position against Council General Fund and Housing Revenue Account budgets following proposed movements to and from General Fund and HRA revenue reserves. There are no changes to the final position from that presented to cabinet as part of the provisional outturn report.

11.2 At final outturn 2023-24, General Fund capital budgets are reporting slippage of £2.183m and an underspend of £0.099m. Against Housing Revenue Account capital schemes, there is slippage of £4.955 and an underspend of £0.223m.