



Housing and Community

Overview and Scrutiny Committee



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Report for:	Housing and Community Overview and Scrutiny Committee
Title of report:	Financial Performance Quarter 2 2024/25
Date:	20 th November 2024
Report on behalf of:	Cllr William Allen, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A – General Fund Revenue Q2 2024/25 Appendix B – Housing Revenue Account Q2 2024/25 Appendix C – Capital Programme Q2 2024/25
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

Community engagement: Engage with residents and partners to have a real say on our services and the borough

Service improvement and delivery:

Running the Council efficiently and putting residents at the heart of everything we do

	<p>Vibrant communities: Foster arts, culture and leisure opportunities</p> <p>Sustainable future: Take action on the Climate and Ecological Emergency</p> <p>Clean, safe and green: Provide a clean, safe and green-focussed environment</p> <p>Homes to be proud of: Enable well-maintained and affordable homes, where people want to live</p> <p>Proud and thriving borough: Realise our potential as a great place to live and work with a thriving business community</p>
Wards affected	All
Purpose of the report:	<p>1. To provide details of the Quarter 2 position 2024-25 for the:</p> <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Housing and Community Capital Programme
Recommendation (s) to the decision maker (s):	To note the Quarter 2 2024-25 forecast financial outturn position for the General Fund, Housing Revenue Account and Capital Programme.
Period for post policy/project review:	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 September 2024, Q2 2024/25.

- 1.1** The General Fund is reporting a forecast surplus against budget of £0.645m. This net surplus position is driven by the favourable performance of the Council's treasury management investments against target, the result of larger than expected cash balances. Included within the position is a net pressure relating to Housing and Community services of £0.134m. The position includes pressures against service budgets and income targets, with some continuing from 2023/24. Included in these are Temporary Accommodation costs (pressure of £0.3m).
- 1.2** The Housing Revenue Account (HRA) is the Council's housing landlord function and is accounted for separately to General Fund services. At Q2, the HRA is reporting a balanced budget. 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 supervision and management costs and 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. Housing and Community General Fund capital schemes are forecast as broadly on budget overall.

1.4 HRA capital schemes are forecasting an overspend of £0.243m and accelerated spend of £1.000m. The overspend relates to work on new build developments. The accelerated spend relates to roof works on Council homes previously scheduled for 2025/26.

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 Q2 of the current financial year. General Fund income pressures for 2024/25 have been identified against investment properties, parking and temporary accommodation.

2.2 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 Q2 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.

2.3 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.

2.4 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.

Budgets have been realigned across Scrutiny Committee areas between the Q1 Financial Performance report and the Q2 Financial Performance report to reflect changes to the remit of Overview and Scrutiny set out in the Council’s Constitution.

Table 1- General Fund Position by Scrutiny Area	Current Budget £m	Forecast Outturn £m	Variance	
			£m	%
Finance & Resources	9.066	9.658	0.592	6.5%
Strategic Planning and Environment	12.052	12.937	0.885	7.3%
Housing & Community	1.481	1.615	0.134	9.0%
Operational Cost	22.599	24.210	1.611	7.1%
Core Funding	(22.600)	(24.856)	(2.256)	10.0%
Contribution (to)/ from General Fund Working Balance	(0.001)	(0.646)	(0.645)	

4. General Fund Position- Housing and Community

Table 2 – Housing and Community General Fund	Current Budget	Forecast	Variance	
	£m	Outturn £m	£m	%
Housing & Property	1.481	1.615	0.134	0.090
Total Operating Cost	1.481	1.615	0.134	0.090

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

4.2 Housing and Property

Demand for Temporary Accommodation continues to grow, the net impact on revenue budgets is forecast at £0.298m. 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. Hotel accommodation is forecast to cost the Council £1.095m in 2024/25. The service is making use of grant funding (£0.153m) to meet some of the costs in this area. Other income received in relation to temporary accommodation totals £2.005m. Temporary accommodation costs are increasing for many local authorities. The Council has undertaken a deep dive review of the service to help identifying means of mitigation. The impact of the measures will be reflected in future financial reports.

There are underspends across other areas of the directorate partly offsetting the temporary accommodation pressure including staffing underspends £0.163m.

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

5.2 At Q2 2024/25, the HRA is forecasting a balanced position. This is summarised below.

Table 3: Summary Housing Revenue Account Position

Housing Revenue Account	Current Budget £m	Forecast Outturn £m	Variance £m
Income	(71.736)	(72.944)	(1.208)
Expenditure	69.927	71.135	1.208
Net Deficit / (Surplus)	(1.809)	(1.809)	0.000
Transfer to/(from) the HRA working balance and other reserves	1.809	1.809	0
Overall Total	0	0	0

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

5.4 Income

Surplus income of £1.208m is reported at quarter 2. This relates to reduced void rates and income from supported housing charge (total £0.910m). When the budget was created for the supported housing charge, the project was in the early stages of development and a conservative estimate was used as an income target, which is now being exceeded. Non-dwelling charges to tenants and leaseholders are expected to exceed target by £0.100m in total, this is offset by associated expenditure. Investment income is expected to exceed target by £0.200m for the HRA.

5.5 Repairs & Maintenance

A pressure of £0.525m 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.

5.6 Supervision and Management

There is a net staffing pressure within the service of £0.319m 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 £0.320m 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 £0.105m. Other compensation from Property Services has contributed a cost of £0.059m.

Continuing the use of consultants for asbestos work has a forecasted cost of £0.184m however, this is partly offset by three vacant asbestos roles in Safe Homes.

There is a reduction in costs associated with the Supporting People budget (£0.112m) which will help support additional resource within the cleaning team.

7. Capital Programme

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

The table below summarises the overall capital outturn position for Housing and Community Services.

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.

Table 4- Capital Outturn 2024/25	Current	Re-phasing	Revised	Forecast	Variance	
	Budget	(To)/from future years	Budget	Outturn		
	£m	£m	£0m	£m	£m	%
Housing & Community General Fund Total	1.301	0.000	1.301	1.282	(0.019)	(1.48%)
HRA Total	58.447	1.000	59.447	59.682	0.235	0.40%
Grand Total	59.748	1.000	60.748	60.964	0.216	0.36%

7.2 General Fund Capital Programme

General Fund capital budgets are broadly on budget for Housing and Community capital schemes.

7.3 Housing Revenue Account Capital Programme

The HRA is reporting overspends on capital projects of £0.235m. This relates to new housing developments, which has seen significant inflationary increases and additional costs from employer's agents. Planned expenditure on roof works of £1.000m has been brought forward from 2025/26 via accelerated spend.

Supplementary capital budget requests

This following supplementary capital budget request will be presented Cabinet to recommend to Full Council to approve:

- £0.245m supplementary capital budget to support inflationary costs associated with the construction of new Council housing developments.

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 2024/25.

14 Conclusions

14.1 The position for 2024/25 is a surplus of £0.645m against Council General Fund budgets. There is a pressure of £0.134m relating to Housing and Community General Fund services included within this. Housing Revenue Account budgets are reporting a balanced position.

14.2 There is accelerated spend of £1.00m against Housing and Community HRA capital schemes and a forecast overspend of £0.216m across all Housing and Community capital schemes.