



<b>Report for:</b>	Cabinet
<b>Title of report:</b>	Financial Performance Quarter 3 2024/25
<b>Date:</b>	18 <sup>th</sup> March 2025
<b>Report on behalf of:</b>	Cllr William Allen, Portfolio Holder for Corporate and Commercial Services
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	Appendix A – General Fund Revenue Q3 2024/25 Appendix B – Housing Revenue Account Q3 2024/25 Appendix C – Capital Programme Q3 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

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>
<b>Wards affected</b>	All
<b>Purpose of the report:</b>	<p>1. To provide details of the Quarter 3 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>	<p>1. That Cabinet note the Quarter 3 2024-25 forecast financial outturn position for the General Fund, Housing Revenue Account and Capital Programme.</p> <p>2. That Cabinet recommend to Council the approval of the reserve allocations as detailed in section 7 of 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. Executive Summary and Key Forecast Outturn Figures**

This report presents the forecast outturn position for the Council as at 31<sup>st</sup> December 2024, Q3 2024/25.

- 1.1** The General Fund is reporting a forecast surplus against budget of £1.482m. 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. The position includes pressures against service budgets and income targets, with some continuing from 2023/24. Included in these are: Environmental Services (pressure of circa £0.4m), Property Services (pressure of £0.6m) and Temporary Accommodation costs (pressure of £0.4m).
- 1.2** The Housing Revenue Account (HRA) is the Council's housing landlord function and is accounted for separately to General Fund services. At Q3, the HRA is forecasting a surplus of £0.213m. 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, management costs and repairs and maintenance.
- 1.3** Quarter 3 saw the agreement of the 2024/25 Local Government Pay Award, which was paid to staff in December. The agreed pay award was a flat payment of £1,290 or 2.5% dependant on spinal point. The budget had 5% pay award included for 2024/25, although some staff and service areas pay award was greater than 5% this resulted in an overall saving to the general fund of £0.091m & a £0.220m saving for the HRA.
- 1.4** 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 forecast as broadly on budget overall, with slippage at quarter 3 of £1.856m. The slippage relates to delays across strategic capital projects.
- 1.5** HRA capital schemes are forecast as broadly on budget, with slippage at quarter 3 of £1.445m.

## **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 Q3 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 Q3 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 needing to be made in some areas while the Housing Transformation Improvement Programme service redesign work is being rolled out.
- 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

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

Budgets were 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	Forecast	Variance	
	£m	Outturn £m	£m	%
Finance & Resources	9.066	9.728	<b>0.662</b>	7.3%
Strategic Planning and Environment	12.052	12.888	<b>0.836</b>	6.9%
Housing & Community	1.481	1.667	<b>0.186</b>	12.6%
<b>Total Operating Cost</b>	<b>22.599</b>	<b>24.283</b>	<b>1.684</b>	7.5%
Core Funding	(22.600)	(25.766)	(3.166)	14.0%
<b>Contribution (to)/ from General Fund Working Balance</b>	<b>(0.001)</b>	<b>(1.483)</b>	<b>(1.482)</b>	

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

Table 2 – Finance and Resources	Current Budget	Forecast	Variance	
	£m	Outturn £m	£m	%
Chief Executives	1.346	1.376	<b>0.030</b>	2.2%
Housing & Property	(2.126)	(1.473)	<b>0.653</b>	(30.7%)
Corporate and Commercial	3.382	3.447	<b>0.065</b>	1.9%
People and Transformation	6.464	6.378	<b>(0.086)</b>	(1.3%)
<b>Total Operating Cost</b>	<b>9.066</b>	<b>9.728</b>	<b>0.662</b>	7.3%
<b>Core Funding</b>	<b>(22.600)</b>	<b>(25.766)</b>	<b>(3.166)</b>	14.0%

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 £0.137m is reported on Civic Halls in respect of income due to reduced demand and increased costs of 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 £0.127m. 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 £0.290m, including increased maintenance, service charges and utility costs. This includes a pressure against current income targets.

#### 4.3 Corporate and Commercial

External audit fees have increased leading to a budget pressure of £0.051m. There is also a pressure of £0.059m due to the cost of mailing & postage for the organisation.

The directorate has seen pressure caused by income falling short of targets. Cessation of a contract for provision of anti-fraud services has caused an income pressure of £0.043m. Delays in installation of electric vehicle charging points has meant we are a forecasting income £0.035m below target and we have also forecast a pressure on licensing of £0.050m.

The expected recovery of legal fees surrounding council tax claims is forecast to deliver a surplus of £0.053m for the year

#### 4.4 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 £3.005m. The higher cash balances are linked to slippage on the Council's capital programme in 23/24 leading to an increased level of cash balances for investment in year. In addition to this, current interest rates are currently higher than market projections at the time of budget setting in January 2024, with future interest rates unpredictable but on the whole projected to be higher than expected in the short term.

The forecast recharge for services provided from the General Fund to the HRA is providing an additional income of £0.124m. This will be offset by costs incurred by General Fund services carrying out work for the HRA, shown within the net cost of services.

An additional government grant received in year has contributed a surplus of £0.037m.

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

<b>Table 3 – Strategic Planning and Environment</b>	<b>Current Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
<b>Neighbourhood Operations</b>	8.190	8.829	<b>0.639</b>	7.8%
<b>Housing &amp; Property</b>	0.053	0.077	<b>0.024</b>	45.3%
<b>People &amp; Transformation</b>	(0.114)	(0.031)	<b>0.083</b>	(72.8%)
<b>Place</b>	3.923	4.013	<b>0.090</b>	2.3%
<b>Total Operating Cost</b>	<b>12.052</b>	<b>12.888</b>	<b>0.836</b>	6.9%

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 Q3 total £0.279m relating to staffing costs across the service. These have been incurred in relation to sickness and service demands. Surplus garden waste income to target of £0.060m is forecast, offset by an expected shortfall against cesspool income £0.060m

Pressures on waste budgets have in part been offset by an underspend of £0.220m in waste operating costs, namely fuel, haulage & gate fees.

There is an additional pressure of £0.246m relating to repairs and maintenance of the fleet. Vacancies within the fleet maintenance service have led to increased need to outsource works to the fleet rather than carrying out the work in-house. A further pressure of £0.100m has been forecast in quarter 3 for the hire of vehicles during repairs and whilst new fleet is awaiting being ordered.

Garages income is forecast to achieve £0.050m above target. The service has focused on increasing occupancy of the Council's garages. In addition, there has been a repairs & maintenance underspend on our garage stock of £0.080m as the service await the outcome of strategic reviews of the council's assets.

There is a forecast shortfall against parking income targets of £0.100m, relating to trends in car park usage which suggest a shortfall against income targets.

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 £0.065m. These are under ongoing review. There are other smaller pressures across Place service.

## 6. General Fund Position- Housing and Community

Table 4 – Housing and Community General Fund	Current Budget	Forecast	Variance	
	£m	Outturn £m	£m	%
Housing & Property	1.481	1.667	0.186	0.126
<b>Total Operating Cost</b>	<b>1.481</b>	<b>1.667</b>	<b>0.186</b>	0.126

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 £0.438m. 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 £1.170m in 2024/25. Some of these costs are offset by increased income for temporary Accommodation use. The service is making use of grant funding (£0.153m) to meet some of the costs in this area. 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 £0.195m.

## 7 General Fund reserve requests

This report includes the following reserve transfer requests:

- Draw down of £0.052m from the Dacorum Development Reserve to support costs associated with the project management of the UK Shared Prosperity Fund
- Draw down of £0.013m from the Dacorum Development Reserve to support additional costs relating to the riverbank restoration project.
- Draw down of £0.157m from the Technology Reserve to support costs relating to the ICT restructure
- Draw down of £0.123mm from the On-Street Parking Reserve to support costs relating to the implementation of the new parking tariffs
- Drawdown of £122k to from the Management of Change Reserve instead of the Dacorum Development reserve to support a review on the council's trees and to develop a future tree management strategy.

## 8 Housing Revenue Account Position

**8.1** 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.

**8.2** At Q3 2024/25, the HRA is forecasting a £0.213m surplus position. This is summarised below.

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

Housing Account	Revenue	Current Budget £m	Forecast Outturn £m	Variance £m
Income		(71,736)	(73,054)	(1,318)
Expenditure		69,927	69,954	27
<b>Net Deficit / (Surplus)</b>		<b>(1.809)</b>	<b>(3.100)</b>	<b>(1.291)</b>
<b>Transfer to/(from) the HRA working balance and other reserves</b>		<b>1.809</b>	<b>2.887</b>	<b>1.078</b>
<b>Overall Total</b>		<b>0</b>	<b>(213)</b>	<b>(213)</b>

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

#### **8.4 Income**

Surplus income of £1.208m is reported at Q3. £0.979m of this is due to improving occupancy and voids rates and new sites coming online plus Temporary Accommodation utilising HRA units to provide short term capacity. Additionally, this includes the income from the Support Housing Charge that is showing a favourable balance. This charge was introduced in this financial year in order to recover the cost of providing the additional support that is available to residents of supported housing schemes. Income targets were set conservatively to allow us to assess take up, and this target is now being exceeded.

#### **8.5 Repairs & Maintenance**

A pressure of £0.525m is reported for Repairs and Maintenance at Q3. Works relating to damp and mould are giving rise to pressures of £0.750m. Additional work for responsive repairs has contributed a pressure of £0.447m. These pressures are partly offset by £0.330m saving within Safe Homes, a £0.122m saving due to reduced work for carpet replacements and a £0.200m recharge to the general fund for TA work.

#### **8.6 Supervision and Management**

There is a net staffing saving within the service of £0.050m. The pay award was lower than budgeted which has contributed to this saving.

The HRA continues to experience a high level of utility costs, a forecast pressure of approximately £0.494m.

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 £0.070m.

Continuing the use of consultants for asbestos work has a forecasted cost of £0.281m however, this is partly offset by three vacant asbestos roles in Safe Homes.

Increases in subscriptions including Ombudsman and Regulator for Social Housing has meant a pressure of £0.106m.

To offset some of these costs, consultancy budgets have been reduced by £0.187m and a further £0.087m has been saved with EPC Certificate work.

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

### **9. Capital Programme**

**9.1** 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.

Table 6- Capital Outturn 2024/25	Current	Re-phasing	Revised	Forecast	Variance	
	Budget	(To)/from future years	Budget	Outturn	£m	%
	£m	£m	£0m	£m	£m	%
Finance and Resources	3.148	(0.565)	2.582	2.614	<b>0.032</b>	<b>1.02%</b>
Strategic Planning and Environment	5.405	(1.290)	4.115	4.143	<b>0.028</b>	<b>0.52%</b>
Housing & Community	1.301	0.000	1.301	1.282	<b>(0.019)</b>	<b>(1.48%)</b>
<b>GF Total</b>	<b>9.854</b>	<b>(1.856)</b>	<b>7.998</b>	<b>8.039</b>	<b>0.041</b>	<b>0.42%</b>
<b>HRA Total</b>	<b>60.686</b>	<b>(1.445)</b>	<b>59.240</b>	<b>59.189</b>	<b>(0.051)</b>	<b>(0.08%)</b>
<b>Grand Total</b>	<b>70.539</b>	<b>(3.301)</b>	<b>67.238</b>	<b>67.228</b>	<b>(0.010)</b>	<b>(0.01%)</b>

## 9.2 General Fund Capital Programme

General Fund capital budgets are broadly on budget.

General Fund budgets are reporting slippage of £1.856m. The slippage includes the following items over £100k:

- Fleet Replacement Programme - £0.675m. The programme was put on hold to allow for corporate review of fleet but has since resumed.
- Car Park Schemes - £0.135m future works have been highlighted and these will be progressed in 2025/26
- Verge Hardening Programme - £0.230m. This budget has been reprofiled following the introduction of the new strategy, significant progress expected in 2025/26.
- Digital Schemes - £0.571m. Internal review of digital schemes has meant spend is now likely to occur in 2025/26.
- Hemel Leisure Centre Solar Panels - £0.130m works have commenced and expected to complete in early 2025/26

## 9.3 Housing Revenue Account Capital Programme

The HRA is broadly on budget for its capital projects.

HRA budgets are reporting slippage of £1.445m. The slippage includes the following items over £100k:

- Digital Scheme Implementation - £0.120m
- Housing Development Scheme - £1.325m. This equates to 4% of the overall housing development capital programme, which is a strong performance.

## 10. Financial implications

Contained within the body of this report.

#### **11. Legal implications**

There are no direct legal implications arising from this report.

#### **12. 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.

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

**13.1** 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.

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

#### **14 Sustainability implications**

There are no specific sustainability implications arising from this report.

#### **15 Council infrastructure**

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

#### **16 Statutory Comments**

##### **Monitoring Officer:**

No comments to add to the report.

##### **Deputy S151 Officer:**

This is a S151 Officer report and comments are contained within the body of the report.

#### **17 Conclusions**

**17.1** The position for 2024/25 is a surplus of £1.482m against Council General Fund budgets. Housing Revenue Account budgets reporting a surplus of £0.213m.

**17.2** There is slippage against the Council's overall Capital Programme of £3.301m and capital budgets are broadly on budget.