

FINANCE & PERFORMANCE SCRUTINY COMMITTEE
6TH SEPTEMBER 2022

ITEM 8 **GENERAL FUND & HRA REVENUE, REVENUE MONITORING**
POSITION FOR JULY 2022

Report of the Head of Financial Services

This report covers the General Fund and HRA to the end of July 2022, Period 4. The variances reported are the differences between the profiled budgets and the actual spend including commitments and are provided by Heads of Service which are detailed in Appendix 1 below.

General Fund Summary Position Period 4, – Appendix 1

The full year General Fund budget is £19,128k. The actual expenditure at period 4, £6,060k plus commitments of £394k, with an adjusted actual spend of £6,454k against the profiled budget of £6,137k is an **Overspend of £317k**. Details of each Head of Service variances at period 4 are included in Appendix 1 below.

Managed Vacancy Savings

General Fund managed vacancy saving annual target is £300k, (£100K MVS Profiled Budget Vs Actual MVS £223k at period 4 is ahead of target by £123k) if the trend continues then this could provide a favourable budget variance of £369k. The current salary pay offer of £1,925 per officer has not yet agreed.

General Fund Year End Forecast

The yearend forecast at Period 4 report is an estimated **£502k Overspend**, A detailed breakdown of the year end forecasts are included in Appendix 1. The £502k overspend is in addition to the use of Reserve Budget figure for 2022/23 of £189k.

The major estimated adverse variances at the yearend are:

• Car park income	ADVERSE	(£270k)
• Planning - Development Control Agency Costs	ADVERSE	(£255k)
• B&B Costs	ADVERSE	(£685k)
• Southfields Accommodation Income shortfall	ADVERSE	(£125k)
• Industrial Unit Income shortfall	ADVERSE	(£33k)
• Inflationary cost Revenues & Benefits/IT Contracts	ADVERSE	(£77k)
• Car Allowance	ADVERSE	(£70k)

Offset by Favourable variances:

- Planning Income £381k
- Estimated Managed vacancy saving £369k
- Investment Interest Income £200k
- Environmental Service Contract Costs £44k

The above items will be reviewed as part of the MTFs process. Ongoing monitoring will highlight any further year end predictions.

APPENDICES: Appendix 1 - General Fund Variance Report 31st July 2022
Appendix 2 - HRA Variance Report 31st July 2022
Appendix 3 - HRA Income and Voids Report 31st July 2022

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General Fund Monitoring Period 4

APPENDIX 1

Service	Variance Under/(Overspend) Period 4 July 2022 £'000	Head of Service Comments	Year End Forecast under/(overspend) £'000
Chief Executives Team	0	Pay - £5.6K transferred to the MVS	
	1	Non-Pay - Underspend on travel, subsistence, professional fees and books	
		Income - No income budget	
	1	Total Variance Under/(Overspend)	0
Strategic Director; Environmental & Corporate Services	0		
	0	Total Variance Under/(Overspend)	0
Strategic Director; Commercial Development, Assets and Leisure	0	Pay - £21k Transferred to MVS P4	
	(27)	Non-Pay - Woodgate Chamber Hybrid Equipment £11k, Old Southfields redecoration costs £6k, Coffee/Tea Provisions £5k, Limehurst Depot Consultant Costs £5k not budgeted for. The Sale of Limehurst Depot on 16th August will bring in a Capital Receipt of £2m to Charnwood Borough Council.	(27)
	(75)	Income - £42k Southfields Empty offices space (Vaccination centre no longer occupied), £33k vacant Industrial units at P4.	(158)
	(102)	Total Variance Under/(Overspend)	(185)
Strategic Director; Community, Planning & Housing	0		
	0	Total Variance Under/(Overspend)	0
Head of Strategic & Private Sector Housing	0	Pay - £10.3k Transferred to the MVS	
	(285)	Non-Pay - £300k overspend on Bed and Breakfast P4, Plus Estimated year end £500k overspend, Plus B&B Arrears £200k write off. Legal savings of £15k at period 4. MTFS/Service Pressure will be required for 2022/23.	(685)
	0	Income - No Comment	
	6	Various under/(overspend)	
	(279)	Total Variance Under/(Overspend)	(685)
Head of Landlord Services	0	Pay - No Pay budget.	
	0	Non-Pay - No Comment	
	35	Income - Life Line Income ahead of budget	
	35	Total Variance Under/(Overspend)	0
Head of Planning & Regeneration	(85)	Pay - Development Control Agency costs overspend £98k due to staff vacancies, based on current position this would be £255k overspend at year end	(255)
	(25)	Non-Pay - Consultant Fees - Local Plans - underspend £21k, Development Control - overspend £16.9k and Appeals & Enforcements - overspent £28.9k - the planning consultant budgets if required will be funded by Planning Reserve at year end.	0

Service	Variance Under / (Overspend) Period 4 July 2022 £'000	Head of Service Comments	Year End Forecast under/(overspend) £'000
Head of Planning & Regeneration continued-	144	Income - Planning fees up by £127.8k and Building Fees up by £17k, based on current position Planning fees would be up by £381k at year end	381
	(32)	Various under/(overspend)	0
	2	Total Variance Under/(Overspend)	126
Head of Regulatory Services	0	Pay - £41K transferred to the MVS. In addition, £35K underspend to date (timing) which will be spent to cover backfill work due to Covid (£57K approved total c/fwd from 2021-22 to cover this work)	
	9	Non-Pay - Automotive leasing refund of £8K for under mileage usage due to COVID. £1K small underspends on travel, training and equipment.	
	(132)	Income - £132K shortfall on all car park income post covid due to change in work patterns, cost of living and fuel crisis. Beehive Lane season tickets - only two sold since April. Southfields general Car Park income shortfall - free of charge until June 2022. No income from CBC and Capita staff parking due to flexible working arrangements. Southfield's extension general Car Park shortfall due to its closure for Bedford square regeneration until August 2022. MTFS/Service Pressure may be required for 2023/24 onwards.	(270)
	(123)	Total Variance Under/(Overspend)	(270)
Head of Waste, Engineering & Open Spaces	0	Pay - £24.8k transferred to the MVS from the Cleansing & Contract service units	
	(12)	Non Pay -Lodge Farm is overspent by £18K due to works needed at the pavilion following a number of ASB incidents. LCC commercial waste disposal costs invoice has not been paid underspend £8.3K at P4, the invoice will be chased, these costs are expected to be higher at £21K due to increased customers Commercial waste collection costs are £10K overspent at P4 due to increased customers, additional income will offset the above costs. Serco contract is £7.6K underspent at P4 , this is likely to be £44k at year end, the budget set included a higher number of additional properties.	

Service	Variance Under / (Overspend) Period 4 July 2022 £'000	Head of Service Comments	Year End Forecast under/(overspend) £'000
Head of Waste, Engineering & Open Spaces continued-	147	Income - Cemetery income is shortfall budget £10K at P4 Commercial Waste income is £83k above the budget at P4 & £63K above the full year budget - although it will be offset by additional collection & disposal costs Garden Waste Bin income is £53k above budget at P4, approx. £29k anticipated cancellations will reduce this figure, overall GWB income is expected to be c£28K above budget at year end £21K developer contribution received from Permissions House previous year for a new play area has not yet been spent at P4 - this will be spent by year end	48
	9	Various under/(overspend)	9
	144	Total Variance Under/(Overspend)	101
Head of Leisure & Culture	0	Pay - £22.8k transferred to the MVS from the Town Hall & Markets service unit	
	(62)	Non-Pay - £31.5k overspend on consultant fees for the development of the town deal funding application, this will be offset by £20k from town deal funding, and the balance funded from the Reinvestment Reserve, £8k overspend on town centre events following the Queens baton relay. £22k additional expenditure at the Town Hall - provisions and stock £18k, artist fees £5k and ticket sales £5k part offset by various small underspends £6k. These additional costs are offset by additional income £65K detailed below	
	6	Income - Leisure Centre Income overall is £64k down at P4 - The 1st quarter Fusion Management fee has not been received, Leisure centre shop rental is also down, and a discount has been agreed due to impact of covid on the Leisure Centre recovery, this will be a shortfall of £3k at year end. Income from Street Trading consents is above target by £4.9k. £65k additional Town Hall income is mainly: bar sales and catering £22k, Concerts and Shows £11k, room hire £30k, this offsets the additional costs above.	
	3	Various under/(overspend)	
	(53)	Total Variance Under/(Overspend)	0
Head of Neighbourhood Services	0	Pay - £22.7k transferred to the MVS from the CCTV & Crime Prevention Budgets	0
	27	Non-Pay - CCTV contractor payment of £6k is in dispute at P4, this is being resolved with the contractor...LCC removal of Itinerants £14k and the first quarter invoice for the Mario Tinenti Centre co-ordinator £7K has not been received - these are being chased up with the suppliers for payment.	0
	0	Income - no comment	
	14	Various under/(overspend)	14
	41	Total Variance Under/(Overspend)	14

Service	Variance Under / (Overspend) Period 4 July 2022 £'000	Head of Service Comments	Year End Forecast under/(overspend) £'000
Head of Financial Services	123	Pay - Corporate MVS budget £300k PA, Profiled budget £100k against actual at P4 £223k favourable Budget £123k (£13k Transferred to MVS from Financial Service to date).	370
	(33)	Non-Pay - Car Allowance scheme £100k PA saving will be implemented from Jan 2022. Corporate Saving budget of £250k relates to the Senior Leadership review which will come into effect 5th Sept.	(70)
	65	Income - Treasury Investment Income ahead, budget target is £300k PA.	200
	155	Total Variance Under/(Overspend)	500
Organisational Development	0	Pay - £2.9K transferred to the MVS	
	(1)	Non-Pay - Overspend on Publicity.	
	0	Income - no comment	
	(1)	Total Variance Under/(Overspend)	0
Head of Customer Experience	0	Pay - £65.9K transferred to the MVS	
	(112)	Non-Pay - £39K overspend to date on the Core Capita contract (total predicted overspend of £57K by YE) due to inflationary increases. Other Inflationary increases of 20% on Microsoft licenses - £12K overspend to date. Estimating £20K overspend by YE and a £33K increase in 2023/24. Currently changing / swapping services as we move towards Cloud IT Services. Supported Living Budget is £665k PA, April-July costs are £283k, current overspend £61k however the Falcon Centre has (RSL) Registered Landlord Status from 1st August 2022 which will bring down the Supported Living costs for the remaining year and 2023/23 onwards.	(77)
	0	Income - no comment	0
	(112)	Total Variance Under/(Overspend)	(77)
Head of Strategic Support	(15)	Pay - £0 Transferred to the MVS. £15K overspent on Legal charges due to high demand. Problems recruiting and agency costs are higher than salaries. Expected Year end overspend on legal salaries. Monthly monitoring in place, this will be reviewed at period 7.	(26)
	(10)	Non-Pay - £10k overspend on Professional fees inflation and LCC Resilience Forum fees expected year end overspends on both areas Year End £16k. Additional expenditure on Council meetings which has not been budgeted for. Venue now at Town Hall which is more spacious and audio equipment is needed which is currently being hired. £2.3K per meeting x 7 meetings through-out the year = £16K additional on-going expenditure plus any inflationary increases, offset by savings in this service £32k.	0
	0	Income - no comment	
	(25)	Total Variance Under/(Overspend)	(26)
Total General Fund (Overspend)	(317)		(502)

Housing Revenue Account Appendix 2 & 3 below.

There is a current overall underspend of £45k (1.2%) at the end of July 2022, with underspends of £58k (3%) related to Employee Costs, and an underspend of £73k (4%) Controllable Costs. Non-rent income is lower by £35k (35%) than budget and rent/service charge lower by £51k (1%). (These figures include timing differences of £256k on salaries and expenditure and £454k on rent/service charges).

Summary	Actual & Commitments/Timing Differences	Original Budget	Under/ (Overspend)
	£000	£000	£000
Employee	2,053	2,111	58
Other controllable	1,843	1,916	73
Income (non-rent)	(57)	(92)	(35)
Rent & Service Charges	(7,489)	(7,540)	(51)
Total	(3,650)	(3,605)	45

Managed Vacancy Savings Salaries The overall MVS saving for 2022/23 is £182k PA. At the end of period 4 £152k saving has been made against the profiled budget of £61k.

Service	Period 4 Under/ (Overspend) to July 2022	Head of Service Comments
	£'000	
Head of Landlord Services	53	Planned Maintenance: Non-Pay Underspend on External Painting, Energy Performance Certificates, Facia, Soffit and RWG and External Wall Insulation. A Contractor in place in September.
	32	Relet Repairs Non-pay: underspend on relet repairs and interior decorations.
	(19)	Increase in Ombudsman fees on Professional Council Association.
	(13)	Less income from charges to tenants for the recovery of responsive repairs. Currently improving the procedures for this.
Service	Period 4 Under/(Overspend) to July 2022	Head of Service Comments
	£'000	
	7	Includes underspends on salaries.
	60	Total Variance Under/(Overspend)
	(51)	Includes £63k higher dwelling loss than budgeted, offset by £8k due to lower RTB sales, and £4k non-dwelling rent and service charge voids.
	9	Sub-Total Variance Under/(Overspend)
Head of Strategic & Private Sector Housing	38	Pay: £23k underspend on salaries Non-pay: underspends of £8k external software development, £7k on training.
Head of Property Services	(2)	Minor overspend on Valuation Fees for Right to Buy Properties.
Total HRA underspend	45	

HRA Outturn Forecast

The estimated outturn forecast is an underspend of £100k largely comprised of salaries. Revenue budgets will be closely monitored to update this position during the remainder of the year.

Dwelling Rents loss for voids properties

These refer to the level of empty properties in the HRA causing rent and service charge losses. The actual void percentage for housing rents is 5.6% compared with the budget of 4.8% which is a loss of income of £63k higher than the budgeted figure of £369k to the end of July 2022. Further information is detailed in Appendix 3.

Rent arrears

At the end of July 2022 (week 18) current tenant rent arrears had decreased by £25k since the same point in 2021. Former tenant arrears had increased by £26k over the same period but this increase is down to the submission and timing of write-offs rather than a structural increase in former tenant arrears.

With restrictions on possession action for rent arrears having been lifted in October 2021, the large backlog of possession cases awaiting hearing dates in the county court is slowly reducing.

The numbers of tenants receiving universal credit (UC) continues to rise at broadly the same rate as over the past two years. At the end of July 2022 1,688 tenants were receiving universal credit compared to 1,588 at the end of December 2021 and 1,496 at the end of the same period in 2021. Universal credit is paid to the claimant as a single monthly payment in arrears. Where tenants have vulnerabilities and/or owe eight or more weeks' rent our universal credit officer makes applications to the DWP to switch payment of the housing element of UC from the tenant to the council. The DWP has recently announced a resumption of its 'managed migration' programme by which all remaining [working age] claimants on legacy benefits, including housing benefit, will be moved over to universal credit. This programme was halted in 2020 through the pandemic restrictions.

APPENDIX 3

Housing Revenue Account - Income from Rents and Service Charges

July 2022 - Period 202204

Table A - Dwelling Rents and Void Losses

	Actual Income Due (Gross) £	Actual Void Loss £	Void Loss as a % of Income Due %	Original Budget Void Loss % Assumption %
Dwelling Rents	7,655,126	432,433	5.65%	4.82%
Non-Dwelling Rent				
Land	3,727	0	0.00%	0.00%
Garages	144,143	53,041	36.80%	40.00%
Shops	44,483	8,287	18.63%	16.76%
Service Charges				
Landlord Warden Charge	21,271	4,996	23.49%	21.15%
Central Heating	31,917	11,782	36.91%	35.05%
Communal Facilities	93,981	30,466	32.42%	30.00%
Hostel	9,151	919	10.04%	16.22%
Council Tax	6,611	3,860	58.39%	53.09%
Communal Cleaning	26,602	1,353	5.08%	3.21%
	8,037,014	547,135	6.81%	

(Gross means Gross of Void Loss)

Table B

Rent and Service Charge Arrears As at Period 202204	2021/22 £000	2022/23 £000
Arrears at the beginning of the year	683	1063
Court Costs at the beginning of the year	411	115
	1094.00	1178.00
Arrears at the end of the July 2022	1,116	1,117
Court Costs at the end of the July 2022	69	92
	1185.00	1209.00
Amount written off in the year to date	10	10

Table C - Current Tenant Arrears - Dwellings only

Position on	2021/22	2021/22	2022/23	2022/23
	Number	£000	Number	£000
Less than £150	582	33	532	33
£150 - £300	245	53	278	61
£300 - 450	183	67	147	55
£450 - £600	101	52	118	61
£600 - 750	78	52	69	46
£750 - 900	49	40	47	39
£900 - £1,200	84	87	56	58
£1,200 - £2,000	98	153	86	130
£2,000	37	122	48	151
Total	1,457	659	1,381	634

Table D - Former Tenant Arrears - Dwellings only

Position on	2021/22	2021/22	2022/23	2022/23
	Number	£000	Number	£000
Less than £150	93	7	76	5
£150 - £300	59	13	53	12
£300 - £450	42	15	38	14
£450 - £600	32	17	36	19
£600 - £750	24	16	23	15
£750 - £900	15	13	18	15
£900 - £1,200	33	35	33	35
£1,200 - £2,000	63	97	63	97
£2,000	81	244	81	271
Total	442	457	421	483