

FINANCE & PERFORMANCE SCRUTINY COMMITTEE

15TH MARCH 2023

GENERAL FUND & HRA REVENUE, REVENUE MONITORING POSITION FOR DECEMBER 2022

Report of the Head of Finance

This report covers the General Fund and HRA to the end of December 2022, Period 9. 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 9, – Appendix 1

The full year General Fund budget is £19,594k. The actual expenditure at period 9, £15,982k plus commitments of £508k, with an adjusted actual spend of £16,490k against the profiled budget of £15,915k is an **overspend of £575k**. Details of each Head of Service variances at period 9 are included in Appendix 1 below. Also included is Income Analysis Appendix 4 below.

Managed Vacancy Savings

General Fund managed vacancy saving annual target is £370k the actual MVS at Period 9 is £264k, leaving a balance of £106k for the remaining 3 months to claim. This includes the pay award. The MVS projection for the next 3 months is £87k, which will provide a small shortfall of £19k for the year for the MVS.

General Fund Year End Forecast

The yearend forecast at Period 9 report is an estimated **overspend £485k**, A detailed breakdown of the year end forecasts are included in Appendix 1, this is in addition to the use of reserves budget figure for 2022/23 of £189k.

The major estimated **Adverse** variances at the yearend are:

- Car park income (£225k)
- Planning - Development Control Agency Costs (£500k)
- B&B Costs (£630k)
- Southfields Accommodation Income shortfall (£125k)
- Industrial Units Income shortfall (£83k)
- Inflationary contract costs Revenues & Benefits (£52k)
- Car Allowance (£100k)

Offset by **Favourable** variances:

- Planning Income £380k
- Building Control Income £140k
- NDR Savings to CBC Properties £140k
- Investment Interest Income £250k above the budget
- Discretionary Grant Income £172k to offset B&B Costs above
- Homelessness Grant £100k previous years allocation to offset B&B Cost above

Overall, the General Fund Service forecast overspend detailed below is £485k, this will be offset by additional NDR forecast additional Income of £500k with a small underspend £15k.

Appendix 1 - General Fund Variance Report 31st December 2022

Appendix 2 - HRA Variance Report 31st December 2022

Appendix 3 - HRA Income and Voids Report 31st December 2022

Appendix 4 – Income Analysis 31st December 2022

Officers to Contact: Lesley Tansey,
Ext 4828,
Lesley.tansey@charnwood.gov.uk

Ian Allwyn,
Ext 4824,
ian.allwyn@charnwood.gov.uk

General Fund Budget Monitoring Head of Service Report

APPENDIX 1

Service	Period 9 Variance Under /(Overspend) £'000	Head of Service Comments	Year End Forecast Variance Under/(Overspend) £'000
Chief Executive's Team	(15)	£13K Levelling Up BID costs and £2K CBC Corporate expenses.	(15)
	(15)	Total Variance Under/(Overspend)	(15)
Head of Transformation, Strategy and Performance	12	Corporate Learning & Development - Estimated £10K Year end underspend	10
	12	Total Variance Under/(Overspend)	10
Head of Strategic Housing	(275)	Bed & Breakfast net overspend £275k year end, plus £83k overspend for the next 3 months. Year End B&B overspend £630k offset by £100k unallocated Homelessness Grants and Discretionary Grant £172k.	(358)
	(2)	Consultancy costs	(16)
	(277)	Total Variance Under/(Overspend)	(374)
Housing and Wellbeing	5	Underspend on grant payments is part offset by a lottery income shortfall, this is expected to balance at year end.	0
	4	Neighbourhoods and Recreational Services car allowances are underspent, this is expected to be a year end saving £6K	6
	2	Various under/(overspend)	(1)
	11	Total Variance Under/(Overspend)	5
Head of Contracts: Leisure, Waste and Environment	48	Town Hall electricity overspend is estimated to be £20K at year end. Town Hall Concerts and Show income net Income £36k at year end after show costs Room hire income is an additional £17k at year end Box office income is expected to be c£22k at year end. this is part offset by ticket sale & bank charges c£10k at year end.	49
	(10)	Old Rectory Building overspent £9.2K on essential lighting works for site security due to anti-social behaviour	(9)
	41	Leisure Centre Fusion contract management income is up £44K, additional income is £59k shop income down £4k, this is expected to be £2.3K at year end Utility payment due from Fusion by year end £3.9k against a nil budget	61
	(18)	Building repairs overspend £18K at lodge farm on security measures due to ongoing anti-social behaviour incidents year end prediction £19K.	(19)
	(8)	Building repairs overspend £6k at Outwoods on interim water works, this will be overspent at year end. Car park income is up £8K, this is offset by £10K tree felling income which will not be achieved and grant income shortfall year end £4k	(12)
	(16)	Underspend NWLDC cemetery services £4K will be spent by year end. Income is £21k down, this is expected to be c£12k by year end	(12)
	38	Refuse Collection: Serco contract £7k underspend - overall contract saving included in waste recycling comment below Trade Waste - LCC disposal underspent £2K, but will be overspent yr end £29k / Serco collection overspent £37k, this will be overspent year end £45k	2

		/ offset by additional income £68K, expected to be £80k year end / net position year end £6k additional income Bulky waste collection income £1K up, expected to be £5k by year end Additional £9k to be spent on new bins for the new commercial recycling service	
	63	Waste Recycling - Serco contract underspent £20K - this contract overall is expected to be underspent £44k by year end Automated leasing overspend at yr end £3.7k additional tracker costs various underspends £12k including recycle gate fee & zero waste strategy costs will be spent by year end GWB income up £35K , cancellations have reduced significantly since Period 7, an income shortfall of £21k is now expected at year end Net Year end KPI's £30K additional income	49
	6	Museum year end overspend £12K / car allowance year end saving £13k / tree maintenance overspend year end £5k / water underspends year end £7K / misc Building R&M underspends £6k	9
	3	Various under/(overspend)	8
	147	Total Variance Under/(Overspend)	126
Head of Finance	185	General Fund Treasury Management interest above the £300k budget	250
	140	NNDR centralised savings	140
	(188)	Unspecified Savings £250k will be part offset by Senior Leadership review including year end recharges on an ongoing basis.	(50)
	(75)	Car allowance savings not realised as not yet implemented	(100)
	(79)	Net impact of MVS including the £1,925 pay award . Remaining MVS will be for the year is small shortfall £19k	(19)
	(16)	Increased bank charges as a result of moving away to cashless and more payments being taken by internet/telephone	(28)
	(33)	Total Variance Under/(Overspend)	193
Head of Governance and Human Resources	27	Legal Services - underspend on Legal costs/Court fees, £27K and additional External legal services income £2k	29
	(45)	Land Charges Service - estimated shortfall on Land charges income, this has been included as a service pressure for 2023/24 based on past information.	(42)
	(11)	Committee Services - Additional expenditure on Council meetings. Venue now at Town Hall, audio equipment needed and is currently being hired, £16K additional expenditure. This equipment is in the process to be purchased to save ongoing revenue costs.	(16)
	(25)	Human Resources - itrent increased contract costs. £7K Year end overspend. Audit & Risk - £8K Year overspend for Covid Health & Safety Measures. Register of Electors Service - £20K Year end saving on postages due to increased use of emails. Democratic Representation & Management - Increases in Members Allowance, estimated Year	(20)

		end overspend of £18K and the balance being various small overspends.	
	(54)	Total Variance Under/(Overspend)	(49)
Head of Assets and Property	(119)	Misc Land & Buildings: NHS Vaccination Centre moved out and area remains vacant	(125)
	(31)	Chainbridge: Compound CC (transfer of ownership) and Plot R (vacant). Both with legal for completion	(42)
	(13)	Meadow Lane: Units 5,12 and 14 have been vacant during year but are now occupied	(14)
	(10)	Ark Business Centre: Reduced levels in franking services utilised by tenants impacting on Fees and Charges	(12)
	(22)	Oak Business Centre: £18k due to Increased works being carried out for damaged areas after £10k was moved in Period 8 to cover shortfall	(15)
	(9)	Various small underspends/(overspends)	
	(204)	Total Variance Under/(Overspend)	(208)
Director Commercial and Economic Development	(6)	Sustainable Development: Jump Lite ad Solar Together programmes	(6)
	3	Cupola Way: Rent increase during the year	15
	5	Various small underspends/(overspends)	3
	2	Total Variance Under/(Overspend)	12
Head of Economic Development and Regeneration	(17)	Markets - Loughborough - income from Rent/stalls down by £35k. Lough Market - 26% down still trying to recover post Covid (loss of older traders deciding to retire). Choice of new trader offering unique products. Some traders downsizing where they had multiple stalls. Vintage Market - not recovered since Covid and effected more by adverse weather and lack of protection. Farmers Market - down to one stall.	(35)
	(11)	Festive Decorations and Illuminations - festive decoration erection of overspent by £11k	(15)
	(12)	Economic Regeneration - Agency overspend £22k, Contributions underspend £9k and Promotional Activities underspend £7k	(6)
	(25)	Town Centre Management SU - Streets Alive & Other events overspend £23.4k	0
	13	Arts Policy & Public Events - Partnership Project Grants underspent £14.1k	0
	(11)	Various small overspends	0
	(63)	Total Variance Under/(Overspend)	(56)
Customer Experience	(11)	Insurance - there has been additional Premises Insurance paid due to under-insurance £15k, year end savings on Insurance Excess of £9K, and £10K due to invoicing to Commercial Properties above the budget.	4
	39	Council Tax Service Unit - £96K income from overcharge of Magistrates Court, offset by £49K Consultancy for Council Tax Empty Homes review. Capita contract £52K overspend by year end due to inflationary increases.	5
	28	Benefits Admin Service Unit - £28k Additional Income DWP Subsidy grant, and DWP New Burdens grant payments of £43K received not budgeted for.	71
	22	Reduction in Supported Living payments - based on current demand	30
	5	Localisation of Council Tax - £33.5K C/FWD from Grant funding for the Discretionary Council Tax Support Scheme of which £3.3K vired to cover DCTS	13

		Allocation and £17K payment to Capita, leaving a balance of £13k.	
	(6)	Contact Centre - Increases in software annual charges due to inflation.	(6)
	(8)	Various small overspends	
	69	Total Variance Under/(Overspend)	117
Head of Planning and Growth	(382)	Development Control - agency overspend of £382k due to staff vacancies and predicted spend for the year end is £500k.	(500)
	12	Plans, Policies & Place - salary underspend will offset the MVS budget	0
	26	Local Plans SU - salary underspend will offset the MVS budget	0
	312	Planning Applications - fee income up by £280k, the year end estimate is £380k additional income and the planning fee outturn forecast is £1.3m	380
	(23)	Appeals & Enforcements - Legal Fees overspend, no budget for legal fees.	(50)
	59	Building Control Chargeable Activities - fee income up based on additional charges to Northwest District Council.	80
	10	NWDC Building Control Fee Earning - quarter 2 fee income up by £10k & Q3 income outstanding	60
	(8)	Various small overspends	
	6	Total Variance Under/(Overspend)	(30)
Head of Regulatory and Community Safety	18	Crime prevention underspend £14k delay paying Mario Tenniti Centre, this is expected to be spent in full by year end on domestic homicide reviews and a County based ASB co-ordinator. Car allowances are underspent £4k, this is expected to be £3k at year end	3
	15	Environmental protection car allowance underspend £6k, estimated year end saving £5K / Occupational health car allowance underspend £3k, estimated year end saving £4k, additional licensing income £6K, estimated to be £5k at year end	14
	10	Food Hygiene & safety - consultant fees underspent £6k, this is expected to be £2k at year end. Income is up £6k, this is expected to be £8k at year end due to increase on paid re-visits to re-rate food businesses	10
	7	Pest Control - Automated leasing credit received £6K, part offset by income shortfall £3k, expected to be £5k at year end.	1
	(164)	Car Park Income shortfall P9 £164k, Year end forecast is £225k, plus electricity costs £8k, Car Park income shortfall is currently being reviewed.	(233)
	(56)	Street management - staff training underspent £3k this is expected to be spent by year end / car allowances underspent £4K this is expected to be £4k at year end / LCC reimbursement income shortfall £64k, this is expected to be £11k additional income at year end assuming no shortfall in the SLA	15
	(7)	CCTV year end income shortfall £4K / taxi/gambling income shortfall year end £7K / Interim Head of Service cross over costs £15k	(26)
	(3)	Various under/(overspend)	0
	(180)	Total Variance Under/(Overspend)	(216)
Total General Fund	(575)	Overall Total Variance Under/(Overspend)	(485)

Housing Revenue Account Appendix 2 & 3 below.

There is a current overall overspend of (£401k) (4.7%) at the end of December 2022, with overspends of £59k (1.2%) related to Employee Costs, and an overspend of £80k (2%) Other Controllable Costs. Non-rent income is lower by £56k (18%) than budget and rent/service charge lower by £206k (1.2%). These figures include timing differences of £7k.

Summary	Actual & Commitments/Timing Differences P9	Original Budget P9	Under/ (Overspend)
	£000	£000	£000
Employee	4,721	4,662	(59)
Other controllable	4,024	3,944	(80)
Income (non-rent)	(243)	(299)	(56)
Rent & Service Charges	(16,540)	(16,746)	(206)
HRA Total Overspend	(8,038)	(8,439)	(401)

Managed Vacancy Savings Salaries The budgeted target for MVS at Period 9 is a saving for 2022/23 is £182k for the year. At the end of period 9, the target was £137k. This has been met with a £8k surplus. However, there are pressures on salaries and the MVS will be kept under close review.

Housing Revenue Account Variance Report as at 31 December 2022
APPENDIX 2

Service	Period 9 Under/ (Overspend) to December 2022	Head of Service Comments
	£'000	
Landlord Services	240	Planned Maintenance: Non-Pay Underspends – on external painting/facia.
	(158)	Higher spend on backpay relating to the pay award –£27k for Repairs and Maintenance and £129k for Supervision and Management.
	(88)	Void property utility bills.
	(20)	Overspend on utilities and contract cleaning due to inflationary pressures.
	(42)	Non-pay – Utilities in Tenancy management and Warden Services.
	(17)	Legal fees overspend in capital/planned maintenance.
	(22)	Under recovery of rechargeable income.
	(11)	Overspend on equipment in Sheltered units.
	(3)	Other
	(121)	Total Variance Under/(Overspend)
	(206)	Includes £233k higher dwelling loss than budgeted, offset by a £10k increase in service charge income and £17k increase in garages/shop voids due to higher demand.
	(327)	Sub-Total Variance Under/(Overspend)
Head of Strategic & Private Sector Housing	51	£46k saving on salaries in housing needs and £43k within housing strategy on staffing and housing costs. Offset by an overspend of £36k in housing systems and the MVS alongside £2k minor underspends.
Head of Property Services	(4)	Minor overspend on Valuation Fees for Right to Buy Properties and pay-rise backpay.
Head of Financial Services	(121)	Council Tax charges for void homes £121k higher than budget. This is because of the high number of void properties.
Total HRA overspend	(401)	

HRA Outturn Forecast

Based on current projections, the HRA controllable costs are expected to be an overspend of approximately £272k.

	£
Landlord Services	(143)
Strategic Housing	63
Commercial	(5)
Finance - C Tax on Voids	(176)
Rent - additional void loss	(311)
Additional Investment Income	300
	(272)

This is more favorable than the P9 position because of anticipated additional income totaling approximately £300k for additional Investment Income. This is due to higher interest rates than when the budget was set a year ago.

There is expected to be higher spend on agency staff within Housing Needs between January and March 2023 which will be covered by underspend and grant. Any excess will be met from the Housing Finance Fund and is required to help reduce the voids position.

A reduction in any capital expenditure compared with the budget will lead to a higher overall balance, although the capital expenditure will likely slip into future financial periods. HRA Revenue budgets will continue to be closely monitored during the remainder of the financial year.

Rent arrears

At the end of December 2022 (week 39) current tenant rent arrears had decreased by £66,954 since the same point in 2021. Former tenant arrears had increased by £47,732 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 continues to reduce.

The numbers of tenants receiving universal credit (UC) continues to rise slowly. At the end of December 2022 1,731 tenants were receiving universal credit compared to 1,588 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. It is anticipated that this managed migration will recommence some time in 2023.

Housing Revenue Account - Income from Rents and Service Charges**December 2022 - Period 202209****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	16,985,007	1,052,211	6.19%	4.82%
Non-Dwelling Rent				
Land	6,032	0	0.00%	0.00%
Garages	323,522	117,892	36.44%	40.00%
Shops	111,990	18,393	16.42%	16.76%
Service Charges				
Landlord Warden Charge	46,980	11,161	23.76%	21.15%
Central Heating	70,663	26,023	36.83%	35.05%
Communal Facilities	208,844	67,724	32.43%	30.00%
Hostel	20,680	2,004	9.69%	16.22%
Council Tax	14,682	8,714	59.35%	53.08%
Communal Cleaning	59,133	3,695	6.25%	3.00%
	17,847,533	1,307,817	7.33%	

(Gross means Gross of Void Loss)

Table B

Rent and Service Charge Arrears As at Period 202209	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 December 2022	1,236	1,217
Court Costs at the end of the December 2022	95	96
	1331.00	1313.00
Amount written off in the year to date	66	43

Table C - Current Tenant Arrears - Dwellings only

Position on	2021/22	2021/22	2022/23	2022/23
	Number	£000	Number	£000
Less than £150	622	35	637	39
£150 - £300	350	77	328	72
£300 - 450	214	78	189	69
£450 - £600	118	61	107	56
£600 - 750	75	50	80	54
£750 - 900	65	53	55	45
£900 - £1,200	85	90	63	65
£1,200 - £2,000	107	163	77	117
£2,000	50	154	55	177
Total	1,686	761	1,591	694

Table D - Former Tenant Arrears - Dwellings only

Position on	2021/22	2021/22	2022/23	2022/23
	Number	£000	Number	£000
Less than £150	86	6	94	7
£150 - £300	57	13	61	14
£300 - £450	37	13	45	17
£450 - £600	34	18	36	18
£600 - £750	20	13	27	18
£750 - £900	18	15	21	17
£900 - £1,200	33	35	35	37
£1,200 - £2,000	64	99	68	105
£2,000	83	263	86	290
Total	432	475	473	523

APPENDIX 4

GF Income Analysis	2022/23 as at Period 9				Appendix 4
	Original Full Year	Current P9	Actual P9	Variance (shortfall)/ increase P9	
Town Hall					
Concerts and Shows	(601,800)	(441,320)	(761,485)	320,165	increased Artist/Marketing Costs P9 £96k
Bars & Catering	(157,500)	(115,500)	(143,024)	27,524	increased Stock Costs P9 £12k
Lettings	(110,625)	(81,125)	(105,894)	24,769	
Booking Fee Income	(51,975)	(38,115)	(65,230)	27,115	
	(921,900)	(676,060)	(1,075,633)	399,573	
Car Parking Charges	(689,250)	(689,250)	(551,541)	(137,709)	
Garden Bins	(1,366,916)	(1,366,916)	(1,402,007)	35,091	
Trade Waste Collection Charges	(75,075)	(95,075)	(162,641)	67,566	Offset by contracts & Disposal costs
Bulky Waste Collection	(107,250)	(107,250)	(108,090)	840	
	(1,549,241)	(1,569,241)	(1,672,738)	103,496	
Leisure Centre Contract	(177,150)	(177,150)	(221,490)	44,340	Fusion Contract
Markets Loughborough	(262,075)	(262,075)	(234,371)	(27,704)	
Industrial Units	(567,568)	(466,318)	(420,400)	(45,919)	
Southfield Office Buildings	(394,225)	(300,800)	(336,566)	35,766	
Miscellaneous Land & Property	(238,000)	(235,600)	(106,137)	(129,463)	Vaccination centre
Vaccination Centre £125k ADJ	62,500	62,500	0	62,500	
Commercial Development	(1,493,900)	(1,447,350)	(1,451,884)	4,534	
Charge to Capita	(81,750)	(25,600)	(25,651)	51	
Rent Land	(32,850)	(32,850)	(35,374)	2,524	
	(2,745,793)	(2,446,018)	(2,376,011)	(70,008)	
Loughborough Cemetary	(81,375)	(81,375)	(60,714)	(20,661)	
	(81,375)	(81,375)	(60,714)	(20,661)	
Private Lifeline Charges	(166,275)	(166,275)	(169,026)	2,751	
Licencing	(187,125)	(187,125)	(175,235)	(11,890)	
Land Charges	(184,650)	(184,650)	(135,161)	(49,489)	
Building Control Fee Earning	(197,925)	(197,925)	(218,379)	20,454	Qtr 3 Invoice is not in unit4
Planning Charges	(744,900)	(744,900)	(1,026,429)	281,529	
Non Fee Earning Building Control	(148,000)	(148,000)	(111,000)	(37,000)	
	(1,090,825)	(1,090,825)	(1,355,808)	264,983	
	(8,055,660)	(7,530,045)	(8,027,728)	497,684	