

FINANCE & PERFORMANCE SCRUTINY COMMITTEE

12TH SEPTEMBER 2023

General Fund & HRA Revenue

Revenue Monitoring Position for July 2023

Report of the Head of Finance

This report covers the General Fund and HRA to the end of July 2023, Period 4. The variances reported are the differences between the profiled budgets and the actual spend including commitments.

General Fund Summary Position Period 4, – Appendix 1

The General Fund full year's budget is £22,107k. Period 4 Budget is, £7,767k against Actual costs including commitments is £7,459k is an **underspend of £308k** 4% of the budget to date. Details of variances are included in Appendix 1.

The working balance use of reserves was set at £1,297k for 2023/24, any further under/overspend in service costs will affect this balance at year end.

Salaries & Agency costs

Salary full year's budget is £14,319k, Period 4 Budget is £4,477k against Actual costs £4,284k is an **underspend of £193k**. These costs do not include the pay award for the non JNC officers, which was budgeted for at 4.75%.

Agency costs **overspend at period 4 is £122k** in Planning & Building Control.

Managed Vacancy Savings

General Fund managed vacancy saving target is £369.8k for the year, the actual MVS at Period 4 is £142.4k, leaving a MVS balance of £227.6k for the remaining 8 months to reclaim, if this trend continues this is on target.

Other major (Adverse)/Favourable variances identified at Period 4

Adverse variances:

- Consultant Fees Planning Development Control Appeal Costs £96k
- Software Contract inflation costs £69k

Favourable variances:

- Planning additional Income £214k
- B&B Costs/saving £136k
- NDR Revaluation CBC Properties ongoing saving £96k
- Car Allowance & Travel Expenses saving £59k

These variances will be reviewed as part of the MTFs budget process for 2024/25. A Projected outturn report will be included for Period 7 report.

Trading Accounts Period 4 – Appendix 2

Trading Account reports have been produced for the services below, showing a (surplus/contribution) to the Council's budget or a Cost to the council. Details of these services are included in Appendix 2

Trading Account Summary Period 4 July 2023	Budget P4 £000's	Actual P4 £000's	Variance (Adv)/Fav £000's
Town Hall Management	284	292	(7)
Town Hall Bars, Concerts & Shows, Lettings	(110)	(128)	18
Town Hall Net Cost	175	164	11
Oak, Ark, Woodgate Industrial Units	(165)	(148)	(17)
Chainbridge, Messenger Close, Loughborough Park, Meadow Lane	(168)	(164)	(3)
Industrial Units Net Surplus	(333)	(313)	(20)
Planning Service Net Cost	402	426	(24)
Building Control Shared Service Net Cost	58	79	(21)

Housing Revenue Account Summary Position Period 4- Appendix 3

The Housing Revenue Account full year budget is (£11,231k). Period 4 budget is (£4,189k) against Actual costs including commitments of (£3,679k) is an **overspend of £510k**, 12% of the budget to date. Details of variances are included in Appendix 3.

Salaries and Agency costs

Salary full year's budget is £7,113k. Period 4 budget is £2,371k against Actual costs of £1,915k and Agency costs incurred were £432k against a zero-budget making an underspend of **overspend of £23k**. These costs do not include the pay award for the non JNC offices which was budgeted for at 4.75%.

Managed Vacancy Saving

Housing Revenue Account managed vacancy saving target is £183k for the year, the budgeted MVS at Period 4 is £62k, whilst the actual was £45.4k leaving £137.6k for the remaining 8 months to reclaim. However, there are agency budget changes over £200k that will need to be approved by Cabinet before these changes can be done.

Other major (Adverse)/Favourable variances Identified at Period 4

Adverse variances:

- General Repairs £162k
- Void Repairs £69k
- Legal costs – disrepairs £58k
- Lost income on empty properties (voids) £185k
- Software £28k
- Document management £33k
- Management of trees and shrubs/estate maintenance £56k

Favourable variances:

- Gas servicing £68k
- Leased vehicles £27k

Forecast Outturn

Predicted overspend of £900k on repairs:

- General repairs £600k
- Legal costs - disrepair £300k

Like many landlords the council has seen an increase in the number of disrepair claims. A specialist external solicitor has been engaged, along with an additional surveyor and a business support officer, however the costs associated with this are high. The council's legal services section is therefore exploring the potential of an additional in-house solicitor.

There is an anticipated reduction in capital expenditure which will mean there will be less revenue contribution to capital from the HRA and its reserves, which will mitigate these additional costs. The current expenditure patterns will be analysed when considering potential service pressures for the 2024/25 budget setting cycle.

In 2023/24 there have been two additional Cabinet reports – an additional £500k funded from HRA Financing Fund to be spent one off item if necessary, (Item 6 Landlord Services Capacity – 1 June 2023) and £858k for the procurement of a new voids repair contractor which includes salary costs to accommodate this (Item 23 Procurement of a Voids Repairs Contractor 10 August 2023). These budgets are not part of the variances within this report but are additional costs from the HRA financing fund. The additional resources within Housing Allocations and Repairs budget will improve the turnaround of void properties, will subsequently reduce the lost rental income.

Rent Arrears

The rent arrears position as at the end of P4 was:

Rent and Service Charge Arrears As at Period 2023/04	2022/23 £000	2023/24 £000
Arrears at the beginning of the year	1,063	984
Court Costs at the beginning of the year	115	97
	1,178	1,081
Arrears at the end of the July 2023	1,117	1,087
Court Costs at the end of the July 2023	92	96
	1,209	1,183
Amount written off in the year to date	10	2

Current dwelling rent arrears reduced by £47k between the end of July 2022 and the end of July 2023. Former tenant arrears increased by £17k over the same period. Rent collection at the end of July (including arrears brought forward) was 91.94% compared with 90.75% at the end of July 2022.

The numbers of tenants receiving universal credit (UC) continues to rise slowly. During the year numbers increased by 146 to 1,834 at the end of July 2023. Total UC rent arrears have decreased as have overall current arrears and stood at £462k at the end of July. The average debt of a tenant in rent arrears and receiving universal credit at the end of July was £530 compared to £563 at the end of July 2022. UC is paid to the claimant as a single monthly payment in arrears.

It takes at least five weeks for the Department for Work and Pensions to assess a claim and for tenants to receive their first payment of the benefit. A rent debt is often accrued as a result. In some instances, on receipt of the benefit tenants do not pay the rent to the council. Advice and support are offered to all tenants moving to universal credit by the landlord services' financial inclusion and tenancy support teams. 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. Rent recovery action is taken where necessary.

APPENDICES:

Appendix 1 - General Fund Variance Report 31st July 2023

Appendix 2 - General Fund Trading Accounts 31st July 2023

Appendix 3 - HRA Expenditure and Income Variances Report 31st July 2023

Officers to Contact: Lesley Tansey,
Ext 4828,
Lesley.tansey@charnwood.gov.uk
Ian Allwyn,
Ext 4824,
ian.allwyn@charnwood.gov.uk