

## PERFORMANCE SCRUTINY PANEL – 19TH FEBRUARY 2019

### General Fund & HRA Revenue Year End Forecast Position for the Year 2018/19

#### Report of the Head of Finance & Property Services

This report provides an update to the General Fund and HRA year-end forecast outturn position for the financial year 2018/2019. The forecast outturn position has been based on the position at the end of Period 9 (December 2018). This is an update and in many cases the narrative is the same as that reported in the Period 7 report. The variances reported are the differences between the full year budgets and the forecast outturn positions provided by Service Heads. There are also comments provided by the Service Heads to explain any major variances included in the report below.

#### **General Fund Year End Forecast Outturn – Appendix 1**

Appendix 1 provides a list of the major variances expected at the year-end based on comparing the forecast outturn position against the controllable service budgets. A summary of the overall position is given in the table below:

	£'000
Total General Fund controllable year-end underspend	52
Add contribution from Planning Reserves to cover staffing overspend included in the total controllable expenditure (if request approved)	140
Adjusted total General Fund controllable year-end underspend	192
Less carry forward of two budget (if request approved)	(228)
General Fund net overspend for 2018/19	(36)

#### **Service Pressure Reserve (X158) balance £214.5k**

This reserve includes 3 Service Pressure budgets that were approved as part of 2018-19 budget process. These are allocated to the specific areas detailed below:

1. A budget of £18k is available to cover the one-off costs associated with setting up and implementing the new trade waste scheme implementation costs. If this is not fully spent in 2018-19 then it will be required in 2019-20 to cover the residual costs falling in the new financial year.
2. There is a budget of £43.5k for the Town Hall essential building works. This was a one-off service pressure approved for 2018-19. If it is not fully spent it will be required in 2019-20 to complete outstanding works
3. A budget to cover Digital Democracy, software, support, dongles on going costs was included in 2018/19. This is an ongoing budget and has been budgeted for in 2019-20. The unspent budget balance of £22k for 2018-19 may not be required as some of the costs may have been paid for upfront in 2017/18.

In addition to the above the Service Pressure Reserve also holds a balance for previously approved service pressure budgets that are no longer required in 2018/19. These will be kept in the Service Pressure Reserve as unallocated and available for new service pressures. The total unallocated amount is £131k. In addition to this if the service pressure budget to cover Digital Democracy, software, support and dongles (at point 3 in the paragraph above) is confirmed as not being required then the £22k allocated will be transferred into unallocated amount to give a total of £153k available to support future years' pressures.

### **Planning Delivery Grant Reserve (X449)**

This is not a ring fenced reserve and therefore can be used to fund any Council expenditure. However the balance is split between revenue use and capital use. The current balance available for revenue expenditure is £310k and the current balance available for capital expenditure is £45k. Approval to use £102k of the revenue part of the reserve is being sought at Cabinet at its meeting on 14<sup>th</sup> March 2019. This is to fund planning agency costs. This would leave a balance of £208k available to fund revenue and £45k available to fund capital in this reserve.

### **Planning Growth Support Reserve (X157)**

This is ring fenced reserve and is only available to fund specific planning projects. Approval to use £36k of the reserve is being sought at Cabinet at its meeting on 14<sup>th</sup> March 2019. This is to fund planning agency costs. If approved this would leave the balance of the reserve at £79k.

Approval to use a total £140k of reserves is being sought at Cabinet at its meeting on 14<sup>th</sup> March 2019 to fund the planning agency costs for 2018/19.

### **Loughborough Special Expenses Year End Forecast**

Period 7 budget monitoring position reported an overspend of £14k. This was to cover survey costs on the new cemetery site. These costs are now being capitalised and will be covered by the capital budget for this scheme. The revised net overspend is now £2k being a combination of additional costs for the Carillion Tower Conservation project (£10k), and the Loughborough Fair health and safety costs (£6k) offset by additional income for Street Trading (£6k) and utility underspends (£8k).

### **Managed Vacancy Savings**

The full year 2% managed vacancy savings (MVS) budget is £257k, of which £86k, (33%) has offered up and transferred to MVS. There is still a balance outstanding £171k for the year. In reviewing the budgets and spend for salary related expenditure and agency costs there is an actual net salary and agency costs underspend at Period 9 of £170.5k after adjusting for the use of Planning Reserves (assuming this is approved) to fund Planning agency costs (see above) and then also allowing for externally funded posts.

It is proposed that the Head of Finance and Property Services will review the position as at the end of Period 10 and will transfer the whole amount of £170.5k to the MVS so that the target is achieved for the year. It should be noted that this will still leave any ongoing vacancy savings in salary related budgets in February and March to fund any ongoing or new requirements to fund staff cover for those 2 months. It should also be noted that the full year's target has been achieved in ten months.

The table below summarises the position on the MVS,

Directorate	2% MVS Budget Full Year Target £	Amounts transferred to MVS Period 9 December £	MVS to be recovered for the Year £	Actual Salary & Agency underspend Period 9 £	Comments
Corporate Services	108,500	52,300	56,200	123,663	Period 9 salary underspends: Legal Services £48k, of which £20k will be required for external legal costs. Customer Experience £38k, Finance & Property £36k.
Housing, Planning & Regeneration	85,500	29,100	56,400	30,424	Period 9 underspends: Head of Regulatory Services £21k, Building Control £4k, Head of Housing £5k
Neighbourhood & Community Wellbeing	63,300	4,600	58,700	16,441	Period 9 underspend: CCTV and Crime Prevention £16k.
<b>Total General Fund</b>	<b>257,300</b>	<b>86,000</b>	<b>171,300</b>	<b>170,528</b>	

#### **Major Variances on Fee Income to 31st December 2018**

Service	Income Variance P9 Shortfall/ (Surplus) to Dec 2018 £'000	% of Profiled Budget Shortfall/ (Surplus) to Dec 2018
Planning Fees & Pre Application Advice	382	33%
Building Control Fees	62	30%
Loughborough Markets	9	4%
Car Park Income	(18)	(3)%
Garden Bin Income	(95)	(10)%
Town Hall Concerts & Shows part offset by Artist	(130)	(22)%
Town Hall Bars offset by cost of Provisions/Stock	(53)	(54)%
Private Lifeline Income	(12)	(10)%

#### **Housing Revenue Account**

The forecast outturn position is an estimated underspend on controllable service budgets of £494k. These are listed in Appendix 2.

The targets for both Strategy and Private Sector Housing and Landlord Services Managed Vacancy savings have been made for 2019/20 totaling £111k.

#### **Collection Fund Statistics**

Cumulative Collection rates 1st April to 31st December 2018 are as follows:

#### **Full Year Council Tax, including Loughborough Special – Collectable £7.7m**

April to December 2018 - 85.22%

April to December 2017 - 85.68%

**Full Year NDR – Collectable £48.2m**

April to December 2018 - 82.50%

April to December 2017 - 84.18%

The 2018/19 statistics are materially affected by 2 payments totaling £460k, which were due in Period 9 but were not received until just after the end of the period i.e. in early January 2019. If these had been received on time the percentage collected would have been 83.45%. This is still slightly below the collection percentage for the same period in 2017/18. It equates to approximately £350k.

Appendix 1 – General Fund Estimated Year End Forecast 31<sup>st</sup> March 2019

Appendix 2 – HRA Estimated Year End Forecast 31<sup>st</sup> March 2019

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**General Fund Year End Forecast to 31<sup>st</sup> March 2019**
**Appendix 1**

Service	Comments	Year-end Forecast (Over)/Under £'000
Housing, Planning & Regeneration Director	Full Year Managed Vacancy Saving shortfall £56.4k to be cleared by (Period 10) January 2019.	0
	<b>Total Variance Under/(Overspend)</b>	<b>0</b>
Head of Strategic & Private Sector Housing	Underspends being: - Empty Homes Legal Fees £57k, Flexible Homelessness Grant £89k and Supported Accommodation Homelessness budget £41k. The £187k underspend has been requested as a carry forward into 2019/20.	187
	<b>Total Variance Under/(Overspend)</b>	<b>187</b>
Head of Landlord Services	Private Sector Alarms additional Income, the 2019-20 budgets were adjusted as part of the budget setting process to reflect this ongoing increase in Income.	14
	<b>Total Variance Under/(Overspend)</b>	<b>14</b>
Head of Planning & Regeneration	Net Salary/Agency overspends to be funded from two Planning Reserves. A Cabinet report is scheduled for 14th March 2019 to cover Agency staffing costs, following on from the Cabinet Report 12 <sup>th</sup> April 2019.	(140)
	Planning Application - Income shortfall. There are some substantial schemes underway for which the fees (£217k) are expected in February and March; the year end forecast has been adjusted on the assumption that the £217k will be received before year end. Head of Finance & Property comment - without the £217k the shortfall will be c500k at the year end.	(300)
	Building Control Fees - Income shortfall, A review of the provision of a Building Control Service will be subject to a separate report to Cabinet in April 2019. The cost of provision will be one of the aspects covered in the report.	(80)
	Small saving on Building Control salaries, it is proposed that any underspends within Planning and Regeneration at the year-end, will offset in part the overspends above.	4
	<b>Total Variance Under/(Overspend)</b>	<b>(516)</b>
Head of Regulatory Services	Environmental Protection/Occupational Health/Food small underspends	13
	Street Management LCC Reimbursement	8
	Net additional Car park Income	6
	<b>Total Variance Under/(Overspend)</b>	<b>27</b>
Neighbourhood & Community Wellbeing Director	Full Year Managed Vacancy Saving shortfall £58.7k to be cleared by (Period 10) January 2019.	0
	<b>Total Variance Under/(Overspend)</b>	<b>0</b>
Head of Waste, Engineering & Open Spaces	Open Spaces overspend £14k contribution towards fencing bell foundry offset by underspends in utilities £7k	(7)
	Additional Income being:- Garden Waste Bin Income £100k, additional Recycling credits £60k, KPI Income £30k and Garden Waste Bin sticker cost savings £5k offset by additional Serco costs & Gate fees £42k	153
	Loughborough Cemetery Burial Audit costs £3k offset by additional Outwoods Car park Income £7k	4
	<b>Total Variance Under/(Overspend)</b>	<b>150</b>
Head of Leisure & Culture	Markets Income shortfall £14k, overspent salaries costs £23k and electrical work £2k	(39)
	Additional Street Trading Income and small underspends	7
	Additional Leisure Centre Utility Contract Income	7

Service	Comments	Year-end Forecast (Over)/Under £'000
<b>Head of Leisure &amp; Culture (continued)</b>	Additional Town Hall Concerts Income £130k at Period 9, offset by Artist fees additional costs £85k, a surplus of £45k on Show Income, and the budget should be on target for Jan-March 2019.	45
	Minor overspends across this service	(4)
	Box Office increased fee per ticket sale £5k and increased Bar & catering Income £5k	10
	<b>Total Variance Under/(Overspend)</b>	<b>26</b>
<b>Head of Neighbourhood Services</b>	Underspends on Community Grants £84k, these will be spent in full by year end and Members Grants £5k which is to be transferred back to Reinvestment Reserve. There is a shortfall of Lottery Income £14k due to starting the new scheme 5 months later than planned.	(14)
	CCTV & Crime Prevention salaries underspend £18k at Period 9; this will be transferred to MVS budget if not required. Thorpe Acre Hut underspends £7k as this is not yet operational and £7k of other small underspends in this service area.	14
	<b>Total Variance Under/(Overspend)</b>	<b>0</b>
<b>Corporate Services Director</b>	Full Year Managed Vacancy Saving shortfall £56.2k to be cleared by (Period 10) January 2019.	0
	<b>Total Variance Under/(Overspend)</b>	<b>0</b>
<b>Chief Executives Team</b>	<b>Total Variance Under/(Overspend)</b>	<b>0</b>
<b>Head of Finance &amp; Property Services</b>	External Audit fees savings, the budget has been reduced in 2019-20.	10
	Oak/Ark/Messenger Close Industrial Units additional Income, the income budgets have been increased in 2019-20.	20
	<b>Total Variance Under/(Overspend)</b>	<b>30</b>
<b>Head of Customer Experience</b>	Capita Contract Increases offset by quarterly Capita Pension contract adjustment	(24)
	DD187 £27k Salary Temp Staff in 2019 Contact Centre and DD200 ICS Apprentice £14k, total £41k Carry Forward 2019	41
	Capita One Off charge for Pension Contract and Penalty Charge	140
	<b>Total Variance Under/(Overspend)</b>	<b>157</b>
<b>Head of Strategic Support</b>	Civic Expenses overspend overtime	(4)
	HR various small underspends	10
	Improvement & Organisational Development Website Redesign	(6)
	Insurance Excess costs/Employee Premium Costs	(5)
	Audit & Risk H&S Contract costs with LCC	(2)
	Legal services Salaries to be used for External Legal costs	5
	Election costs not budgeted for	(15)
	Register of Electors Service Unit	(5)
	Land Charges one off DCLG Grant Income for Property Searches	5
	Members Allowance/Emergency Planning	(7)
	<b>Total Variance Under/(Overspend)</b>	<b>(23)</b>
<b>Total General Fund Controllable Year End Underspend.</b>		<b>52</b>
<b>Use of Planning Reserves to Fund Planning Salary/Agency costs</b>		<b>140</b>
<b>Adjusted General Fund Controllable Year End Underspend</b>		<b>192</b>

Service	Comments	Year-end Forecast (Over)/Under £'000
<b><u>Carry Forward Budget required for 2019/20</u></b>		
Head of Customer Experience	Approved Delegated Decisions in 2018/19 for Temporary Contracts 2019-20 Contact Centre advisor and ICS Apprentice from one off Grant monies received in 2018-20.	41
Head of Strategic & Private Sector Housing	Empty Homes legal costs are required due to Compulsory Purchase Orders as well as the prevention of Homelessness (Grant funded).	187
<b>Total Carry Forward Requests</b>		<b>228</b>
<b>Net (Overspend) after carry forward requests</b>		<b>(36)</b>

## HRA Year End Forecast Report to 31st March 2019

## Appendix 2

Service	Comments	Year-end Forecast Under/ (Overspend) £'000
Head of Landlord Services		
	Rechargeable Repairs	46
	Health and Safety	2
	Responsive Repairs	85
	Void Capitalisations	(148)
	Fortem Electrical testing - expecting to spend approx. £100k	228
	Planned Maintenance - EWI £73k underspend, £400k painting less £248k contractor payments.	175
	Other variances – including £11k Tenant Participation and consultation, £5k IT hardware in Business Support, £4k community projects. There were also underspends of £4k setting up Direct Debits, £10k vacant Business Support Assistant and £4k legal fees both relating to Housing Income.	81
	Total Variance Under/(Overspend)	469
Head of Strategic & Private Sector Housing	Budgets are currently on target	0
	Total Variance Under/(Overspend)	0
Head of Finance & Property Services	Dwelling rents - includes £11k favourable variance on voids and £48k on the timing of right to buy sales along with additional properties purchased. (0.5%)	25
	Total Variance Under/(Overspend)	25
<b>Total HRA Underspend</b>	<b>Total Variance Under/(Overspend)</b>	<b>494</b>