

Senior Leadership Team

11th December 2019

**General Fund & HRA Revenue
Revenue Monitoring Position for October 2019**

Report of the Head of Finance & Property Services

This report covers the General Fund and HRA to the end of October 2019, Period 7. The variances reported are the differences between the profiled budgets and the actual spend including commitments and comments are provided by Heads of Service which are detailed in Appendix 1.

General Fund Summary and Year End Forecast Outturn – Appendix 1

The full year general fund budget is £20,064k, Actual expenditure to period 7 including commitments of £1,055K is a total of £12,689k against the profiled budget of £12,355 with an overspend of £334k 31st October 2019. Details of each service's variances at period 7 are included in appendix 1, also a year-end forecast outturn position is a use of reserves of £1,003K, which is in line with the budgeted use of reserves of £971K.

Loughborough Special Expenses – Appendix 2

This report shows an overspend at period 7 of £7K (2% of the profiled budget). The forecast outturn position is an overspend of £18K. Details of this variance and forecast are included in appendix 2.

Nonspecific Savings Target £300k is the full year savings target approved as part of the 2019/20 budget, £22.5k NDR savings have been identified as a contribution to this target and a further £50K is expected to be found from additional salary savings in excess of the amount required for MVS. No further savings have yet been identified. The Head of Finance & Property Services will continue to monitor this savings target with budget officers for December's report.

Managed Vacancy Savings Salaries £272.2k is the full year 2% managed vacancy savings (MVS) budget of which £203.9k of the budget has been identified to date. The Head of Finance & Property Service will continue to monitor this on a monthly basis to ensure that the transfers are made to achieve salary savings budget.

The table below summarises the position on the managed vacancy savings across each Directorate,

Directorate	2% MVS Budget Full Year Target £	Budget transferred to MVS @Period 7 £	Salary Budget Retained in Services £	Comments
Corporate Services	114,000	(112,000)	2,000	Balance retained to cover agency costs
Housing, Planning & Regeneration	91,200	(46,500)	44,700	Balance retained to cover agency costs
Neighbourhood & Community Wellbeing	67,000	(45,400)	21,600	Balance retained to cover consultancy costs
Total General Fund	272,200	(203,900)	68,300	

Major Variances on General Fund Fee Income to 31st October 2019

Service	Income Variance P7 Shortfall/ (Surplus) to October £'000	% of Profiled Budget Shortfall/ (Surplus) to October £'000
Brexit Grant Income one off Grant	(50)	0
Town Hall Concerts and show income Net Artists fees - additional income expected at year end £20K	(21)	0
Garden Bin Income shortfall is expected at year end £65K	44	4.5%
Planning Fees & Advice are expected to recover by December	91	11.5%
Land Charges Income shortfall is expected at year end £25K	22	2.5%
Building Control Fees shortfall is expected at year end £80K	36	22%
Car Park Income – Beehive Lane shortfall is expected £35K	12	2.5%

General Fund Year Variance Report to 31st October 2019

Appendix 1

Service	P7 Under/(Overspend) October 2019 £'000	Head of Service Comments	Year End Forecast (Over)/Under £'000
Housing, Planning & Regeneration Director	(6)	Managed Vacancy saving required to be found	0
	(6)	Total Variance Under/(Overspend)	0
Head of Strategic & Private Sector Housing	56	An underspend of £34k for Empty Homes legal fees and additional licence fee income of £22k. An earmarked reserve will be set up in 2019/20 for the £50k underspend. This has been identified as an ongoing budget saving for 2021/22.	50
	22	Underspend on salary - moved to Managed vacancy Savings	0
	(3)	Various small under/overspends	0
	75	Total Variance Under/(Overspend)	50
Head of Landlord Services	10	Additional private lifelines income - expected to be £17K at year end	17
	10	Total Variance Under/(Overspend)	17
Head of Planning & Regeneration	101	Underspend on consultant fees which will be spent by end of the year. A service pressure of £55k for the strategic growth plan will be partially spent the remaining £20k to be carried forward to the following financial year.	20
	(91)	Planning fees shortfall - significant planning applications due before end of December from west of Loughborough SUE to offset this shortfall.	0
	(66)	Appeals & Enforcements costs awarded not anticipated.	(80)
	(36)	Building Control fees shortfall - predicted year end shortfall of £80K, this service is under review.	(80)
	7	Various small under/overspends	(5)
	(85)	Total Variance Under/(Overspend)	(145)
Head of Regulatory Services	36	Additional income against profile in Premises Licence. Full year outturn expected to be similar to budget. Private Hire Taxi Licences income down	0
	5	Staffing vacancy in Occupational Health. This underspend will be used to cover additional Food Hygiene & Safety inspection work.	0
	17	Underspend on Beehive Lane, Browns Lane, Southfields and Granby Street car park maintenance which is likely to be spent later in the financial year.	0
	(17)	Beehive Lane Car Park usage down £23k. Yearend shortfall is estimated £35k.	(35)
	7	Browns Lane Car Park slight increase in income predicted £7k additional income	7
	11	various small under/overspends	4
	59	Total Variance Under/(Overspend)	(24)
Neighbourhood & Community Wellbeing Director	17	Vacant Director post used for Consultant Costs	0
	17	Total Variance Under/(Overspend)	0

Service	P7 Under/(Overspend) October 2019	Head of Service Comments	Year End Forecast (Over)Under
Head of Waste, Engineering & Open Spaces	9	No spend to date on Open Spaces Tree Maintenance & outstanding previous year reserves	0
	0	Income shortfall Crematorium/Mausoleum turnover Commission expected year end	(20)
	(17)	Overspend Derby Road depot roof repair / Security Measures & Tree Maintenance	(12)
	(12)	Parks Loughborough overspend Britain in Bloom / bandstand floor replacement etc will balance out at year end	0
	(10)	Garden Waste Bin income shortfall £44K, expected to be in excess £65K yearend offset by Serco contract & underspend £20K at year end, and Serco contract KPI's to be £30k due at year end, this will depend on contract performance for remainder of year	(15)
	(30)	Total Variance Under/(Overspend)	(47)
Head of Leisure & Culture	(6)	Market income is on target - however an income shortfall is expected year end £15K due to cancelation of markets during bad weather - recovery of £20K outstanding traders' debts is ongoing.	(15)
	(18)	Leisure Centre Utility rate contract income shortfall at year end, this is a contract variation.	(19)
	(12)	Public Convenience overspend on salaries & Building Repairs, also income shortfall at period 7.	(3)
	38	There are various over/underspends within the Town Hall budgets including additional show, bar, room hire income offset by additional spend on Equipment Building Repairs and Artist Fees.	20
	(2)	various small under/overspends	0
	0	Total Variance Under/(Overspend)	(17)
Head of Neighbourhood Services	86	Uncleared previous year Grant reserves £21K and delay paying Strategic Partner Grants which are likely to be underspent at year end by £5K, Lottery income shortfall £8K - this is likely to be £14K at year end	(9)
	19	CCTV and Crime Prevention salary underspend, this is needed for 3 officers maternity cover & additional costs to cover the Fair, Xmas Lights, Remembrance Day Parade. Overall underspend £9K	9
	(10)	Leisure Development Fees & Facility Hire overspend will be offset by underspends in the Sports Development budget	0
	13	Externally funded posts underspend - this will be offset at year end by less contribution towards costs	0
	108	Total Variance Under/(Overspend)	0
Corporate Services Director	2	Managed vacancy balance	0
	2	Total Variance Under/(Overspend)	0
Chief Executives Team	0		0
	0	Total Variance Under/(Overspend)	0

Service	Variance P7 Under/(Overspend) October 2019	Head of Service Comments	Year End Forecast (Over)/Under
Head of Finance & Property Services	(152)	£300K Corporate Nonspecific savings target, reduced by NDR saving £22.5K. Approximately £50K additional salary savings over MVS	(228)
	5	Brokerage Fees underspend on Property Funds	10
	(147)	Total Variance Under/(Overspend)	(218)
Head of Customer Experience	17	Underspend on shared services Capita Contract due to estimated inflation of 4.02% but actual inflation is 2.5% resulting in a underspend of £37k	37
	(8)	Loss of Localisation of Council Tax Grant funding	(8)
	(42)	Loss of Housing Benefit Admin Subsidy Grant funding	(72)
	16	Vacancies saving to be used to offset the overspend on CSI convergence and transition costs	0
	(300)	Carpenters Arms and supported living Housing Benefit subsidy claim costs	(515)
	7	various small under/overspends	0
	(310)	Total Variance Under/(Overspend)	(558)
Head of Strategic Support	(8)	Overspend on insurance premium costs	(8)
	(44)	Not yet received funding for EU elections. Overspend on borough elections	(20)
	(22)	Land charges income shortfall	(25)
	50	One Off Brexit grant funding to be allocated	0
	(2)	various small under/overspends	(8)
	(26)	Total Variance Under/(Overspend)	(61)
Total General Fund	(334)		(1,003)

						Appendix 2
Loughborough Special Expenses 2019/20						
	Period 7 2019/20					
Service	Full Year Original Budget 2019/20	P7 Profiled Original Budget	P7 Actuals	Variance (Over) / Under	Year End Forecast (Over)/Under	Period 7 Comments
	£	£	£	£	£	
Loughborough CCTV	67,800	38,075	30,250	7,825	1,000	Salary underspend is expected to be minimal by year end. 23% of the total cost of this service is charged to the Loughborough Special Rate.
Community Grants / Fearon Hall / Gorse Covert	81,800	19,047	6,541	12,506	0	No Change to Budget expected at this stage. Period 7 underspend is mainly due to uncleared previous year reserves for Loughborough Community Grant and only one current year payment being made to date.
Marios Tinetti Centre / Altogether Place / Community Hubs	44,900	26,766	24,021	2,745	0	No Change to Budget expected at this stage
Charnwood Water Toilets	9,600	5,829	5,223	606	0	No Change to Budget expected at this stage
Voluntary & Community Sector Dev Officer Post (75%LSX)	34,500	20,125	25,712	(5,587)	(6,800)	Overspend at period 7 and year end prediction is due to additional maternity cover costs
Biggins Street Toilet - Friday Opening	4,400	2,567	2,558	9	0	No Change to Budget expected at this stage
Contribution towards Loughborough Open Spaces	120,000	60,000	60,023	(23)	0	No Change to Budget expected at this stage
November Fair	(5,100)	(85,951)	(90,416)	4,465	0	No Change to Budget expected at this stage
Parks:						
Loughborough	404,700	107,964	119,242	(11,278)	0	No Change to Budget expected at this stage. Britain in Bloom overspent at period 7
Gorse Covert and Booths Wood	68,200	27,543	27,143	400	0	No Change to Budget expected at this stage
Sports Grounds:						
Derby Road	112,700	61,776	81,712	(19,936)	(12,400)	The year end prediction is the cost of essential Depot roof replacement and main reason for period 7 overspend.
Lodge Farm	43,700	18,505	17,659	846	0	No Change to Budget expected at this stage
Nanpantan	72,900	21,372	17,366	4,006	0	No Change to Budget expected at this stage
Park Road	20,200	6,289	4,273	2,016	0	No Change to Budget expected at this stage
Shelthorpe Golf Course	21,400	24,299	25,021	(722)	0	No Change to Budget expected at this stage
Loughborough Cemetery	45,100	(6,557)	2,803	(9,360)	0	Service invoice for second quarter costs and income slightly down at period 7.
Allotments - Loughborough	52,000	7,204	11,837	(4,633)	0	No Change to Budget expected at this stage
Carillon Tower	15,600	3,758	3,345	413	0	No Change to Budget expected at this stage. 50% of the total cost of this service is charged to the Loughborough Special Rate
Festive Decorations and Illuminations	51,200	370	1,758	(1,388)	0	No Change to Budget expected at this stage
Town Centre Management	102,500	16,451	6,859	9,592	0	No Change to Budget expected at this stage. Street Trading Consent Income is up at period 7
	1,368,100	375,432	382,930	(7,498)	(18,200)	

Housing Revenue Account Appendix 3 & 4

There is a current underspend of £907k (13%) at the end of October 2019, with £147k (4.3%) related to Employee related Costs, £840k (27%) underspend for Controllable Costs, non-rental income being £73k (33%) below budget and rental income being £7k (0%) below budget. This includes actuals processed in the general ledger and commitments to the end of October 2019 to the net value of £411k.

	Actual and Commitments 31st October 2019	Budget 31st October 2019	Variance under/ (overspend) 31st October 2019
	£'000	£'000	£'000
Employee Costs	3,246	3,393	147
Other Controllable Costs	2,214	3,054	840
Income (Non-Rental)	(150)	(223)	(73)
Rent & Service Charge Income	(13,049)	(13,056)	(7)
Total	(7,739)	(6,832)	907

The full year 2% managed vacancy savings budget for the HRA was set at £118.6k. The progress to this target is set out in the table below:

Head of Service Area	2% Target to October 2019	Salary & Agency Underspend to October 2019	Vired to Savings Budget	Salary Agency Balance Retained October 2019	Comments
	£'000	£'000	£'000	£'000	
Landlord Services	58	310	199	111	The full year MVS target of £98k has been met with the remainder required for posts and software within the service.
Strategy & Private Sector Housing	12	46	34	12	Full year MVS has been met.
Total HRA	70	356	233	123	

Voids percentage refers to the level of empty properties in the HRA rent loss. The void percentage for housing rents is 2.35% compared with the budget of 2.2%. The void percentage for Garages is 28.92%, there is a review relating to the alternative uses for garage sites. Within the Council's sheltered scheme courts there are several service charges that relate to the recovery of costs associated with the communal area. The void percentage for Central Heating is 22%, Council Tax 32% and Communal Facilities 19%. There is a project team currently considering the options for Sheltered Units which, when complete will assist in making the sheltered units more lettable.

Rent arrears have increased by £130k since the end of October 2018. Former tenant arrears have increased by £21k over the same period. There has been an increase in the number of tenants receiving universal credit (UC), rising from 90 tenants at the end of October 2018 to 868 at the end of October 2019. As expected, and in line with the experience of other landlords, rent arrears have increased. UC is paid to the claimant as a single monthly payment in arrears. It can take up to 5 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 is offered to tenants by the Landlord Services Financial Inclusion and Tenancy Support Teams. Where tenants have eight weeks of arrears or they are vulnerable, a dedicated Landlord Services 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.

Housing Revenue Account Variance Report as at 31 October 2019

Appendix 3

Service	Under/ (Overspend) to October 2019	Comments	Year End Forecast Underspend/ (overspend)
	Period 7		
Head of Landlord Services	£'000		£'000
	32	Responsive Repairs underspend on salaries - recruitment in progress.	0
	(72)	Voids Repairs - Due to a software issue it has not been possible to extract data to capitalise void work. There is a corresponding underspend in the HRA capital programme.	(123)
	(32)	Rechargeable Repairs - Fewer rechargeable repairs have been identified compared with previous years.	(32)
	14	Housing Income Team - Small underspend on salaries	0
	28	Wardens Services - £10K underspend on Furniture to be utilised on other budgets.	0
	45	Health and Safety - underspend on salaries - recruitment in progress.	0
	568	Capital Team and Planned Maintenance - Salary underspend - recruitment in process. Underspends at year-end are anticipated for external wall works (£183k).	183
	336	Compliance - Electrical Work and regulations (£252k) and Gas servicing (£67k) and Fire Risk Assessments (£17k)	136
	(28)	Central Control – Outstanding commitment relating to legal fees of £31k.	0
	26	Repairs Business Support Team - Underspend on salaries - recruitment in progress.	0
	17	Minor underspends	0
	934	Total Variance Under/(Overspend)	164

Service	Under/ (Overspend) to October 2019	Comments	Year End Forecast Underspend/ (overspend)
Head of Strategic & Private Sector Housing			0
	(15)	Advertising income not received for Choice Based Lettings Website	0
	(10)	Other minor overspends	0
	(25)	Total Variance Under/(Overspend)	0
Head of Finance & Property Services	(2)	No comments	0
	(2)	Total Variance Under/(Overspend)	0
Total HRA Underspend	907		164

Housing Revenue Account - Income from Rents and Service Charges
October 2019 - Period 201907

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	13,070,179	306,921	2.35%	2.20%
Non-Dwelling Rent				
Land	6,081	0	0.00%	0.00%
Garages	210,643	60,766	28.85%	28.92%
Shops	82,286	16,742	20.35%	12.32%
Service Charges				
Landlord Warden Charge	39,123	4,708	12.03%	11%
Central Heating	59,423	12,858	21.64%	22%
Communal Facilities	203,644	37,057	18.20%	19%
Hostel	16,865	816	4.84%	15%
Council Tax	10,590	3,764	35.54%	32%
	13,698,834	443,631	3.24%	

(Gross means Gross of Void Loss)

Table B

Rent and Service Charge Arrears As at Period 201907	2018/19 £000	2019/20 £000
Arrears at the beginning of the year	866	965
Court Costs at the beginning of the year	95	104
	961	1,069
Arrears at the end of the October 2019	1,108	1,232
Court Costs at the end of the October 2019	104	110
	1,212	1,342
Amount written off in the year to date	57	50

Table C - Current Tenant Arrears - Dwellings only

Position on	2018/19	2018/19	2019/20	2019/20
	Number	£000	Number	£000
Less than £150	860	61	957	67
£150 - £300	451	91	306	68
£300 - 450	177	65	199	75
£450 - £600	86	44	127	66
£600 - 750	76	51	92	62
£750 - 900	73	60	77	62
£900 - £1,200	74	77	90	93
£1,200 - £2,000	62	95	88	134
£2,000	21	53	28	73
Total	1,880	597	1,964	700

Table D - Former Tenant Arrears - Dwellings only

Position on	2018/19	2018/19	2019/20	2019/20
	Number	£000	Number	£000
Less than £150	130	9	113	8
£150 - £300	87	19	85	19
£300 - £450	43	16	41	15
£450 - £600	33	17	31	16
£600 - £750	29	20	30	21
£750 - £900	19	16	16	13
£900 - £1,200	37	39	44	46
£1,200 - £2,000	67	107	71	112
£2,000	94	268	98	282
Total	539	511	529	532

Appendix 1 – General Fund Variance Report 31st October 2019

Appendix 2 – Loughborough Special Expenses 31st October 2019

Appendix 3 – HRA Variance Report 31st October 2019

Appendix 4 - HRA Income and Voids Report 31st October 2019

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