

## GENERAL FUND & HRA

FPSC  
07 Sept 2021

### REVENUE MONITORING POSITION AT END OF PERIOD 4 (31 JULY 2021)

#### Report of the Head of Financial Services

This report covers the General Fund and HRA to the end of July 2021, 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.

#### **General Fund Summary Position Period 4 – Appendix 1**

The full year General Fund budget is £19,025k. The actual expenditure at period 4 including commitments is £6,730K against the profiled budget of £6,737k is an **underspend of £7k**. Details of each Head of Service variances at period 4 are included in Appendix 1.

#### **Managed Vacancy Savings**

General Fund managed vacancy saving annual target is £527.7k, (£176K MVS Profiled Budget Vs Actual £144k at period 4 is a current shortfall £32k), in addition the salary pay award is not factored into the budget, the current offer stands at 1.75% which would be an estimated additional cost of £200k.

#### **Year End Forecast**

Whilst it is early in the financial year there are several financial pressures that have been highlighted in this Period 4 report so far which will affect the outturn position and reserve levels.

Table 1

| <b><u>Estimated Additional Net Financial Pressures</u></b>  | <b>£'000</b> |
|---|--------------|
| Local Plan Transport Costs (Discussed at SLT)               | 100          |
| Planning Consultant/Agency Costs (Discussed at SLT)         | 80           |
| Car Park Fee Income (shortfall Period 4, £57k)              | 107          |
| Essential Car User saving not yet implemented               | 200          |
| Estimated 1.75 % Pay award                                  | 200          |
| Managed Vacancy (shortfall Period 4)                        | 32           |
| Buildings Feasibility Study funded by Reinvestment Reserve  | 150          |
| Commercial Income additional income from Vaccination Centre | (111)        |
| Trade Waste/Bulky Waste/Garden Bin additional Income        | (100)        |
| <b><u>Estimated Total Net Additional Pressures</u></b>      | <b>658</b>   |

Income loss claims will be made for the first quarter of 2021/22 to recover the Income losses for the Car Park and other service areas through DCLG. This will mitigate the

above pressures but the amount likely to be received cannot be estimated until the detailed return (not yet available from MHCLG) has been completed.

**General Fund Monitoring Period 4**

*Table 2*

| <b>Service</b>  | <b>Variance Under / (Overspend) Period 4 July 2021</b> | <b>Head of Service Comments</b>   |
|---|--|---|
|   | <b>£'000</b>   |   |
| <b>Housing, Planning &amp; Regeneration Director</b>  | 0  | No Comment Required   |
|   | <b>0</b>   | <b>Total Variance Under/(Overspend)</b>   |
| <b>Head of Strategic &amp; Private Sector Housing</b> | 0  | Homelessness Emergency costs of £47k are funded by external grants and any Covid Discretionary Housing Costs will be funded by the Contained grant funding therefore there will be no additional Homelessness costs to CBC  |
|   | 4  | Various small under/overspends being consultant fees and training/legal budget  |
|   | <b>4</b>   | <b>Total Variance Under/(Overspend)</b>   |
| <b>Head of Landlord Services</b>                      | 0  | Private Sector Lifeline Income Budget is on target  |
|   | <b>0</b>   | <b>Total Variance Under/(Overspend)</b>   |
| <b>Head of Planning &amp; Regeneration</b>            | (15)   | Consultant Fees overspent on Development Control £10k and £5k Agency Costs overspent on Economic Regeneration.<br><br>Resource pressures within the service are arising due to the impact of Town Deal delivery, the management of the Bedford Square project and local plan development (see also below re Transport modelling)  |
|   | 21   | Planning Application fees income higher than budget at Period 4.  |
|   | (100)  | A total £100k overspend at year end on Local Plan of Transport is forecast due to additional transport modelling required - this was not anticipated at the time of setting the Budget.   |
|   | <b>(94)</b>  | <b>Total Variance Under/(Overspend)</b>   |
| <b>Head of Regulatory Services</b>                    | (57)   | Car Parking Income shortfall due to lockdown restrictions in place up to June 2021. Free 1hr parking at Beehive car park, Southfields Extension car park closed, and parking fines are currently at a reduced level due to Bedford Square project until Nov'21 and the Vaccination hub at Southfields. Due to lockdown rules, there were no Leisure Centre users at Browns Lane car park up to June 2021. |
|   | 7  | Due to a backlog of Combined Driver License applications, this has resulted in increase in income.  |
|   | <b>(50)</b>  | <b>Total Variance Under/(Overspend)</b>   |
| <b>Head of Waste, Engineering &amp; Open Spaces</b>   | (35)   | £35K one off payment to Idverde for exit costs to allow ongoing reduced contract variation costs of £70K. This overspend will be offset by additional Trade/Bulky/Garden Waste income at year end.  |
|   | 21   | £21K developer contribution received towards additional costs had not been spent at Period 4.   |

|                                       |  |  |
|---------------------------------------|--|--|
|                                       | 168  | Payments to LCC for trade waste disposal costs are underspent £6K. Trade waste, bulky waste & Garden Waste Bin income is up against budget by £71.5K, £34.6K & £59K respectively, it is anticipated that these will exceed budget expectations by year end, however it is too early on in the financial year to make a realistic prediction. In particular it may be noted that additional contributions may be required to ensure HGV drivers can be secured. The Serco contract budget will be overspent at year end £14K due to more additional properties than anticipated when the budget figures were calculated (but in theory this will be offset by additional council tax income). |
|                                       | 7  | various small under/overspends   |
|                                       | <b>161</b>   | <b>Total Variance Under/(Overspend)</b>  |
| <b>Service</b>                        | <b>Variance Under/(Overspend) Period 4 July 2021</b> | <b>Head of Service Comments</b>  |
| <b>Head of Leisure &amp; Culture</b>  | 12   | Markets equipment budget underspent £6K but will be spent year end / Income is £7K up on budget at period 4, this is due to one off Covid Income budget reduction for 2021.  |
|                                       | 10   | Town Centre Management budget underspend is due to no spend on equipment £2K or streets alive events £2K due to Covid19 less events have taken place. Street trading consents income is up £6.7K, this may exceed budget by year end.  |
|                                       | 11   | Partnership Project grants is underspent £10.7K, no payment has been made to Leicestershire Promotions - a SLA is currently being finalised with any payments being agreed within the available budget   |
|                                       | (119)  | Town Hall casual salary budgets are underspends £52.9k, however recruitment to new fixed term posts is underway & it is anticipated that the full casual budgets will be needed in order to achieve the required income targets, this will be reviewed during the year. Underspends on equipment, utilities & artist fee £137k, all these are expected to be spent by year end and will depend on the success of the venue & customer confidence once Covid restrictions have been removed. Income shortfalls £308.9K, it is also hoped that the income targets will be met by year end however, this will also depend on the success of the venue.  |
|                                       | (3)  | various small under/overspends   |
|                                       | <b>(89)</b>  | <b>Total Variance Under/(Overspend)</b>  |
| <b>Head of Neighbourhood Services</b> | 15   | Crime prevention underspend, no payments have been made to the Mario Tinnenti Centre co-ordinator. There will be a £6.5k yearend saving as the Thorpe Acre Hub is no longer progressing  |
|                                       | 9  | various small under/overspends   |
|                                       | <b>24</b>  | <b>Total Variance Under/(Overspend)</b>  |
| <b>Corporate Services Director</b>    | <b>1</b>   | <b>Total Variance Under/(Overspend)</b>  |
| <b>Chief Executives Team</b>          | <b>1</b>   | <b>Total Variance Under/(Overspend)</b>  |
| <b>Head of Financial Services</b>     | (32)   | Managed Vacancy Saving (£176K MVS Profiled Budget Vs Actual £144k at period 4) a shortfall £32k at period 4. This will be monitored and recovered each month.  |
|                                       | (67)   | The essential Car Allowance Saving Scheme will not be implemented in 2021/22, Year End Cost £200k. however this saving will come through i   |
|                                       | <b>(99)</b>  | <b>Total Variance Under/(Overspend)</b>  |
| <b>Organisational Development</b>     | 14   | More Insurance income from Commercial Property tenants than budgeted for, this budget will be reviewed in 2022-23.   |
|                                       | 8  | Various small under spends due to reduced level of activity on Corporate Learning due to Covid.  |
|                                       | <b>22</b>  | <b>Total Variance Under/(Overspend)</b>  |

|  |           |  |
|--|-----------|--|
|  |           | Supported Living Full Year's Budget is £665k. Period 4 Costs are £214k and the yearend projection is £643k which currently lower than the budget set at by £22k, this is due to the Falcon Centre having transferred 3 Properties to the Housing Association 01/04/2021 which means 100% subsidy can now be claimed on these properties. The Carpenters Arms closed the Women's Shelter for the period April-July 2021, and the amounts of Subsidy awarded are higher than in previous years. The yearend forecast will be monitored each month. (2020/21 Outturn was £987K) |
| <b>Head of Customer Experience</b>     | 7         |  |
|  | 33        | One off Grants £163k for Localisation of Council Tax support received, this scheme is currently under review with County Council. £33k a One-off New Burdens Covid grant received can be used to offset any additional Supported Living Costs if necessary.  |
|  | 21        | £21K saving by removing one service from Contact Centre Lagan Support Contract, this may be an ongoing saving.   |
|  | 4         | various small under/overspends   |
|  | <b>65</b> | <b>Total Variance Under/(Overspend)</b>  |
| <b>Head of Strategic Support</b>       | (9)       | Register of Electors Services New Burdens grant income profiled but not yet received. This is an estimated amount and based on previous year's income.   |
|  | 50        | One off Brexit Grant Carry forward not yet allocated.  |
|  | (1)       | various small under/overspends   |
|  | <b>40</b> | <b>Total Variance Under/(Overspend)</b>  |
| <b>Commercial Development Director</b> | 21        | Condition Survey for Loughborough Leisure Centre £16.5k and the cost of Gorse Covert Sliding Doors £6k to be completed. Total Commercial Income Year end forecast is an additional £111k   |
|  | <b>21</b> | <b>Total Variance Under/(Overspend)</b>  |
| <b>Total General Fund Underspend</b>   | <b>7</b>  |  |

### Housing Revenue Accounts Period 4 Monitoring

The actual net expenditure at period 4 is £3,793k including commitments against the profiled budget of £3,712k is an **underspend of £81k**. Details of each Head of Service variance at period 4 is included at Table 4.

Table 3

| Summary               | Actual & Commitment | Original Budget | Under/ (Overspend) to July 2021 |
|-----------------------|---------------------|-----------------|---------------------------------|
|                       | £000                | £000            | £000                            |
| Employee              | 1,854               | 2,033           | 179                             |
| Other controllable    | 1,775               | 1,646           | (129)                           |
| Income (non-rent)     | (64)                | (95)            | (31)                            |
| Rent & Service Charge | (7,358)             | (7,296)         | 62                              |
| <b>Total</b>          | <b>(3,793)</b>      | <b>(3,712)</b>  | <b>81</b>                       |

**Managed Vacancy Savings Salaries** the profiled MVS saving for 2021/22 to the end of period 4 is £50k against a profiled budget of £61k, a shortfall of £9k. The annual target for the year is £182k and this should be achieved.

**Housing Revenue Account Variance Report as at 31 July 2021**

*Table 4*

| Service   | Period 4 Under/ (Overspend) to July 2021 | Head of Service Comments  |
|---|--|---|
|   | £'000                                    |   |
| <b>Head of Landlord Services</b>                          | (13)                                     | Estate Management costs   |
|   | (10)                                     | Vehicle Hire costs are higher than forecast   |
|   | (13)                                     | Rechargeable repairs income shortfall – this is under review  |
|   | (13)                                     | Door entry systems  |
|   | (2)                                      | Small Overspends  |
|   | <b>(51)</b>                              | <b>Total Variance Under/(Overspend)</b>   |
|   | 62                                       | Net position of rents includes a higher dwelling rental base than budgeted at P4. (Void Losses Cost £165k offset by additional £227k Rental Base Income)  |
|   | <b>62</b>                                | <b>Total Variance Under/(Overspend)</b>   |
| <b>Head of Strategic &amp; Private Sector Housing</b>     | 77                                       | The Service has salary underspends of £58k offset against £8K MVS target. In addition, there have been underspends on training of £11K (budget committed, invoices not received) and £16K on minor and external software development and consultants' fees. |
|   | <b>77</b>                                | <b>Total Variance Under/(Overspend)</b>   |
| <b>Head of Commercial Development, Assets and Leisure</b> | (7)                                      | Council Tax on Empty Homes overspend.   |
| <b>Total HRA Underspend</b>                               | <b>81</b>                                | <b>Total Variance Under/(Overspend)</b>   |

**Voids percentages** These refer to the level of empty properties in the HRA causing rent and service charge losses. The void percentage for housing rents is 4.8% compared with the budget of 2.7% which is a loss of income of £165k higher than the budgeted figure at period 4. Further information is detailed in Appendix 3.

**Rent arrears** At the end of July 2021 current tenant rent arrears have decreased by £88k since July 2020. Former tenant arrears have reduced by £35k over the same period.

Restrictions on possession action for rent arrears have been relaxed significantly over the past three months. The period required on a notice of seeking possession for standard arrears claims is now two months rather than the six it was until the end of May 2021. The numbers of tenants receiving universal credit (UC) continues to rise albeit more slowly than previously. At the end of July 2021 1,496 tenants were receiving universal credit compared to 1,224 at the end of July 2020 and 752 at the end of the same period in 2019. Universal credit 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.

Additional detail of HRA financial performance is provided in the Appendix to this report.

## APPENDIX

### Additional Tables – HRA detail

#### **Housing Revenue Account - Income from Rents and Service Charges**

**July 2021 - Period 2021 04**

**Table A - Dwelling Rents and Void Losses**

|                          | Actual<br>Income<br>Due<br>(Gross) | Actual<br>Void<br>Loss | Void Loss as<br>a % of<br>Income Due | Original<br>Budget<br>Void Loss %<br>Assumption |
|--------------------------|------------------------------------|------------------------|--------------------------------------|---|
|                          | £                                  | £                      | %                                    | %   |
| <b>Dwelling Rents</b>    | 7,463,934                          | 359,119                | 4.81%                                | 2.68%   |
| <b>Non-Dwelling Rent</b> |                                    |                        |                                      |   |
| Land                     | 3,953                              | 0                      | 0.00%                                | 0%  |
| Garages                  | 116,318                            | 40,995                 | 35.24%                               | 31.17%  |
| Shops                    | 44,819                             | 8,355                  | 18.64%                               | 18.32%  |
| <b>Service Charges</b>   |                                    |                        |                                      |   |
| Landlord Warden Charge   | 21,576                             | 4,558                  | 21.13%                               | 16.80%  |
| Central Heating          | 37,931                             | 13,000                 | 34.27%                               | 29.24%  |
| Communal Facilities      | 86,232                             | 25,583                 | 29.67%                               | 31.98%  |
| Hostel                   | 9,889                              | 1,182                  | 11.95%                               | 16.15%  |
| Council Tax              | 6,340                              | 3,243                  | 51.16%                               | 44.57%  |
|                          | <u>7,790,992</u>                   | <u>456,036</u>         | 5.85%                                |   |

(Gross means Gross of Void Loss)

**Table B**

| <b>Rent and Service Charge Arrears<br/>As at Period 2021 04</b> | <b>2020/21<br/>£0</b> | <b>2021/22<br/>£0</b> |
|---|-----------------------|-----------------------|
| Arrears at the beginning of the year                            | 1,079                 | 683                   |
| Court Costs at the beginning of the year                        | 107                   | 411                   |
|   | <u>1,186</u>          | <u>1,094</u>          |
| Arrears at the end of the July 2021                             | 1,239                 | 1,116                 |
| Court Costs at the end of the July 2021                         | 106                   | 69                    |
|   | <u>1,345</u>          | <u>1,185</u>          |
| Amount written off in the year to date                          | 0                     | 10                    |

**Table C - Current Tenant Arrears - Dwellings only**

| Position on     | 2020/21      | 2020/21    | 2021/22      | 2021/22    |
|-----------------|--------------|------------|--------------|------------|
|                 | Number       | £0         | Number       | £0         |
| Less than £150  | 541          | 31         | 582          | 33         |
| £150 - £300     | 244          | 53         | 245          | 53         |
| £300 - 450      | 174          | 64         | 183          | 67         |
| £450 - £600     | 112          | 60         | 101          | 52         |
| £600 - 750      | 103          | 69         | 78           | 52         |
| £750 - 900      | 63           | 52         | 49           | 40         |
| £900 - £1,200   | 112          | 116        | 84           | 87         |
| £1,200 - £2,000 | 109          | 170        | 98           | 153        |
| <b>£2,000</b>   | 52           | 132        | 37           | 122        |
| <b>Total</b>    | <b>1,510</b> | <b>747</b> | <b>1,457</b> | <b>659</b> |

**Table D - Former Tenant Arrears - Dwellings only**

| Position on     | 2020/21    | 2020/21    | 2021/22    | 2021/22    |
|-----------------|------------|------------|------------|------------|
|                 | Number     | £0         | Number     | £0         |
| Less than £150  | 96         | 7          | 93         | 7          |
| £150 - £300     | 74         | 16         | 59         | 13         |
| £300 - £450     | 39         | 14         | 42         | 15         |
| £450 - £600     | 29         | 15         | 32         | 17         |
| £600 - £750     | 33         | 22         | 24         | 16         |
| £750 - £900     | 14         | 13         | 15         | 13         |
| £900 - £1,200   | 32         | 33         | 33         | 35         |
| £1,200 - £2,000 | 62         | 97         | 63         | 97         |
| <b>£2,000</b>   | 94         | 275        | 81         | 244        |
| <b>Total</b>    | <b>473</b> | <b>492</b> | <b>442</b> | <b>457</b> |

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