

Senior Management Team

12th September 2018

General Fund & HRA Revenue Monitoring Report July 2018

Report of the Head of Finance & Property Services

This report covers the General Fund and HRA to the end of July 2018 and includes comments from Service Heads in respect of variances etc.

General Fund Summary

This report shows a current underspend of £236K, 3.34% of budget at the end of July 2018, with an overspend of £37k on Employee Related Costs, £288k underspend in respect of other Controllable Costs and shortfall income of £15k. The actual figures have been adjusted for commitments and timing differences of £102K.

	Actual Amended for Commitments & Timing Differences 31st July 2018	Budget as at 31st July 2018	Variance under/ (overspend)
	£'000	£'000	£'000
Employee Costs	4,569	4,532	(37)
Controllable Costs	6,117	6,405	288
Controllable Income	(3,868)	(3,883)	(15)
Total Costs	6,818	7,054	236

General Fund Variance Report Appendix 1

The General fund variance report provides a breakdown of variances after adjusting for commitments and timing differences by service at period 4. In addition to the £236K underspend at Period 4, Revenue Reserves have been set up as follows:-

Service Pressure Reserve £316K – includes £42K NDR one off budget that is not required this year, the balance of £274k being Service Pressures that were approved as part of the 2018/19 budget process and carry forward budgets both will be released into the accounts once an order is in place for the work/goods.

Planning Reserve £133k – this is used to cover additional costs to support the Local Development Plan and is ring-fenced for this purpose.

Managed Vacancy Savings The full year 2% managed vacancy savings (MVS) budget is £257K, the profiled salary savings budget at period 4 is £84k of which £24.6k, (29%) has been identified to be transferred to MVS, this is summarised in the table below. Period 4 Salary details will be sent to the S151 Officer to approve both the salary virements and the salary savings that have been requested to be retained within the service.

Directorate	2% Target to July 2018	Salary & Agency Underspend to July 2018	Vired to Savings Budget	Salary & Agency Balance Retained	Comments
Corporate Services	35,000	65,000	17,500	47,500	Funding for External Legal Costs £21k, £5K Overtime Register of Electors, £8K IT Accreditation essential Training 17 Officers, £13.5k Agency/Staff.
Housing, Planning & Regeneration	28,000	21,000	5,400	15,900	£10K Maintaining Housing Standard Service, £5.9k balance.
Neighbourhood & Community Wellbeing	21,000	20,000	2,000	18,000	Externally Funded posts £9K not part of MVS, £4k CCTV Holiday/Sickness cover, £5k balance.
Total General Fund	84,000	106,000	24,600	81,400	

Property Related Fee Income to 31st July 2018

	Budget Shortfall/ (Surplus) to End of July 2018 £'000	Percentage of Profiled Budget Shortfall/ (Surplus) to Date
Planning Fees & Pre Application Advice	80	17.5%
Building Control Fees	29	31.5%
Land Charges Fees	9	9.09%
Total/Average Shortfall/(Surplus)	118	18.26%

Collection Fund Statistics

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

Full Year Council Tax, including Loughborough Special – Collectable £7.7M

April – July 2018 38.85%

April – July 2017 38.82%

Full Year NDR – Collectable £45.6M

April – July 2018 38.88%

April – July 2017 39.65%

Appendices: Appendix 1 – General Fund Variance Report at 31st July 2018
Appendix 2 – HRA Variance Report at 31st July 2018
Appendix 3 – HRA Income and Voids Report 31st July 2018

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General Fund Variance Report

Appendix 1

Service	Amended Under/(Overspend) 2018	Comments
	Period 4	
	£'000	
Director of Housing, Planning & Regeneration	(23)	Period 4 managed vacancy saving balance outstanding
	(23)	Total Variance Under/(Overspend)
Head of Strategic & Private sector Housing	22	Housing Standards Legal Fees Empty Homes £22k underspend. Planned compulsory purchases during 2018/19 will require this budget.
	11	Housing Renewal salaries £14k of which £3k is to be transferred to MVS with the balance of £11k planned to be spent.
	54	£54K Underspend on B&B Accommodation which is planned to be spent
	87	Total Variance Under/(Overspend)
Head of Landlord Services	5	Private Sector Alarms additional Income
	5	Total Variance Under/(Overspend)
Head of Planning & Regeneration	(80)	Planning Fees - Income shortfall
	(29)	Building Control Fees - Income shortfall is expected be a shortfall of £50K at Year end.
	(109)	Total Variance Under/(Overspend)
Head of Regulatory Services	14	Additional Licensing Income this should balance out for the year against profile.
	8	Environmental Protection/Occupational Health various small underspends
	7	Food Hygiene Inspection various small underspends costs and £2k to MVS
	27	Additional Car Park Income this should balance out for the year against profile.
	56	Total Variance Under/(Overspend)
Service	Amended Under/(Overspend) 2018	Comments
	Period 4	
	£'000	
Director of Neighbourhood & Community Wellbeing	(19)	Period 4 managed vacancy savings balance outstanding
	(19)	Total Variance Under/(Overspend)
Head of Waste, Engineering & Open Spaces	(7)	One off Software Development cost for Ideverde MOS Contract to be funded from virement from Garden Waste Income
	94	Additional Garden Waste Income £102k at P4 partially offset by gate fee cost £8K; in addition one off costs for Outwoods and the Cemetery have been identified that require virements of £60k to date
	(6)	Various small overspends
	81	Total Variance Under/(Overspend)
Head of Leisure & Culture	(12)	Markets Income shortfall £12k, in addition there are outstanding trader's debts of £12k not yet reflected in the accounts.
	(14)	Architects fees overspend on Carillon Tower is expected to be £20k funded from a virement from Leisure centre contract utility rebate.
	(26)	Total Variance Under/(Overspend)
Head of Neighbourhood Services	4	CCTV Monitoring staffing savings for holiday/sickness cover
	4	Total Variance Under/(Overspend)
Director of Corporate Services	(18)	Period 4 managed vacancy saving balance outstanding
	(18)	Total Variance Under/(Overspend)
Head of Finance & Property Services	15	Additional Industrial Units Income

	15	Total Variance Under/(Overspend)
Head of Customer Experience	45	£25k Universal Credit Grant for resourcing the implementation, £20k LCC contribution for Discretionary Housing Benefit.
	150	Capita Pension one off contract costs to be invoiced.
	195	Total Variance Under/(Overspend)
Head of Strategic Support	7	HR vacant hours - £3K transferred to MVS and planned to spend balance
	(8)	Improvement & Organisational Development costs - £2K to MVS
	(12)	Insurance Excess costs
	(11)	Election costs not budgeted for
	21	Land Charges one off DCLG Grant Income for Property Searches
	(9)	Land Charges shortfall of Income
	(12)	Total Variance Under/(Overspend)
Total General Fund Underspend	236	

Housing Revenue Account - Appendices 2 and 3

There is a current underspend of £244k (5.9%) at the end of July 2018, with £98k related to Employee related Costs, £115k for Controllable Costs, non-rental income being £1k above budget and rental income being £30k above budget. This comparison includes actuals processed in the general ledger and commitments to the end of July 2018 to the net value of £395k.

	Actual and Commitments 31st July 2018	Budget 31st July 2018	Variance under/ (overspend) 31st July 2018
	£'000	£'000	£'000
Employee Costs	1,802	1,900	98
Other Controllable Costs	1,580	1,695	115
Income (Non-Rental)	(131)	(130)	1
Rent & Service Charge Income	(7,620)	(7,590)	30
Total	(4,369)	(4,125)	244

The full year 2% managed vacancy savings budget for the HRA was set at £110.6k. The progress to this target is set out in the table below:

Head of Service Area	2% Target to July 2018	Salary & Agency Underspend to July 2018	Vired to Savings Budget	Salary Agency Balance Retained July 2018	Comments
Landlord Services	32,500	96,114	32,500	63,614	Remaining savings vired to clear annual managed vacancy savings budget
Strategy & Private Sector Housing	5,400	33,707	5,400	28,307	£24k underspend in Allocations, £4k Housing Strategy £2k, Housing Management System and £4k Administration reduced by £5.4k to achieve the savings target.
Total HRA	37,900	129,821	37,900	91,921	

Rent Arrears/Court Costs have increased by £72k since July 2017; the amount of arrears written off is £11k higher in the same period. The increase in rent arrears is due to a reduction in both cash and housing benefit payments made to the Council. Both the number of tenants in receipt of universal credit and the number of tenants whose benefits have been capped has increased. The total amount of rent arrears owed by tenants affected by these changes to their welfare benefits has increased. At 31 March 2018 there was a bad debt provision of £961k, the full amount owed at that time, to mitigate the potential losses caused by rent arrears. The budget for court costs is £42.6k in 2018/19 which is £12k higher than the actual spend of £30k in 2017/18 reflecting an increased commitment to recovery. Rent Void loss from empty properties is 2.11%, 0.09% favourably less than the budget.

The HRA Service Pressure Reserve has a current balance of £20,000 being a carry forward from 2017/18 not yet committed to expenditure.

The void percentage for Garages is 25%, there is a review relating to the alternative uses for garage sites. The void percentage for Central Heating is 19.39%, Council Tax 31.76% and Communal Facilities 17.14%. There is a project team currently considering the options for Sheltered Units which, when complete will assist in making the sheltered units more lettable.

HRA Variance Report

Service	Amended Under/ (Overspend) to July 2018	Comments
	Period 4	
Head of Landlord Services	£'000	
	142	Planned Maintenance - Mobilisation of decent homes contractor slower than expected. (83.3%)
	64	Salary savings - (4.0%) Vired In August 2018 to annual vacancy saving budget
	(15)	Other small variances
	191	Total Variance Under/(Overspend)
Head of Strategic & Private Sector Housing		
	28	Salary savings - vacancies (9.5%)
	(3)	Other small variances
	25	Total Variance Under/(Overspend)
Head of Finance & Property Services		
	34	Dwelling rents - includes £7k favourable variance on voids and £28k on the timing of right to buy sales along with additional properties purchased. (0.5%)
	(6)	Other small variances
	28	Total Variance Under/(Overspend)
Total HRA Underspend	244	

Housing Revenue Account - Income from Rents and Service Charges**July 2018****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	7,510,674	158,333	2.11%	2.20%
Non-Dwelling Rent				
Land	6,012	0	0.00%	
Garages	116,870	33,265	28.46%	25.18%
Shops	45,929	4,863	10.59%	6.25%
Service Charges				
Landlord Warden Charge	22,200	2,486	11.20%	10.38%
Central Heating	32,244	6,968	21.61%	19.39%
Communal Facilities	96,987	18,464	19.04%	17.14%
Hostel	10,357	1,767	17.06%	10.37%
Council Tax	5,619	1,785	31.76%	32.70%
	7,846,892	227,931	2.90%	

(Gross means Gross of Void Loss)

Table B

Rent and Service Charge Arrears As at Period July 2018	2017/18 £000	2018/19 £000
Arrears at the beginning of the year	819	866
Court Costs at the beginning of the year	78	95
	897	961
Arrears at the end of the July	925	971
Court Costs at the end of the July	79	105
	1,004	1,076
Amount written off in the year to date	26	37

Table C - Current Tenant Arrears - Dwellings only

Position on	Number	£000
Less than £150	436	28
£150 - £300	276	61
£300 - 450	140	52
£450 - £600	94	49
£600 - 750	64	43
£750 - 900	47	38
£900 - £1,200	67	69
£1,200 - £2,000	68	100
£2,000 +	23	59
Total	1,215	499

Table D - Former Tenant Arrears - Dwellings only

Position on	Number	£000
Less than £150	120	8
£150 - £300	81	18
£300 - £450	40	15
£450 - £600	33	17
£600 - £750	26	18
£750 - £900	22	18
£900 - £1,200	35	37
£1,200 - £2,000	63	100
£2,000 +	84	240
Total	504	471