

**FINANCE & PERFORMANCE SCRUTINY COMMITTEE
1ST MARCH 2022**

**Report of the Head of Financial Services
Lead Member: Cllr Barkley**

ITEM 8 GENERAL FUND & HRA REVENUE, REVENUE MONITORING
POSITION FOR DECEMBER 2021

This report covers the General Fund and HRA to the end of December 2021, Period 9. 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 below.

General Fund Summary Position Period 9, – Appendix 1

The full year General Fund budget is £19,234k. The actual expenditure at period 9 £14,692k adjusted for commitments of £93k, leaves an adjusted actual spend of £14,785k against the profiled budget of £14,694k is an **Overspend of £91k**. Details of each Head of Service variances at period 9 are included in Appendix 1 below.

Managed Vacancy Savings

General Fund managed vacancy saving annual target is £505k, (£379K MVS Profiled Budget Vs Actual MVS £381k at period 9 is ahead of target by £2k) it is estimated a further £127k MVS will be offset for Qtr 4. In addition, the salary pay award is not factored into the budget, the current settlement estimate is 1.75% which would be an estimated additional cost of £200k.

General Fund Year End Forecast

The yearend forecast at Period 9 report is a **£74k overspend**, A detailed breakdown of the year end forecasts are included in Appendix 1. The £74k overspend is in addition to the use of Reserve budget figure for 2021/22 of £847k.

The principal projected variances at the yearend are:

• Car park income	ADVERSE	(£181k)
• Planning – one-off re the local plan transport costs	ADVERSE	(£100k)
• Planning - Development Control Agency Costs	ADVERSE	(£150k)
• Salaries (payaward) and Essential Car User review	ADVERSE	(£400k)
• Insurance costs – Net charges	ADVERSE	(£138k)

Offset by:

- Additional COVID compensation income from government FAV'RBLE £276k
- Planning Income FAV'RBLE £302k
- Town Hall Concerts & Show Income FAV'RBLE £120k
- Estimated Qtr 4 Managed vacancy saving FAV'RBLE £127k

In addition, there are two underspend which have been requested to carried forward into 2022/23, £39k Grant for the Discretionary Council Tax Scheme and Brexit Grant £50k received in 2019/20.

Ongoing monitoring will continue and options for in-year corrective actions will be assessed.

Appendices:

Appendix 1 - General Fund Variance Report 31st December 2021

Appendix 2 - HRA Variance Report 31st December 2021

Appendix 3 - HRA Income and Voids Report 31st December 2021

Officers to Contact: Lesley Tansey,
Ext 4828,
Lesley.tansey@charnwood.gov.uk

Ian Allwyn,
Ext 4824,
ian.allwyn@charnwood.gov.uk

General Fund Monitoring Variance Report Period 9

Appendix 1

Service	Variance Under /(Overspend) Period 9 December 2021	Head of Service Comments	Year End Forecast Variance (overspend) / Underspend
	£'000		£'000
Strategic Director; Community, Planning & Housing	0	No Comment	0
	1	Total Variance Under/(Overspend)	0
Head of Strategic & Private Sector Housing	20	The Service currently have an underspend of £20k allocated for the Tenant Finder scheme and Legal costs out of the Prevention budget.	0
	6	Other Minor underspends	0
	26	Total Variance Under/(Overspend)	0
Head of Landlord Services	0	No comment	0
	0	Total Variance Under/(Overspend)	0
Head of Planning & Regeneration	(13)	Economic Regeneration - Period 9 Salaries underspent by £33k, Agency staff overspent £70k, offset by Contributions underspent budget £17k & Promotion's budget £7k	(42)
	(99)	Local Plan Transport Modelling costs likely cost in the region of £100k which is not within the existing consultancy budget, SLT have been briefed on the additional in year cost.	(100)
	(128)	Development Control - overspend on Agency £98k and Consultant Fees £46k due to vacant posts being covered by Agency/Consultants to cover service demands.	(150)
	302	Planning Application Fees up by £294k at Period 9 and Qtr. 4 Income budget is likely to be on target.	302
	10	Planning appeals & enforcement costs - new planning inquiry started in December 2021, likely to be approx. £50k overspent.	(50)
	8	Sustainable Development - promotional activities underspent	8
	(28)	Various small overspends	(28)
	52	Total Variance Under/(Overspend)	(60)
Head of Neighbourhood Services	8	Crime Reduction Staff travel £6k underspend and a £7k underspend will be made at year end due to not progressing the Thorpe Acre Hub project.	13
	4	Children/Family Partnership underspent staff travel costs Period 9 and year end	4
	4	Recreational Services underspent car allowance £1.3k / printing postages etc £1.7k	4
	2	Various small overspends	(3)
	18	Total Variance Under/(Overspend)	18
Service	Variance Under /(Overspend) Period 9 December 2021	Head of Service Comments	Year End Forecast Variance (overspend) / Underspend

		Licencing year end forecast is a shortfall income due to Covid, services such as Temporary Events Licences, Personal licence, and Vehicle licences £19K.	(19)
Head of Regulatory Services	0		
	(3)	Environmental Protection shortfall on income for the period and at year end, this service is demand led.	(3)
	9	Occupational Health licencing income for the period and at year end is above target by £6K and £3K underspend for the period and at year end on travel costs.	9
	(3)	Food Hygiene overspend on software annual charges for the period and at year end. This budget has now been transferred to ICS but there were still some remaining charges to come out.	(3)
	(3)	Pest Control shortfall on income for the period and year end due to COVID restrictions. £4K NNDR charges which were not budgeted for at year End.	(8)
	(146)	Beehive Lane Car Park shortfall in income by £57K (net) due to COVID recovery, free 1hr parking and parking permits for town centre and staff parking. Limited take up on Season Tickets due to Government guidance on working from home. Browns Lane Car Park shortfall in income by 4K (net). Leisure Centre was limited by national restrictions at the beginning of the year but now is re-open. Southfields Car Park shortfall in income by £6K (net) due to free CBC staff and Capita staff parking. Additional income from NHS Vaccination hub, paying for parking spaces. (No actual income from the public). Granby Street shortfall in income by £34K (net) due to part COVID recovery and part town centre re-development and free parking in Beehive and access difficulties. Southfield's extension shortfall in income by £45K due to this car park being closed due to Bedford sq project. The yearend forecast overspend £181k is in addition to the Car Park Income one off Service Pressure of £141k including in 2021/22 Income budget.	(181)
	(146)	Total Variance Under/(Overspend)	(205)
Strategic Director; Environmental & Corporate Services		No Comment	
	1	Total Variance Under/(Overspend)	0
	0	No Comment	0
Chief Executives Team	2	Total Variance Under/(Overspend)	0
Service	Variance Under/(Overspend) Period 9 December 2021	Head of Service Comments	Year End Forecast Variance (overspend) / Underspend

		£200K Car Allowance savings will not be realised this year. Pay award is not yet settled, estimated 1.75% is a £200k cost which is not budget for in 2021/22, this will be offset by further managed vacancy savings Qtr4 estimated saving £127k.	(273)
Head of Financial Services	(71)		
	(4)	Increased bank charges through Allpay (Internet and phone payments).	(19)
	0	DCLG Covid Income Loss Claim April-June not budgeted for.	276
	4	Added Years actual for last year lower than reserved figure. Anticipated lower reserve required than budgeted for	15
	7	Consultant Fees and Valuation Fees underspend	6
	9	Various small under/overspends	7
	(55)	Total Variance Under/(Overspend)	12
Head of Customer Experience	(59)		(59)
	39	Capita Contract Inflation costs in 2021/22 Discretionary Council Tax scheme surplus, request to carry this budget forward into 2022-23 to provide further support.	39
	12	Various small under/overspends Period 9 across this service area, some will be a yearend underspend.	4
	(10)	Supported Living costs the full year's budget is £665k, Period 9 Monitoring forecasts a year end cost of £678k a slight overspend of £13k, further work is being carried out to mitigate these costs.	(13)
	(18)	Total Variance Under/(Overspend)	(29)
Head of Strategic Support	49		39
	12	£44.2K underspend on Internal Auditors budgets - £1.9K small underspends on training, travel and printing due to COVID.	12
	(20)	£11K underspend on Legal Costs and £1K underspend on travel, postages, printing due to COVID.	(30)
	9	Election Costs overspend due to 3 by-elections which are ad hoc and not budgeted for.	(10)
	(31)	Register of Electors underspends £20K on salaries due to vacancies, £22K on printing, offset by Canvas costs £4.2K, £4K consultant fees and £29K shortfall on income due to the New Burdens grant which is no longer available.	(37)
	12	Land charges Income shortfall, this is demand led, and will be a Yearend overspend.	16
	50	Democratic Services underspends primarily due to Covid on subsistence £3K, Members Allowance £9K.	50
	5	Brexit Grant £50k underspend, and a request to carried forward this budget into 2022-23.	2
	86	Total Variance Under/(Overspend)	42
Service	Variance Under/(Overspend) Period 9 December 2021	Head of Service Comments	Year End Forecast Variance (overspend) / Underspend

Head of Waste, Engineering & Open Spaces	(35)	£35K one off payment to Idverde for exit costs to allow ongoing reduced contract variation costs of £70K. There will also be a one off £23K payment to cover additional HGV driver costs.	(58)
	3	MOS & Env Services Contract underspent	8
	3	Overpayment of NNDR	1
	(10)	Loughborough Cemetery Fees shortfall income is £10k, Expected shortfall for yearend appr. £6k	(6)
	10	Various wildlife sites underspends, including MOS contract variations & maintenance of tree to be spent.	0
	(13)	Overspend on general grounds maintenance and cost of signs at the Outwoods is part offset by increased income receipts from the sale of firewood, this is expected to be £20K above the expected income budget by year end.	20
	0	Additional income from the Crematorium agreement with Dignity Funerals is expected to be in excess of £5K at year end.	5
	45	LCC Trade waste disposal costs will be spent by year end. Payments to Serco for commercial waste collection are overspent £20K due to more customers signing up for the service the contract costs will increase, this is offset by increased income. Costs for Trade waste will be overspent £30K by year end only part offset by additional income £19K, a net shortfall of £19K, a fee increase next year is planned. Bulky waste income is up £45K at P9, this is expected to be £60k by year end.	50
	23	The Serco contract budget is overspent £12.5K at P9, this will be £14K overspent at year end due to more additional properties than anticipated when the budget figures were calculated. Garden Waste Bin income is up £72.5K at P9 however there are outstanding cancellations c£30K, the year-end prediction at this stage is break even, this will depend on additional take up & cancellations, however during the winter months take up is reduced. The expected Serco KPI's for year end from ES contract is expected to be £30K income.	16
	(3)	Various small under/overspends, including underspends at various sites on building repair & maintenance on parks and sports grounds £9K, Britain in bloom £5K, street furniture £3K & additional allotment income £3K.	0
	(23)	Total Variance Under/(Overspend)	36
Organisational Development	11	£2.4K overspent on Interpretation & Translation costs. £8K underspend on Resident surveys as this will be COVID cost, £5.7K underspend on Public Consultation some of these expenses will be a COVID cost this year.	6

	(171)	Employee Insurance premiums fully paid for the year, overspent by £19K, Premises Insurance Premiums £176.9K and Transport Insurance Premiums by £4.6K due to insurance prices increases (on ave 27%). Underspend of £7.1K on Insurance Excess. This contract is currently being renewed and is being reviewed. The Year forecast is a net of other insurance savings.	(138)
	(1)	Various small under/overspends	(3)
	(161)	Total Variance Under/(Overspend)	(135)
Head of Leisure & Culture	10	Street Trading fees ahead of profile and additional Income at year end	10
	22	Town Hall overheads general underspends across several budgets, all utility costs lower for P9 and against full year budget	22
	24	Town Hall Concerts and Shows salaries are underspent by £11k at Period 9 due to reduced opening hours/Covid and utility savings 13k, Year end net Show Income after Artist costs and including Panto is projected to be above budget target by £120k, however a one off service pressure was included this year in anticipation of cancelled shows due to Covid which was £122k.	120
	9	Stock account below budget plus income is positive against forecast	5
	6	Various small under/overspends	20
	71	Total Variance Under/(Overspend)	177
Strategic Director; Commercial Development, Assets and Leisure	123	NHS Vaccination centre additional Income at Southfields Offices	150
	(35)	Consultants' fees £16.5k for Condition survey work at Loughborough Leisure Centre. Ongoing repairs at Gorse Covert and clean-up costs for Lower Moor Lane post trespass	(30)
	11	Rent increase effective from 31/10/2021 for Aberdeen Commercial property	11
	(15)	Chain£13bridge Industrial estate lost one tenant occupying 4 units during quarter 3 (biggest income generator £14.6k per quarter). Work ongoing to reoccupy vacant units	(15)
	(10)	Meadow Lane Units, repairs and maintenance on units overspent by £10k	(16)
	(24)	Oak Business Centre ,4 Vacant units reducing income. One-offs repairs on roof and boiler replacement	(20)
	5	Loughborough Industrial Park various small under/overspends	(10)
	55	Total Variance Under/(Overspend)	70
Total General Fund	(91)		(74)

Housing Revenue Account Appendix 2 & 3 below.

There is a current overall overspend of £280k (3.2%) at the end of December 2021, with underspends of £331k (7%) related to Employee related Costs, an overspend of £181k (4.7%) Controllable Costs. Non-rent income is lower by £88k (40%) than budget and rent/service charge lower by £342k (2%). These figures include timing differences of £ (19)k and purchase order commitments totaling £382k.

Summary	Actual & Commitments/Timing Differences	Original Budget	Under/ (Overspend)
	£000	£000	£000
Employee	4,184	4,515	331
Other controllable	3,985	3,804	(181)
Income (non-rent)	(134)	(222)	(88)
Rent & Service Charges	(16,253)	(16,595)	(342)
Total	(8,281)	(8,498)	(280)

Managed Vacancy Savings Salaries The overall MVS saving for 2021/22 is £182k. At the end of period 9 the full annual target for the HRA has been found. However, there are demands on various services including Housing Needs and Housing Strategy where underspends will still be required during 2021/22.

Housing Revenue Account Variance Report as at 31 December 2021

Appendix 2

Service	Period 9 Under/ (Overspend) to December 2021	Head of Service Comments
	£'000	
Head of Landlord Services	193	Underspends on salaries including £27k Responsive Repairs, £48k Voids Repairs, £21k Tenant Participation, £21k ASB, £53k Capital Programme Team and other minor underspends.
	(210)	Overall overspend on HRA Gas Appliances Repairs and Renewals, Gas and Solid Fuel Servicing, Electrical Works, and Regulations. Due to COVID, these works have been accelerated to catch up on backlogs.
	(28)	Less income from charges to tenants for the recovery of responsive repairs. This is currently under review.
Service	Period 9 Under/(Overspend) to December 2021	Head of Service Comments
	£'000	
	15	Includes underspends on Travel expenses and minor underspends.
	(30)	Total Variance Under/(Overspend)
	(342)	Void loss is 4.8% compared with budgeted 2.7%. (Includes rents and service charges).
	(372)	Total Variance Under/(Overspend)
Head of Strategic & Private Sector Housing	138	There are currently a number of staff vacancies within the Service which are currently out to recruitment which has led to an underspend of £138k on salaries. Interim resources are currently being recruited to maintain service delivery until the permanent recruitment has been completed.
Head of Financial Services	(46)	Higher Council Tax charges on void properties.
Total HRA (overspend)	(280)	

HRA Outturn Forecast

The estimated outturn forecast is an overspend of £75k.

Whilst there are significant savings in salaries, these are lessened by a reduction in rent, service charges and other income. Some of the planned recruitment alongside new arrangements for void energy supply and the undertaking of energy performance certificate surveys before 31 March 2022 should assist in generating a faster void turnaround which would benefit the final rent and service charge loss position.

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 £342k higher than the budgeted figure of £441k to the end of December 2021. Further information is detailed in Appendix 3.

Rent arrears

At the end of December 2021 [week 39] current tenant rent arrears had decreased by £23,256 since the same point in 2020. Former tenant arrears had reduced by £15,001 over the same period.

On 1 October 2021 restrictions on possession action for rent arrears were lifted and have now returned to pre-pandemic rules. There is still a large backlog of possession cases awaiting hearing dates in the county court.

The numbers of tenants receiving universal credit (UC) continues to rise but much more slowly than previously. At the end of December 2021 1,588 tenants were receiving universal credit compared to 1,361 at the end of December 2020 and 926 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.

Appendix 3

Housing Revenue Account - Income from Rents and Service Charges

December 2021 - Period 202109

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	16,478,706	797,055	4.84%	2.68%
Non-Dwelling Rent				
Land	6,511	0	0.00%	0.00%
Garages	253,093	91,564	36.18%	31.17%
Shops	112,326	18,461	16.44%	18.32%
Service Charges				
Landlord Warden Charge	47,417	10,008	21.11%	16.80%
Central Heating	84,028	29,418	35.01%	29.24%
Communal Facilities	190,948	56,955	29.83%	31.98%
Hostel	22,193	2,260	10.18%	16.15%
Council Tax	14,022	7,422	52.93%	44.57%
	17,209,244	1,013,143	5.89%	

(Gross means Gross of Void Loss)

Table B

Rent and Service Charge Arrears As at Period 202109	2020/21 £000	2021/22 £000
Arrears at the beginning of the year	1,079	1,094
Court Costs at the beginning of the year	107	98
	1,186.00	1,192.00
Arrears at the end of the December 2021	1,275	1,236
Court Costs at the end of the December 2021	102	95
	1,377.00	1,331.00
Amount written off in the year to date	62	66

Table C - Current Tenant Arrears - Dwellings only

Position on	2020/21	2020/21	2021/22	2021/22
	Number	£000	Number	£000
Less than £150	625	34	622	35
£150 - £300	293	63	350	77
£300 - 450	192	71	214	78
£450 - £600	110	58	118	61
£600 - 750	106	71	75	50
£750 - 900	83	68	65	53
£900 - £1,200	90	94	85	90
£1,200 - £2,000	110	172	107	163
£2,000	54	154	50	154
Total	1,663	785	1,686	761

Table D - Former Tenant Arrears - Dwellings only

Position on	2020/21	2020/21	2021/22	2021/22
	Number	£000	Number	£000
Less than £150	98	7	86	6
£150 - £300	71	15	57	13
£300 - £450	38	13	37	13
£450 - £600	32	17	34	18
£600 - £750	32	22	20	13
£750 - £900	13	11	18	15
£900 - £1,200	30	32	33	35
£1,200 - £2,000	70	108	64	99
£2,000	90	265	83	263
Total	474	490	432	475