

# APPENDIX B

**SUBJECT: CUSTOMER AND COMMERCIAL SERVICES DEPARTMENT  
REVENUE OUTTURN 2019-20**

**Report of: Director of Customer & Commercial Services  
Report Author: Darren Lambert, Finance Business Partner**

**LEAD EXECUTIVE MEMBERS: COUNCILLORS MALCOLM, SHAW, SIMMONS**

## **REPORT**

### **Revenue Budget Overview for the Year**

1. Net expenditure for the Customer & Commercial Services Department in 2019/20 was £15.067 million, an over-spend of £4.580 million for the year. This is a variation of 6.9% from the operating budget before recharging internal support to other departments.

### **Forecast Movements Reported in the 2019/20 Monitoring**

2. The cumulative position forecast for the department in this year's monitoring was a net overspend of around £3.285million for the year. The main variations reported in the monitoring include:

#### **Overspends & Income pressures**

#### **Transformation & Technology**

- Corporate Improvement £243,000 overspend reported including:
  - Business Intelligence employees - £153,000 on agency staff to cover vacant posts, partly offset by a reduction of £31,000 in employee salary budgets
  - Trading net overspend of £108,000 due to reduced trading activity
- Information Technology £891,000 overspend reported including
  - £213,000 related to a prior year saving that was not deliverable
  - £470,000 related to agreed budget savings for the year including rationalising the number of business applications and centralising IT spend, which the service indicated would not be fully deliverable until 2020/21
  - £120,000 relating to employees, including a newly created Contract Manager post
- Transformation & Technology £255,000 overspend related mainly to
  - £250,000 overspend on the Agilisys system where invest to save benefits have not been achieved

#### **Housing**

- Homelessness net overspend of £2.156m including
  - A shortfall in rent income against budget of £1.74m. This was due mainly to rents being reduced to 2011 LHA rates, but also in part to the reduction in the number of households in temporary accommodation which fell from 1282 in April 2019 to 1217 in March 2020. This was partly offset by a reduction in the cost of renting and leasing properties for temporary accommodation.
  - Increase in bad debt provision of £713,000 to reflect the likely increase in unpaid rent at the year end. This showed an improvement on previous years where the bad debt provision has increased by approximately £1 million each year

# APPENDIX B

- Property maintenance and utility costs £462,000. These costs relate mainly to Wesley House, Eaton Green Court and Rutland Court
- Homelessness employee related costs £543,000. These staff were to support homelessness reduction and debt recovery, with the cost partly covered by additional grant
- Rent deposit scheme £343,000 to reflect the cost of deposits paid out, the income recovered and the provision for bad debts. Repayment levels are historically very low but rent deposits is seen as a preferable option to placing households into temporary accommodation
- Assisted Technology Services £185,000, relating mainly to a shortfall in income £101,000 and £58,000 for a monitoring service provided by an external company

## Director of Customer & Commercial Services

- Director of CCS Procurement savings £402,000. This relates to a prior year savings target for the department, but no plan had been produced by procurement to show how the savings would be achieved.

## Revenues, Benefits & Customer Services

- Revenues
  - Billing and Recovery £194,000, related to additional resources for aged debt collection, primarily HRA Former Tenants Arrears and Council Tax. The cost was offset by increased Council Tax debt collection
  - Financial Assessments £218,000 related to additional temporary staff resources but also a shortfall in collection of Adult Social Care income against target
  - Aged debt income target £315,000, where the budget was set based on the full income to be collected, but only 25% is retained by the service, but this was partly offset by a reported reduction in employee spend of £75,000
  - Enforcement Agents £120,000 shortfall in council tax recovery fees and a shortfall of £90,000 in parking recovery fees, which were partly offset by improved business rates enforcement income of £35,000
  - Additional spend on enforcement agents of £89,000. This spend related largely to the abortive work on recovery of parking income but the income didn't cover costs and therefore the resource was switched to Council Tax and Business Rates recovery towards the end of the year

## Underspends, Savings or Additional Income:

### Housing (general fund)

- Homelessness
  - A reduction of £798,000 in the estimated cost of renting and leasing properties for temporary accommodation. This, in part reflects the reduction in overall households in temporary accommodation but also reflects lower costs that have been achieved for other properties
  - grant income of £555,000, related to additional flexible homelessness grant and trailblazer grant used to employ staff to address TA issues.
  - Income from Temporary Accommodation Purchase Scheme properties £97,000
  - A reduction in capital financing related costs of £90,000
- Housing Development £120,000 additional net rental income from Assured Shorthold Tenancies and Adult Social Care properties

# APPENDIX B

## Revenues, Benefits & Customer Services

- Housing Benefits underspend of £1.247million being the estimate of the additional net subsidy the Council expected to receive in year, primarily due to expected improved performance resulting in an expected reduction in the level of overpayments made
- Revenues
  - Financial Assessments £185,000 related to a new Verifying Earnings and Pensions (VEP) grant and welfare reform new burdens grant, which was used to employ additional temporary staff as well as supporting other service improvement measures and also to pay for additional VEP software to assist with data analysis (£97,000)
  - Billing and Recovery £201,000 additional income including £181,000 from Council Tax Summons collection
  - Council Tax Hardship Scheme – an underspend of £79,000 as people were not accessing the scheme

## Final 2019/20 Position and Changes from the Forecast

3. The department's final spend compared to the approved budget and to the monitoring forecast is attached at Appendix A(i), summarised by service level for each Service Director. This shows an increase of around £1.295 million in the final costs for the year compared to the forecast. This is primarily due to:
  - Transformation & Technology was underspend of £450,000 compared to forecast
    - Information Technology saw an underspend in the main contract costs of £650,000 primarily due to credits from the main contract supplier. However, software costs were £190,000 higher than reported in the forecast
  - Housing (general fund) was overspent by £1.063 million compared to forecast
    - Homelessness was overspent by a further £1.390million. The majority of this relates to rental and leasing costs of properties (£941,000) particularly with one provider where there were historic invoicing problems that have now been resolved. The other main area of overspend was maintenance of rented and leased properties which was overspent by a further £540,000, of which just under £450,000 came through in the final quarter
    - Strategic and Private Sector Housing underspent by £286,000. This relates mainly to additional Disabled Facilities Grant awarded during the year
  - Director of Customer & Commercial Services was overspent by £140,000 compared to forecast. This relates mainly to the costs associated with the Commercial Development Manager who has been working with traded services to help maximise income. There were also additional costs associated with recruitment to the vacant Director role whilst the position was covered on an interim basis.
  - Revenues, Benefits & Customer Services was overspent by £917,000 compared to forecast
    - Housing Benefits was £1.002m above forecast. This included an audit adjustment relating to the 2017/18 audit of £161,000. The introduction of the VEP software resulted in more debt being created, and although recovery rates for Housing Benefit overpayments has improved, the overall level of debt has also increased. The team also had to divert resources to clear benefit changes and transfers to Universal Credit because if these had not been addressed the Council stood to lose large amounts of subsidy.

# APPENDIX B

None of the departments 2019/20 budget needs to be carried forward to 2020/21.

## Departmental Outlook from the 2019/20 Outturn

4. A number of the budget pressures experienced in 2019/20 are also likely to be pressures going forward as well, particularly with the impact of Covid-19.
  - Transformation & Technology
    - Information Technology will continue to be a budget pressure in terms of contract costs and achieving the approved budget savings to date. The service is closely monitoring the contract whilst also working on enabling and delivering technological changes to help drive cost reductions and service improvements.
  - Housing (general fund)
    - Homelessness continues to experience significant demands, and the Covid-19 has placed additional pressure on the service. A deficit recovery plan is being developed which will aim to deliver a significant reduction in the number of households in temporary accommodation, although the possible ongoing implications of Covid-19 are a significant risk to any recovery plans
  - Revenues, Benefits and Customer Services
    - Housing Benefits will be an ongoing challenge with so many individuals and families affected by the Covid-19 pandemic. The service have been working closely with finance officers to identify a process to more accurately project the likely out-turn at year end, but given the number of factors that can affect Housing benefits this is extremely challenging
    - Revenues in terms of enforcement activity will be an issue for 2020/21, given the cessation of enforcement activity due to Covid-19. However, enforcement activity will return to normal as soon as possible.