NOT FOR PUBLICATION: Appendices A, B, C, D and E to this report contain information considered to be exempt under Paragraph 3 of Schedule 12A to the Local Government Act 1972 as amended

Agenda Item No.

REPORT TO:	Management Board Overview & Scrutiny Cabinet
DATE:	16 January 2023 30 January 2023 1 February 2023
SERVICE AREA:	Finance Organisational Development & Improvement
REPORTING OFFICER:	Head of Finance *(Service Finance Manager – Gillian Morland Improvement & Development Manager – Sarah Cornforth)*
SUBJECT:	**2022/23 JANUARY FINANCIAL & SERVICE PLAN PERFORMANCE UPDATE**
WARD/S AFFECTED:	ALL DISTRICT
FORWARD PLAN REF:	N/A

1.0 PURPOSE OF REPORT

1.1 The report presents the Council's latest financial position and a summary of service plan performance (on an exception basis). Full details on performance can be found on Pentana, the Council's Performance Management Information System. Performance data relates to the position at the end of Quarter Three unless otherwise specified.

2.0 RECOMMENDATION

2.1 That the Council's current financial position, a forecast overspend of £1,396k, and service plan exception reporting, is noted.

3.0 RECOMMENDED REASON/S FOR DECISION/S

3.1 It is good financial discipline that regular reporting is presented to Management and Members so as to ensure expenditure remains within budget, that potential underspends are highlighted and areas that are off target are highlighted and mitigating actions can be identified.

4.0 ALTERNATIVE OPTION CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 Not to receive financial reporting which would weaken financial control, increase the risk of overspends against budget or missed opportunities to utilise underspends or identify mitigating actions.

5.0 THE REPORT

General Fund

5.1 The Council is currently reporting a forecast overspend of £1,396k in 2022/23 on General Fund activity. At this time last year there was a forecast underspend of £199k for 2021/22.

The forecast overspend reflects a combination of utility costs at a net £1.2m and the 2022/23 pay award at £1.1m less use of the Budget Transition Fund at £895k. Management Board considered the utility overspend and a potential pay award cost, alongside the large underspend being reported in the 2021/22 outturn report. A recommendation by Management Board to set aside £500k to make a provision towards the utility costs was approved by Cabinet and ratified by full Council in September and is reflected in the net cost of utilities increase. At that time, whilst it was expected that the pay award was likely to be agreed at a level higher than the budgeted 2.5%, it was anticipated it might be in the order of 4%. The actual increase of £1,925 on every spinal column point represents an average increase of circa 6.7%. Previous experience suggests that the currently forecast salary saving arising from vacancies will be higher by the year end as this figure tends to increase as the year progresses and vacancies occur. Whilst it may well go some way to meeting the balance of the cost pressures, it is clear that the overspend will exceed the £895k balance in the Budget Transition Fund and so we are now reflecting the release of this reserve to revenue. Any remaining overspend will be met from the General Fund Working Balance (balance of £2,500k) at year end.

Summary of key variances

5.2 The key variances making up the current forecast are shown in Table 1 below.

Significant variances:	Q2 £000	Q3 £000	Change £000	
Impact of 21/22 pay award	-189	-189	0	Assumed 2.5% actually 1.75% for most
Impact of the 22/23 pay award	+1,073	+1,073	0	Equates to 6.7% c/f budgeted 2.5%

Salary savings net of associated costs	-735	-801	-66	Result of staff turnover
Use of Budget Transition Fund	0	-895	-895	Used in full
Kerbside recycling income net of associated costs	-419	-239	+180	Commodities market performing well
Forecast utility overspend (net of provision and external income)	+1,688	+1,180	-508	Gas £1.125m, Electricity +£720k, Water -£30k, heating oil +£10k less £500k provision and £145k DH/DR income
Forecast fuel overspend	+100	+120	+20	
PES temporary staff / overtime / holiday pay	+194	+239	+45	Linked to vacancies
Planning application income shortfall	+320	+320	0	Forecast 15.6% reduction in applications
EDU rental income shortfall	+74	+70	-4	
Interest income	-190	-325	-135	Higher interest rates / Bracewell
Business Rates	0	-128	-128	Re 18/19 and 19/20
Revenues Recovery Income	+50	+85	+35	
Credit card fees	+50	+50	0	
Winter gritting	+65	+65	0	Prior year impact
Corporate training	-60	-60	0	
Street Lighting	+27	+51	+24	
Green Waste	+53	+45	-8	Increased income more than offset by increased disposal costs
DMO income shortfall	+38	+64	+26	
PES other income variances	+71	+97	+26	Bereavement, MOT, markets, GIP, events, pest control
Homelessness	+12	+112	+100	Primarily use of B&B
HCC non-salary variances	+2	+173	+171	

Off-street car parking income shortfall	+293	+330	+37	£3.4m budget
Total	**+2,517**	**+1,437**	**-1,080**	
Other Variances: All other (net)	-14	-41	-27	
Total	**-14**	**-41**	**-27**	
Grand Total	**+2,503**	**+1,396**	**-1,107**	

Table 1: Key Variances – January 2022/23

The following points in relation to this forecast should be noted:

- Forecasting focuses on large and volatile budgets. Across the Council there are many small budgets and whilst we pick up any expected variances in these as far as is possible, the cumulative effect of variances in these smaller budgets can be significant.

- The financial forecasts of the year-end position included in this report are for the most part based on actuals to the end of November 2022. As a result, the actual variance will be different from the latest forecast; forecasts are only our best estimate, circumstances will change and there will be items that could not have been foreseen.

Summary of Service Variances

5.3 A service by service summary is shown in Table 2 below.

	Net Controllable Budget £000	Q2 Variance £000	Q3 Variance £000	Change £000
Economy, Environment & Housing:				
Housing & Property	1,741	+49	+170	+121
Parks & Environmental Services	3,732	+425	+739	+314
Sport & Leisure	1,321	0	+7	+7
Place-Shaping & Economic Growth	5,690	+2,090	+1,559	-531
Corporate Affairs:				
Safer Communities	-1,358	+282	+317	+35
Finance	2,593	-14	-14	0
Legal & Governance	2,291	-100	-166	-66
ICT	3,036	-52	-40	+12
Organisational Development & Improvement	2,123	-146	-156	-10
HCC:				
Harrogate Convention Centre	-1,211	+104	+264	+160
Destination Marketing Organisation	1,522	+25	+48	+23
Treasury Management & Other Corporate Items	335	-160	-1,204	-1,044

Total Net GF Expenditure	**21,815**	**+2,503**	**+1,524**	**-979**
Funding	-21,815	0	-128	-128
Net Position	**0**	**+2,503**	**+1,396**	**-1,107**

Table 2: Financial Position – January 2022/23

5.4 Breakdown of Forecast Salary Savings by Service

The table below shows the forecast salary savings (net of vacancy provision and associated costs such as temporary staff and overtime) with the number of external leavers since 1st January 2022. Turnover is calculated from the number of external leavers as a percentage of service headcount. Internal leavers are not included in this calculation. The % is a 12 month rolling figure. Turnover has stayed consistent with the last figure reported, with a small increase of 0.1% from 16.6% to 16.7%. Turnover is the highest in ODI, HCC and Safer Communities. Housing, Legal and Finance have the lowest rates of turnover.

Service	**Forecast Salary Savings net of vacancy provision and associated costs £000**	**New starters over past 12 months**	**Number of leavers over past 12 months**	**Turnover rate over past 12 months**
Housing & Property	-31	30	27	13.5%
Parks & Environmental Services	+49	47	45	17.9%
Sport & leisure	0	n/a	n/a	n/a
Place-Shaping & Economic Growth	-188	12	18	16.7%
Safer Communities	-93	8	16	24.6%
Finance	-160	13	13	11.8%
Legal & Governance	-165	1	4	12.1%
ICT	-74	1	5	20.1%
Organisational Development & Improvement	-153	7	14	33.3%
Harrogate Convention Centre	+42	9	18	30.5%
Destination Marketing Organisation*	-28	12	n/a	n/a
Total Reported (for leavers this is the number of individuals leaving the Council)	**-801**	**140**	**149**	**16.7%**

Table 3: Salary Savings by service – January 2022/23
*Turnover for the DMO included in HCC figure

5.5 The forecast overspend of £1,396k a reduction of £1,107k compared to the quarter 2 report, and changes since that report (items in brackets) is due to the following main reasons:

Economy, Environment & Housing

Housing & Property (+£170k)

The service is forecasting an overspend of £170k, an increase of £121k from the quarter 2 report. There is now a forecast overspend on homelessness of £112k (+£100k). This is primarily down to an overspend on B&B accommodation; changes to the housing market such as increased rents are impacting on the number of households approaching the service and there is limited availability in temporary accommodation (hostels). There is a forecast £51k overspend on street lighting primarily due to energy costs and street nameplates, partly offset by savings on defect remedies (+£24k). In addition to this there will be a £9k salary saving arising from the lower than expected 2021/22 pay award but a cost of £58k for the 2022/23 pay award and there are forecast other salary savings of £31k (-£4k). In respect of other, smaller variances there is an expected net £11k saving (+£1k)

Excluding the corporate pay award net cost of £49k, the service is forecasting an overspend of £121k.

The Housing & Property service plan is currently showing as on target.

For Housing PIs, strong performers this quarter include

- A large number of affordable homes delivered with 215 against a target of 160 so far this year. The 66 completions in Q3 comprised 38 properties for affordable rent and 28 for shared-ownership. Of these, 24 were completed in rural areas.
- Successful homelessness relief within 56 days (%) performed strongly at over 55% which is the highest ever recorded for this indicator. This result has been due to shifting focus to accessing private accommodation and minimising the length of time in any form of temporary accommodation.

The PI for number of people accessing housing options advice remains high at 375, although it is down slightly from 394 last quarter. This reflects broader trends as the national cost of living crisis continues. This PI demonstrates demand for housing services.

The number of days taken to license/relicense HMOs has increased to 435 from 370 last quarter. However, the service has been making progress working through the backlog and it has cut the number of applications outstanding from 26 in Q1 to 18 in Q3.

Parks & Environmental Services (+£739k)

The service is forecasting an overspend of £739k, an increase of £314k from the quarter 2 report.

Whilst the figure includes a £52k salary saving arising from the lower than expected 2021/22 pay award, there is a cost of £413k due to the 2022/23 pay award. Aside from this on salaries, there is an expected overspend of £239k on temporary staff, overtime and holiday pay linked to vacancies and sickness (+£45k). In addition to this, latest forecasts suggest a net overspend of £49k on salaries (+£49k). This is because the value of expected vacancy savings and other variances is not sufficient to offset the vacancy provision of £215k.

The service is anticipating a £120k increase in the cost of fuel arising from price increases in the year, partly offset by reduced usage (+£20k). There is forecast additional income from kerbside recycling of £370k, as the commodities market has performed better than assumed in the budget, but there are additional waste container purchase costs of £131k to be offset against this giving a net income figure of £239k (+£180k). The service had intended funding the waste container purchases from the additional kerbside recycling income in last year but as the containers were not received before year end, the cost relates to 2022/23. Both the fuel and recycling income variances are subject to change as the year progresses. The forecast for kerbside recycling income is based on current market performance but the market is volatile and the reduction in the forecast since quarter 2 reflects a recent fall in prices.

The service anticipates an overspend of £65k on winter gritting as a result of late invoices relating to last year. There is a forecast net overspend on green garden waste of £45k - additional subscription income is more than offset by a forecast shortfall in recycling income and a forecast overspend in disposal charges (-£8k). There are also forecast net shortfalls of £67k in cremations and burials income (+£22k), of £15k in MOT income and of £30k in pest control income (+£30k), an overspend of £32k in relation to playground maintenance, savings of £19k in replacement tyre costs and of £20k in refuse collection recycling payments (-£20k) and a net £6k saving in all other items (-£4k).

Excluding the corporate pay award net cost of £361k, the service is forecasting an overspend of £378k.

The latest profit & loss accounts for Green Waste, Trade Waste and the Plant Nursery can be found at **exempt Appendices B, C and D** to this report.

The Parks & Environmental Services service plan performance is progressing well with an action to increase the number of apprentices in the service being marked as complete. Twelve months ago, PES had one apprentice, but as of December 2022 there are 13 apprentices which are embedded in the structure to ensure that development within the service continues into the future.

Performance indicators for Parks are all showing as on target for Quarter 3. Some tonnage information is based on estimated usage for the December and will be updated when information is received from partners.

Sport & Leisure (+£7k)

The majority of the sport & leisure budget has transferred to Brimhams Active Ltd. Whilst there are no reported variances in respect of the budget which has remained with the Council (primarily the management fee payable to Brimhams, the income from support services provided to

Brimhams and some land & property rental income), there is a VAT cost of £7k in respect of a prior year correction (+£7k).

Place-Shaping & Economic Growth (+£1,559k)

The service is forecasting an overspend of £1,559k, a reduction of £531k from the quarter 2 report and primarily as a result of anticipated increased utility charges in the Council's Building Management Account. The reasons for significant rises in gas and electricity prices have been well documented in the press, and are understandably leading to budgetary challenges across the country - for householders, businesses and local authorities alike.

Based on the latest information available, the Council is currently forecasting an additional cost of £1,125k on gas (-£475k), of £720k on electricity and of £10k on heating oil, with a small saving of £30k on water in 2022/23. The national position with regard to future price increases remains highly volatile. Members should therefore note that these utility variances are presented as an informed forecast based on the invoices received so far this financial year and the anticipated impact of the Government's Energy Bill Relief Scheme, which results in a saving on the gas cost. The estimates are still subject to potential annual fluctuations in line with energy consumption levels eg if there is a particularly cold winter period, variances may increase further. We have reflected that an estimated £145k of this increase will be met from external recharges in respect of third party use of the Council's district heating and refrigeration system (-£33k). In addition to that, £500k was set aside as part of the 2021/22 year end accounts process to help fund the 2022/23 overspend on utilities and hence reduces the net cost to revenue.

We are also reflecting significant anticipated shortfalls of £270k in planning application income and of £50k in pre-planning application income. This represents a forecast circa 15% reduction in planning application income against budget. This is mainly due to the continued slowdown of large-scale (high value) planning applications and pre applications, as explained in previous reports. However we are now starting to see a slowdown in smaller application types as well, which may well continue as the national cost-of-living crisis starts to impact on household spending. These trends appear to be in line with the national picture, where planning application submissions have dropped by an average of 15% for the year to date.

Aside from this, we are forecasting a £70k shortfall in EDU rental income, primarily due to vacant units taking longer to fill than originally anticipated (-£4k), there will be a £33k salary saving arising from the lower than expected 2021/22 pay award but a cost of £136k in respect of the 2022/23 pay award, the service is forecasting salary savings net of associated temporary staff of £188k (-£78k), there is a forecast overspend of £40k in compliance and repairs & maintenance costs in the building management account (+£40k), with contributory factors being inflationary price increases and unexpected repairs, there is a forecast overspend in land charges (fees net of income) of £19k (+£19k) and there is a £16k rates cost in relation to buildings containing a public convenience (where we will not obtain the full rate relief assumed in budgets). There is a small £1k saving in other items.

Excluding the corporate pay award net cost of £103k, the service is forecasting an overspend of £1,456k.

The PSEG service plan continues to make progress. Some actions have been paused due to responsibilities now moving towards the new North Yorkshire Council. This includes the input of Strategic Property into a new Integrated Workplace Management System. A review of Harrogate's Local Plan has also been paused as it will be incorporated into the creation of the new North Yorkshire Plan.

Planning application processing performance for Q3 is expressed in the table below. Both minor and other applications processing have improved on the previous quarter, with minor applications performing better than target. Major application processing has dropped from 90.9% to 71.4%, however there are a relatively small number of applications (14 total applications in Q3, with 10 on time), meaning larger variances are likely and not a cause for concern.

Application type	Q2 Performance	Q3 Performance	Target
Major	90.9%	71.4%	85%
Minor	83.5%	87.5%	85%
Other	90.5%	92.5%	95%

Both Land Charges PIs have performed well meeting their targets for the first time after a long period of being slightly off target. In December the average turnaround time for land charges was 2.74 days against a target of 5. The percentage of market share retained by Land Charges was 63%, better than the 60% target.

Corporate Affairs

Safer Communities (+£317k)

The service is forecasting an overspend of £317k, an increase of £35k from the quarter 2 report. There is a forecast shortfall in off-street car parking income of £330k (+£37k). It should be noted that for 2022/23 the budget for this income has returned to pre-pandemic levels but based on income for the first eight months, actual income will fall short of this. The service continues to work with partners to promote parking facilities alongside sustainable transport objectives and we will continue to monitor the income regularly and update the forecast as the year progresses. In addition to this, there is a £13k salary saving arising from the lower than expected 2021/22 pay award but a cost of £72k from the 2022/23 pay award, forecast further salary savings of £93k (-£25k), a forecast overspend of £29k on credit card fees (+£29k) and a net saving of £8k on all else (-£6k).

Excluding the corporate pay award net cost of £59k, the service is forecasting an overspend of £258k.

The Safer Communities service plan is largely focussed on supporting LGR commitments and going through the Environmental Health backlog from

Covid. A cyber security exercise had originally been planned as part of the service plan but will now be delivered as part of a wider North Yorkshire exercise.

Performance indicators are operating at a similar level to Q2.

Finance (-£14k)

The service is forecasting an underspend of £14k, which is the same as the quarter 2 report. There will be a £29k salary saving arising from the lower than expected 2021/22 pay award, a £152k cost from the 2022/23 pay award and there are forecast other salary savings of £160k (-£8k). The service anticipates a shortfall of £85k in revenues recovery income (+£35k). There is expected additional Housing Benefit Subsidy administration grant income of £21k and a forecast £21k saving in court fees paid by Revenues, Welfare & Customer Services (-£21k). In addition to this there are a number of smaller variances with a net saving of £20k (-£6k).

In respect of Revenues Recovery Income (RRI), the reported shortfall reflects the impact of the current cost of living situation on the collection of arrears. Enforcement action has fully resumed following the impact of covid restrictions and court backlogs meaning enforcement costs are being raised for in year debt in line with expectations. However, to support customers in hardship, alternative recovery options are put in place, such as payment arrangements and attachment of earnings, which impact on the level of costs raised and the speed of collection.

Excluding the corporate pay award net cost of £123k, the service is forecasting an underspend of £137k.

The Finance service plan continues to make progress with some items due to be delivered as part of the LGR process. These include implementation of automated webchat which falls under the Customer workstream and a review of Anti-Fraud culture which will be delivered by Veritau.

Performance for key benefit process PIs feature in the Q3 Corporate Performance Report. The number of worktray jobs for Welfare has fallen from 3,297 in Q2 to 1,524 in Q3.

Legal & Governance (-£166k)

The service is forecasting an underspend of £166k, an increase of £66k from the quarter 2 report. There will be an £11k salary saving arising from the lower than expected 2021/22 pay award but a cost of £46k from the 2022/23 pay award and there are other forecast salary savings of £165k (-£21k). There is a forecast shortfall in recovered court and legal costs of £15k (-£17k) but there are expected savings of £19k in Members allowances (-£19k), of £10k in Member car allowances, of £10k in advertising and marketing costs and a saving of £12k in all other items (-£9k).

Excluding the corporate pay award net cost of £35k, the service is forecasting an underspend of £201k.

The Legal & Governance service is focussing on consultations around the future governance arrangements for Harrogate town.

Performance indicators for the website continue to perform well in terms of both ranking and availability. In the Q2 report there was a decrease of the number of LOTTO tickets sold between Q1 and Q2 by about 2,000. Due to a campaign by the Engagement team, ticket sales between Q2 and Q3 have recovered increasing from 20,218 in Q2 to 22,575 in Q3.

ICT (-£40k)

The service is reporting a £40k saving, a reduction of £12k from the quarter 2 report. There will be a £9k salary saving arising from the lower than expected 2021/22 pay award but a £36k cost of the 2022/23 pay award and there are forecast other net salary savings of £74k (+£31k). In addition to this there is a forecast overspend of £7k in other supplies & services due to a contract renewal (-£19k).

Excluding the corporate pay award net cost of £27k, the service is forecasting an underspend of £67k.

The ICT service plan is continuing with a focus on delivering ICT solutions for the new authority. Plans for migration and deployment of Microsoft 365 are being drawn up.

ICT PIs continue to remain within acceptable tolerances.

Organisational Development & Improvement (-£156k)

The service is forecasting an underspend of £156k, an increase of £10k from the quarter 2 report. There will be a £12k salary saving arising from the lower than expected 2021/22 pay award but a cost of £64k from the 2022/23 pay award and there are forecast other salary savings of £153k (-£10k). There is a forecast £60k saving on corporate training based on latest spending plans and inclusive of the release of £10k from the reserve. The service is forecasting a saving of £30k on the photocopier budget but an overspend of £35k against the corporate postage budget (due to increased prices and some large mailings).

Excluding the corporate pay award net cost of £52k, the service is forecasting an underspend of £208k.

The ODI service plan performance is making progress as the service is mostly focussed on delivering LGR. The People Strategy for HBC is nearing completion with elements due to be superseded by LGR.

Service PIs are largely on target, with detail on sickness performance included in the Q3 Performance report.

HCC

Harrogate Convention Centre (+£264k)

Harrogate Convention Centre is forecasting a net overspend of £264k, a deterioration of £160k from the quarter 2 report. Reasons for this are highlighted in the **exempt Appendix A** and more detailed lettings information is reflected in **exempt Appendix E** to this report.

Destination Marketing Organisation (+£48k)

The service is forecasting an overspend of £48k, a deterioration of £23k from the quarter 2 report. There will be a £7k salary saving arising from the lower than expected 2021/22 pay award but a cost of £33k due to the 2022/23 pay award and there are forecast other net salary savings of £28k (+£11k). The service will be releasing £14k of unrequired funding from reserve (-£14k). In addition to this there are forecast income shortfalls of £40k in Place Marketing (+£20k) and of £24k in Visitor Experience & Cultural Services (+£6k). The former relates to advertising sales and miscellaneous income such as campaign contributions (as a result of the national economic situation and the pressures on the hospitality sector in particular) and the latter to museums income (the result of lower than expected visitor numbers).

Excluding the corporate pay award net cost of £26k, the service is forecasting an overspend of £22k.

Developments in the DMO service plan includes the closure of the 2022 round of campaigns with conclusion of Christmas activities. An infographic on Harrogate's Visitor Economy has been completed and circulated monthly which shows the impact of tourism on the district.

Visitor numbers for the Pump Room, the Mercer and Knaresborough Castle/TIC are better than Q3 last year. Attendances at DMO visitor sites typically dip in the winter months. The increase in visitor numbers is showing signs of recovery from the pandemic and the impact of DMO campaigns on increasing footfall in the winter months.

Income generated by the DMO through web sales and partner campaigns is performing well at £28,212 (an increase of about £6.6k) although it grew by less than the previous quarter (increase of £7.7k). This is likely an impact of increased overheads by businesses as they contend with the ongoing cost of living crisis.

Treasury Management, Other Corporate Items and Funding

These budgets include the Council's Treasury Management activities, recharges to non-General Fund services and funding (such as Business Rates). There is currently a forecast underspend of £1,332k, an increase of £1,172k from the quarter 2 report. We have now reflected the release of the full balance of £895k from the Budget Transition Fund reserve (-£895k). Although we hope that the actual overspend at year end will be less than currently forecast, it is clear that it will not be less than £895k and hence it will be necessary to use this reserve to reduce the impact on the working balance. Other variances in this area include a forecast total increase in interest income of £325k as a result of higher than budgeted interest rates and including interest charged to Bracewell Homes (-£135k). Following formal year-end reconciliations, we have been notified to expect an unbudgeted business rates pool payment in respect of the years 2018/19 and 2019/20, of £128k (-£128k). In addition to this we are advised that the Council Tax annex discount grant will be £34k higher than budget (-£14k), we will receive an unbudgeted data transparency grant of £8k (-£8k) and there is a £15k saving in the West Yorkshire Pension Fund cost relating to pre-1973 pensions (-£15k). Partly offsetting the additional income, there are forecast overspends of £50k on credit card fees and £23k on audit fees (+£23k).

5.6 Management Board and Members are reminded that budgets are monitored on a risk weighted basis, which seeks to focus staff resource on volatile budgets in the identification of major variances.

5.7 **Appendix F** to this report shows how these variances relate to budgeted savings and increased income. Overall there is a forecast under-delivery of net savings of £801k.

Housing Revenue Account

5.8 The Housing Revenue Account is projecting an underspend of £2,417k, an increase of £1,449k from the quarter 2 report. There is now no call on revenue to fund capital expenditure, resulting in a forecast saving of £3,804k (-£1,804k). This is due to a combination of using alternative funding sources (mainly the Major Repairs Reserve) and a reduction in the forecast total spend. There is a £26k salary saving arising from the lower than expected 2021/22 pay award but a cost of £167k from the 2022/23 pay award, with further forecast salary savings of £118k (-£136k). There are forecast overspends of £272k on utilities due to price increases, of £150k in relation to housing disrepair settlement claims and compensation re ground source heat pumps (-£85k), of £293k on IHMT expenditure from using contractors due to staff shortages (+£101k), of £430k in capital charges (due to increased house values) (+£430k) and of £86k on hostel security (guarding and mobile patrols) (+£12k). In addition to this there are projected income shortfalls of £44k from the independent living scheme (+£1k) and of £90k from IHMT non-HRA work (+£25k). All other smaller anticipated variances total a net saving of £1k (+£7k).

Excluding the pay award net cost of £141k, the HRA is forecasting an underspend of £2,558k.

Profit & Loss Accounts

5.9 Attached to this report are exempt appendices B, C and D – the latest profit & loss statements (P&Ls) for the Council’s key commercial areas of Green Waste, Trade Waste and Plant Nursery.

The focus of these P&Ls is on actual income and expenditure over time as we aim to improve bottom line performance. They therefore compare actual income and expenditure per period to the same period last year, with narrative to explain variances and current activity in the services.

As a result, they differ in nature to the rest of the figures in this report, which compare the latest forecast outturn to the budgeted outturn.

6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS

6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

7.0 CONCLUSIONS

7.1 The Council's latest financial position shows that we are forecasting an overspend of £1,396k. It is, however, early in the year and there will inevitably be other variations during the course of the year.

OFFICER CONTACT: Please contact the Service Finance Manager if you require any further information on the contents of this report. The officer can be contacted at Civic Centre, St Luke's Avenue, Harrogate, HG1 2AE, by telephone on 01423 500600 ext 58568 or by e-mail at gillian.morland@harrogate.gov.uk. Alternatively please contact the Improvement & Development Manager by telephone on ext 56823 or by e-mail at sarah.cornforth@harrogate.gov.uk.