

HAVANT BOROUGH COUNCIL  
PUBLIC SERVICE PLAZA  
CIVIC CENTRE ROAD  
HAVANT  
HAMPSHIRE P09 2AX



**Havant**  
BOROUGH COUNCIL

Telephone: 023 9244 6019  
Website: [www.havant.gov.uk](http://www.havant.gov.uk)

Tuesday, 29 August 2023

## SUMMONS

Dear Councillor

You are requested to attend the following meeting:

**Meeting:** Cabinet  
**Date:** Wednesday 6 September 2023  
**Time:** 6.00 pm  
**Venue:** Hurstwood Room, Public Service Plaza, Civic Centre Road, Havant, Hampshire PO9 2AX

The business to be transacted is set out below:

Steve Jordan  
Chief Executive

## CABINET MEMBERSHIP

**Chairman:** Councillor Rennie (Chairman)  
Councillors Robinson (Vice-Chairman), Bowdell, Bowerman, Fairhurst and Lloyd

Contact Officer: Jenni Harding 02392 446234  
Email: [jenni.harding@havant.gov.uk](mailto:jenni.harding@havant.gov.uk)

## AGENDA

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### PART 1 (Items open for public attendance)

**1 Apologies for Absence**

To receive and record any apologies for absence.

**2 Declarations of Interests**

To receive and record any declarations of interest from members present.

<b>3</b>	<b>Minutes</b>	<b>1 - 4</b>
	To confirm the minutes of the last meeting of Cabinet held on 26 July 2023.	
<b>4</b>	<b>Chairman's Report</b>	
	To receive a report from the Chairman.	
<b>5</b>	<b>Councillor Questions under Standing Order 68.3</b>	
	In accordance with standing order 68.3.1, to receive questions from the Chairman of the Overview & Scrutiny Committee and standing order 68.3.3, a period of 20 minutes is permitted to receive questions put to Cabinet by Councillors.	
<b>6</b>	<b>Matters referred by Full Council or the Overview &amp; Scrutiny Committee Under Standing Order 68.7.3</b>	<b>5 - 14</b>
	In accordance with Standing Order 68.7.3, this item is reserved for matters referred by the Full Council or the Overview & Scrutiny Committee for consideration.	
	<b>Recommendations from Overview &amp; Scrutiny Committee</b>	
	Meeting held on 09 June 2023 – Regeneration Scheme	
	Meeting held on 25 July 2023 - Review of Portsmouth Water Company's Plans for Havant Thicket Reservoir	
<b>7</b>	<b>Cabinet Lead Delegated Decisions, Minutes from Meetings etc.</b>	
	RECOMMENDED that the following delegated decisions be noted:	
	(1) <a href="#">Delegated Decisions</a> - none	
	RECOMMENDED that the following Minutes of Meetings be noted:	
	(1) <a href="#">Portchester Crematorium Joint Committee</a> - none	
	(2) <a href="#">Langstone Harbour Board</a> - none	
	(3) <a href="#">Solent Freeport Consortium Board</a> – none	
	<b>Leader of the Council</b>	
<b>8</b>	<b>Local Authority Housing Fund (1&amp;2)</b>	<b>15 - 26</b>
	<b>Cabinet Lead for Finance</b>	
<b>9</b>	<b>2023-24 Quarter 1 Budget Monitoring &amp; Performance</b>	<b>27 - 54</b>
	<b>Cabinet Lead for Commercial</b>	

<b>10</b>	<b>Inter Authority Agreement for Waste</b>	<b>55 - 70</b>
<b>Deputy Leader of the Council and Cabinet Lead for Communities and Housing</b>		
<b>11</b>	<b>Purchase of Temporary Accommodation</b>	<b>71 - 78</b>

## **GENERAL INFORMATION**

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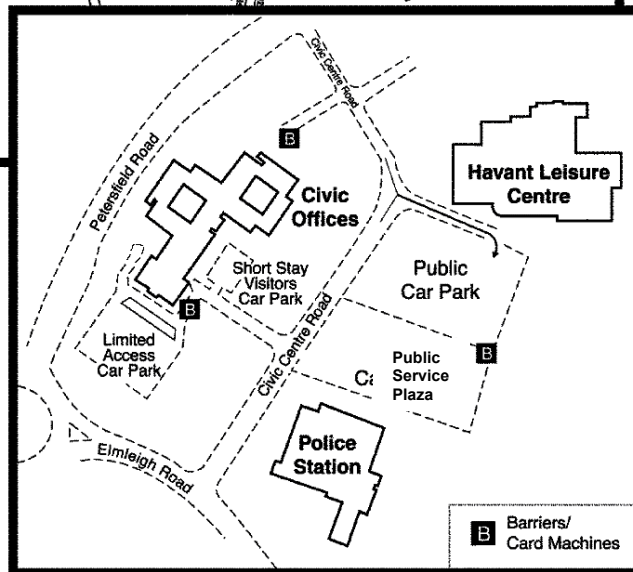
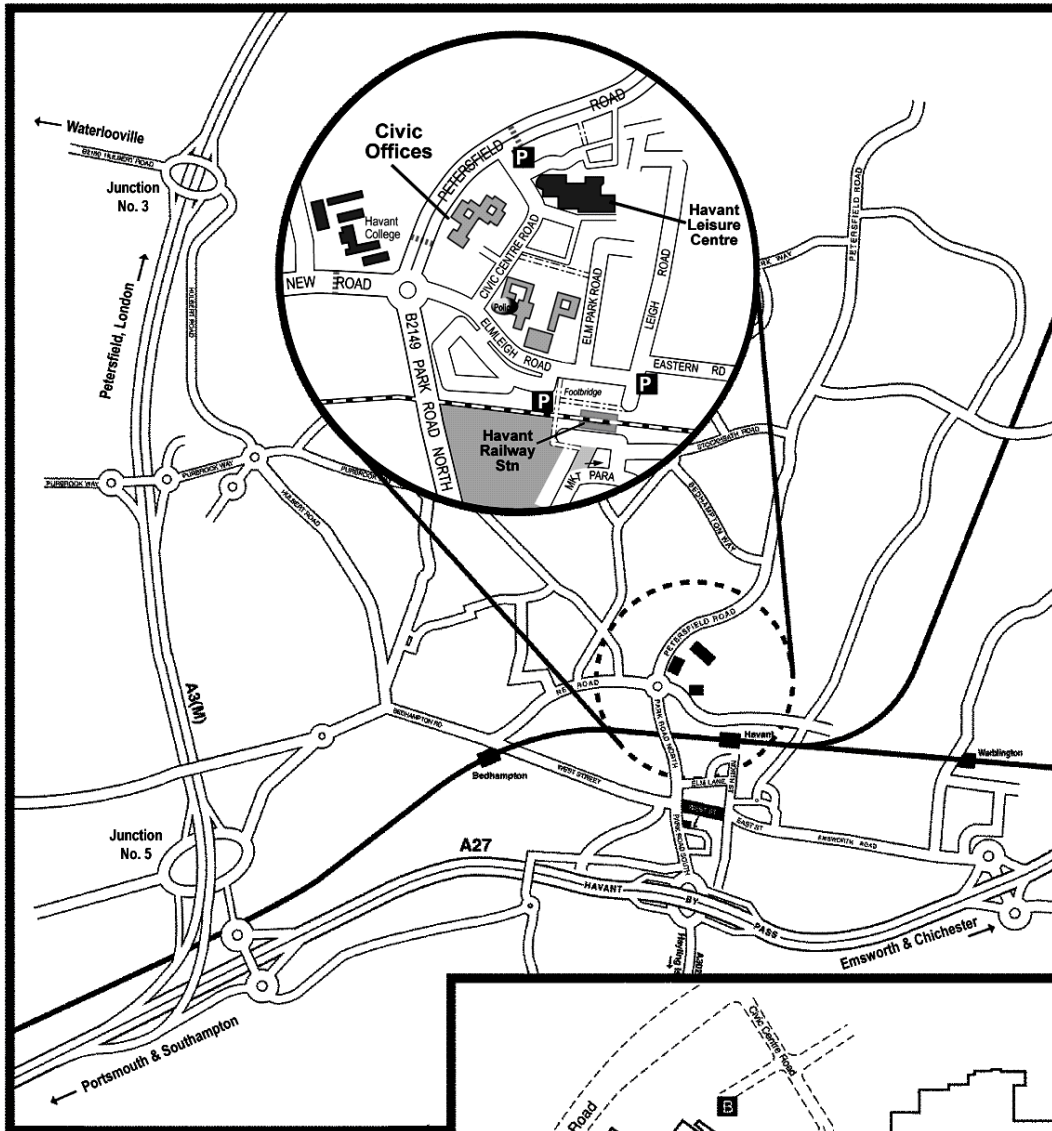
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## HAVANT BOROUGH COUNCIL

At a meeting of the Cabinet held on 26 July 2023

Present

Councillor Robinson (Chairman)

Councillors Rennie (Leader of the Council), Bowdell, Bowerman, Fairhurst and Lloyd

Other Councillors Present:

Councillor(s): Richardson and Stone

(Councillor Rennie attended the meeting for Minutes 18(part), 19, 20, 21,22 and 23)

(Councillor Robinson, Deputy Leader of the Council, in the chair)

### **12 Apologies for Absence**

Councillor Robinson as Deputy Leader chaired the meeting in Councillor Rennie's absence and confirmed the Leader hoped to join the meeting later.

There were no apologies of absence received for this meeting.

### **13 Declarations of Interests**

There were no declarations of pecuniary interests relating to matters on the agenda.

### **14 Minutes**

RESOLVED that the minutes of the meeting of Cabinet held on 7 June 2023 be approved as a true record and signed by the Chairman.

### **15 Councillor Questions under Standing Order 68.3**

There were no questions from Councillors under the provision of this standing order.

### **16 Matters referred by Full Council or the Overview & Scrutiny Committee Under Standing Order 68.7.3**

There were no recommendations referred by Full Council or from the Overview & Scrutiny Committee for consideration under the provision of this standing order.

### **17 Membership of the Solent Cluster**

Councillor Lloyd, as the relevant Cabinet Lead introduced a report seeking approval for Havant Borough to become a member of the Solent Cluster and provided an overview of the benefits to the Council in becoming a member.

Councillor Lloyd responded to questions raised.

Following debate, a motion proposed by Councillor Lloyd to adopt the recommendation set out in the report was seconded by Councillor Bowerman.

Following a vote, it was

RESOLVED that Cabinet recommend to Full Council that Havant Borough Council becomes a member of the Solent Cluster.

## **18 Warnford Park Estate Nutrient Mitigation Scheme**

(Councillor Rennie did not take in the vote on this item as he was not present for the full debate)

Councillor Lloyd, as the relevant Cabinet Lead introduced a report seeking approval for Havant Borough to enter into a legal agreement for the Warnford Park Estate nutrient mitigation scheme to ensure a continuing supply of nutrient mitigation, as well as approval of delegated authority to enter into further legal agreements with appropriate third-party mitigation schemes as they emerge onto the market.

Councillor Lloyd informed members that this matter was also considered by the Planning Policy Committee at its meeting held on 30 May 2023 and 04 July 2023 at which there were no amendments made to the recommendations as set out in the report.

Councillor Lloyd and supporting officers responded to questions raised.

Councillor Rennie joined the meeting at 14:54

Following debate, a motion proposed by Councillor Lloyd to adopt the recommendations set out in the report was seconded by Councillor Bowdell.

Following a vote in which there was one abstention, it was

RESOLVED that

- (1) Havant Borough Council enter into a nutrient neutrality mitigation agreement and authority be delegated:
  - a. to the Executive Head of Place in consultation with the Monitoring Officer and Section 151 officer to enter into a legal agreement with the South Downs National Park Authority and the mitigation land owner at Warnford Park, Warnford, Hampshire; and



- b. to the Executive Head of Place in consultation with Cabinet Lead for Planning, Environment and Water Quality to enter into other legal agreements for third party strategic nutrient neutrality mitigation schemes, following agreement of them from Natural England.
- (2) the officers update the Planning Policy Committee annually, or sooner if requested by the Chair, on the planning based measures being put in place to preserve and enhance the Borough's natural environment. This would include, but not be limited to, nutrient neutrality.

## **19 Cabinet Lead Delegated Decisions, Minutes from Meetings etc.**

RESOLVED that:

1. the Delegated Decision as set out in the agenda be noted; and
2. the minutes of meetings as set out in the agenda be noted.

## **20 Free Parking in Waterlooville**

Councillor Rennie, as Leader of the Council introduced a report introducing free parking for 30 minutes at the Wellington Way Car Park in Waterlooville. The scheme being part of a range of measures the Council is seeking to implement to encourage footfall in Waterlooville Town Centre designed to encourage people to use some of the smaller independent retailers on the High Street.

Councillor Rennie responded to questions raised.

Following debate, a motion proposed by Councillor Rennie to adopt the recommendation set out in the report was seconded by Councillor Robinson.

Following a vote, it was

RESOLVED that the introduction of free parking for a maximum stay of 30 minutes (no return within one hour) in 12 parking bays which will be in force between the hours of 8am-6pm Monday-Saturday at the Wellington Way Car Park in Waterlooville be approved.

## **21 Corporate Priorities Plan**

Councillor Rennie, as Leader of the Council introduced a report seeking approval of the corporate priorities plan that will help to deliver the ambitions set out in the Corporate Strategy.

Councillor Rennie and supporting officers responded to questions raised.

A motion proposed by Councillor Rennie to adopt the recommendation set out in the report was seconded by Councillor Bowerman.

Following a vote, it was

RESOLVED that the submitted Corporate Priorities Plan be approved.

## **22 Appointments to Outside Bodies**

The Deputy Leader informed Cabinet the Leader of the Council wished appoint Councillor Fairhurst as Standing Deputy to represent the Council on the Local Government Association Coastal Issues Special Interest Group (SIG).

A motion proposed by Councillor Robinson to adopt the recommendations set out in the report was seconded by Councillor Rennie.

Following a vote, it was

RESOLVED that:

- 1) Councillor Fairhurst be appointed as Standing Deputy to represent the Council on the Local Government Association Coastal Issues Special Interest Group (SIG);
- 2) attendance at the meetings of the organisation set out in 1) above to qualify as an Approved Duty; and
- 3) the appointment to have effect until the first meeting of the Cabinet in the 2024/2025 municipal year.

## **23 Chairman's Report**

Councillor Rennie apologised for being late and thanked Councillor Robinson in chairing this meeting in his absence.

Councillor Rennie highlighted the Council's successful in achieving Gold award status for the Armed Forces Scheme. Cabinet thanked officers, in particular to Laura Bevis and former Councillor Thain-Smith, for their work behind the scenes in achieving this success and look forward to attending a ceremony later in the year.

**The meeting commenced at 2.30 pm and concluded at 3.35 pm**

.....  
**Chairman**

<b>Name of Committee:</b>	Cabinet		
<b>Committee Date:</b>	6 September 2023		
<b>Report Title:</b>	Regeneration Scheme		
<b>Responsible Councillor:</b>	Councillor Kennett, Chairman of the Overview and Scrutiny Committee		
<b>Cabinet Lead:</b>	Councillor Rennie		
<b>Status:</b>	Non-Exempt		
<b>Urgent Decision:</b>	No	<b>Key Decision:</b>	No
<b>Appendices:</b>	None		
<b>Background Papers:</b>	None		
<b>Contact:</b>	Name: Councillor Kennett Email: <a href="mailto:Richard.Kennett@havant.gov.uk">Richard.Kennett@havant.gov.uk</a>		
<b>Report Number:</b>	HBC/31/2023		

**Corporate Priorities:**

Growth (External) – building our future.

**Executive Summary:**

To report the views of the Overview and Scrutiny Committee relating to the delivery of the regeneration scheme.

**Recommendations:**

Cabinet be recommended to:

Request that officers provide performance data, including a dashboard with RAG rating and timelines when submitting future regeneration updates.

## 1.0 Introduction

- 1.1 At its meeting held on 19 June 2023, the Overview and Scrutiny Committee received an update on the delivery of the regeneration strategy.

## 2.0 Background

- 2.1 The Committee, via a verbal brief and presentation, followed by a question and answer session, examined:
- a) the utilisation of the money set aside for advertising under the scheme;
  - b) the ownership of the ASDA site at Waterlooville;
  - c) the opportunities to improve the traffic infrastructure to enable the future development of Broadmarsh;
  - d) the success and future of Link-up Leigh Park and Havant Youth Club;
  - e) the long term management of Hayling Island Beachfront;
  - f) the plans to improve the link between Havant Town Centre and the Solent Retail Park;
  - g) the provision made to promote tourism at Hayling Island;
  - h) the progress made with Changing Places Toilets on Hayling Island and access for the disabled to Hayling Island's beaches;
  - i) the future of Waterlooville shopping centre;
  - j) the planning policy relating to the number of the same use classes allowed in shopping centres;
  - k) the biggest employers in the Borough and the reasons for why some employers have left the Borough;
  - l) the Council's aspirations to encouraging young people in employment;
  - m) the delivery of the freeport scheme;
  - n) the circulation of a regeneration update newsletter;
  - o) the use of the funds from the sale of land at Broadmarsh;
  - p) the need for a composite project plan to monitor all regeneration projects;

- q) the plans to refresh the branding for the regeneration scheme;
- r) the need to deliver the regeneration scheme;
- s) the need to consider findings of past focussed group work when delivering the scheme; and
- t) the need for data sheets be circulated with future regeneration updates to enable the Committee to effectively monitor the progress of the scheme

2.2 During the question and answer session, the Leader and officers agreed:

- A. to circulate copies of the report of the Havant High Street Task force to members of the Committee;
- B. to advise members of the scope for the officer tasked to deliver the Broadmarsh project;
- C. on the need for data sheets to enable the Council to monitor regeneration in the Borough;
- D. to forward details of the number of Havant Borough residents employed at the Amazon depot; and
- E. to investigate the long term future of Link Up Leigh Park and report back to the Committee.

### **3.0 Options**

- 3.1 Given the nature of this report and its recommendations, there are no alternative options to consider.

### **4.0 Relationship to the Corporate Strategy**

- 4.1 The Regeneration Scheme is integral to the Council's aspirations to achieve growth in the local economy.

### **5.0 Conclusion**

- 5.1 The Committee welcomed the update and considered that future monitoring could be enhanced by the provision of performance data, including a dashboard with RAG rating and timelines.

### **6.0 Implications and Comments**

- 6.1 S151 Comments –

The recommendations follow good practise in performance reporting and there are no financial implications or decisions to consider.

6.2 Monitoring Officer Comments - None arising from this report.

6.3 Legal Implications - None arising from this report.

6.4 Equality and Diversity – None arising from this report.

6.5 Human Resources – None arising from this report.

6.6 Information Governance – None arising from this report.

6.7 Climate and Environment – None Arising from this report.

## 7.0 Risks

7.1 A failure to properly monitor the success of the scheme could lead to lost opportunities for growth in the local economy.

## 8.0 Consultation

8.1 Not applicable.

## 9.0 Communications

9.1 Not applicable.

<b>Agreed and signed off by:</b>		<b>Date:</b>
<b>Chairman of the overview and Scrutiny Committee:</b>	Councillor Kennett	13 July 2023
<b>Executive Head:</b>	Wayne Layton	29 August 2023
<b>Monitoring Officer:</b>	Jo McIntosh	25 August 2023
<b>Section151 Officer:</b>		

<b>Name of Committee:</b>	Cabinet		
<b>Committee Date:</b>	6 September 2023		
<b>Report Title:</b>	Review of Portsmouth Water Company's Plans for Havant Thicket Reservoir		
<b>Responsible Councillor:</b>	Councillor Kennett, Chairman of the Overview and Scrutiny Committee		
<b>Cabinet Lead:</b>	Councillor Lloyd		
<b>Status:</b>	Non-Exempt		
<b>Urgent Decision:</b>	No	<b>Key Decision:</b>	No
<b>Appendices:</b>	None		
<b>Background Papers:</b>	None		
<b>Contact:</b>	Name: Councillor Kennett Email: <a href="mailto:Richard.Kennett@havant.gov.uk">Richard.Kennett@havant.gov.uk</a>		
<b>Report Number:</b>	HBC/33/2023		

### Corporate Priorities:

As part of the Pride in Place theme, the Corporate Strategy highlights that the Council will "aim to take measures to promote and embed environmental matters and consider environmental impacts in all our decisions to help tackle climate change".

### Executive Summary:

Following concerns raised by resident groups in the Borough at a public meeting, hosted by the Leader of the Council, on Wednesday 15 February at 5pm, representatives of Southern Water Authority and Portsmouth Water Company were invited to attend meetings of the Overview and Scrutiny Committee on 20 February and 5 July 2023 respectively to answer questions on the proposals to use Havant Thicket Reservoir to store and supply treated wastewater.

The purpose of this report is to update Cabinet on progress made with a review of the future use of the reservoir and the Overview and Scrutiny Committee's initial response to its discussions with Portsmouth Water Company.

### Recommendations:

Cabinet is requested to note the serious concerns raised by the Overview and Scrutiny Committee about Portsmouth Water Company's support for Southern Water Authority's recycling scheme.

## 1.0 Introduction

- 1.1 At its meetings held on 5 and 25 July 2023 the Overview and Scrutiny Committee considered in detail the Portsmouth Water Company's future plans for Havant Thicket Reservoir.

## 2.0 Background

- 2.1 On 20 February 2023 representatives from Southern Water Company ("SWA") updated the Overview and Scrutiny Committee ("the Committee") on the proposal to pump treated wastewater into Havant Thicket Reservoir ("the reservoir"). Following this meeting, the SWA submitted written responses to questions raised by members of the Committee regarding this project.
- 2.2 On 5 July 2023 representatives from Portsmouth Water Company ("PWC") attended a meeting of the Committee to give a presentation and answer questions on the PWC's plans for the future use of Havant Thicket Reservoir.
- 2.3 During the question and answer session held on 5 July 2023, the Committee, examined:
- a. the case for the provision of a new reservoir;
  - b. why a proposed desalination plant was considered inappropriate for the area;
  - c. when Portsmouth Water was made aware of Southern Water's proposal to pump treated wastewater into the proposed reservoir;
  - d. the challenges facing Southern Water in relation to supplying water to its customers;
  - e. PWC's mains renewal rate and its performance for mending water leakage;
  - f. the quality of the recycled water with particular attention to its comparison with spring water;
  - g. the projected mix of recycled and spring water to be stored in the reservoir;
  - h. how Southern Water's proposal to store treated wastewater in the reservoir impacted upon the environments benefits identified when the reservoir was granted planning permission;
  - i. measures undertaken and proposed by Portsmouth Water to encourage residents to reduce their water use;



- j. the habitat mitigation measures for the reservoir site;
  - k. the communications strategy to overcome concerns relating to the future use of the reservoir raised by residents; and
  - l. the proposed changes to the pipelines and how these changes were related to Southern Water's proposals.
- 2.4 During the presentation and question and answer session held on 5 July, the representatives of the PWC:
- a. gave an assurance that if the plans went ahead, their customers' water would nearly always come from Bedhampton springs: their customers would only receive some recycled water mixed with spring water in extreme drought or emergency scenarios; and
  - b. advised that it welcomed any feedback on from the Council on future public communications relating to the reservoir
- 2.5 At its meeting held on 25 July 2023, the Committee considered the response given by PWC at its meeting held on 5 July and written responses to questions raised by members of the Committee following this meeting.
- 2.6 Although the Committee agreed in principle for the need of the reservoir, it was not satisfied, on the basis of the information provided during the review, that PWC's support for SWA's proposal to store treated water from the recycling plant in the reservoir overcame the concerns raised by residents relating to the financial and environmental impact of the proposals and the financial implications of the scheme. It therefore RESOLVED that
- a. based on the information provided, Cabinet be advised of this Committee's serious concerns about Portsmouth Water Company's support for Southern Water Authority's recycling scheme;
  - b. further consideration of this matter be deferred to enable the officers to invite Portsmouth Water Company and Southern Water Authority to attend a future meeting of this Committee, in person, to discuss their future plans for the reservoir; and
  - c. PWC be requested to arrange a site visit of the reservoir site for members of the Overview and Scrutiny Committee to view the proposal and in particular the woodlands and mitigation measures.

### 3.0 Options

- 3.1 The Committee considered the option of recycling water using a desalination plant but were advised that this was rejected for many reasons including its high carbon footprint.

### 4.0 Relationship to the Corporate Strategy

- a. As part of the Pride in Place theme, the Corporate Strategy highlights that the Council will “aim to take measures to promote and embed environmental matters and consider environmental impacts in all our decisions to help tackle climate change”.
- b. Effective water resource planning is essential in striking the correct balance and ensuring that there is a plentiful supply of water to residents and businesses, that this can adapt to the challenges of climate change and protect the natural environment. Every five years, statutory Water Resources Management Plans set out each company’s intended approach for at least the next 25 years.
- c. Water companies are increasingly required to work collaboratively and on a regional basis, in order to ensure that areas where water is more plentiful are able to assist those where there is less water or where abstraction licenses need to be revisited.
- d. Within this context, abstraction licenses on the Rivers Test and Itchen must be reduced to protect those chalk streams. This led to the bringing forward of the Havant Thicket Reservoir, which has now been granted planning permission. The planning permission relates to the reservoir’s use as a winter storage reservoir – storing excess spring water emitted during the winter in order for it to be used during the summer months when water is scarcer.
- e. Since permission was granted, the project has developed to include a proposal to filter treated wastewater from Budds Farm. This treated and filtered wastewater would then be pumped to the reservoir, together with excess spring water from the aquifer. This mix of water in the reservoir, including rainfall, would then, under this proposal, be pumped to the relevant treatment works across Southern Water’s catchment for potable water, and processed to drinking water standards.
- f. Following concerns raised by resident groups in the Borough at a public meeting, hosted by the Leader of the Council, on Wednesday 15 February at 5pm. Representatives of Southern Water Authority and Portsmouth Water Company were invited to attend meetings of the Overview and Scrutiny Committee on 20 February and 5 July 2023 respectively to answer questions put to them by residents on the proposals to use the Havant Thicket Reservoir to store and supply treated wastewater.

## 5.0 Conclusion

- 5.1 Although the Committee agreed in principle for the need of the reservoir, it was not satisfied, on the basis of the information provided during the review, that PWC's plans for the reservoir, which would contain treated wastewater, would overcome the following concerns raised by its customers:
- a. the water supplied to the Borough's residents from the reservoir would be inferior to the quality of water supplied from the springs;
  - b. the supply of treated water from the reservoir by PWC to its customers would have a detrimental financial impact on residents of the Borough; and
  - c. the storage and supply of treated water from the reservoir to residents of the Borough would have a detrimental impact on the environment and the biodiversity plans originally proposed for the reservoir when planning permission was first granted

## 6.0 Implications and Comments

### 6.1 S151 Comments

The contents and recommendations of this report have no direct financial or budgetary implications. The decisions surrounding the reservoir are unlikely to have any short-term or direct financial implication either. However, they clearly have some resourcing implication which could have a knock-on financial impact and the outcome of any decisions could have impacts on the local economy which may also flow through to some financial implication for Havant Borough Council over the long-term.

### 6.2 Monitoring Officer Comments

None arising from this report.

### 6.3 Equality and Diversity

None arising from this report.

### 6.4 Human Resources

None arising from this report.

### 6.5 Information Governance

None arising from this report.

### 6.6 Climate and Environment

The environmental impact of various ways of ensuring adequate water supply need to be carefully considered. This is one of the main themes being examine of the Overview and Scrutiny Committee during the reviews of the future use of the reservoir.

## 7.0 Risks

7.1 There are no immediate risks arising this report.

## 8.0 Consultation

8.1 The review by the Overview and Scrutiny Committee involves consultation with Portsmouth Water Company and Southern Water Authority

## 9.0 Communications

9.1 Not applicable

<b>Agreed and signed off by:</b>		<b>Date:</b>
<b>Chairman of the Overview and Scrutiny Committee:</b>	Councillor Kennett	11 August 2023
<b>Executive Head:</b>	Alex Robinson	23 August 2023
<b>Monitoring Officer:</b>	Jo McIntosh	25 August 2023
<b>Section151 Officer:</b>	Steven Pink	18 August 2023

<b>Name of Committee:</b>	Cabinet		
<b>Committee Date:</b>	6 September 2023		
<b>Report Title:</b>	Local Authority Housing Fund (LAHF 1 & 2)		
<b>Responsible Officer:</b>	Wayne Layton Executive Head of Regeneration and Economic Development		
<b>Cabinet Lead:</b>	Alex Rennie		
<b>Status:</b>	Non-Exempt		
<b>Urgent Decision:</b>	No	<b>Key Decision:</b>	No
<b>Appendices:</b>			
<b>Background Papers:</b>			
<b>Officer Contact:</b>	Alan Downton, Regeneration and Economic Development alan.downton@havant.gov.uk		
<b>Report Number:</b>	HBC/37/2023		

**Corporate Priorities:**

Local authorities have been pivotal in supporting the UK's humanitarian duties to assist those fleeing war. The council's response supports the Corporate Strategy themes of providing the homes that people need and building healthy and prosperous communities.

**Executive Summary:**

This report appraises the Council of the Local Authority Housing Fund (LAHF) launched by the Department for Levelling Up, Housing, and Communities (DLUHC) and the amount of grant funding now available to the Council.

Additionally, it is to seek approval to amend the Capital Programme and incur borrowing for the Council to meet the aims of the LAHF programme and grant conditions.

**Recommendations:**

That Cabinet recommends to Full Council:

To accept and approve the spend of the additional allocation of LAHF grant funding in the sum of £3.5m bringing the total sum to £4.2m.

To delegate authority for accepting and spending future LAHF grant allocations to the Director of Regeneration and Economic Development, in consultation with the s.151 Officer and the Leader of the Council as Cabinet Member responsible for Regeneration.

To approve PWLB borrowing up to £6m to provide match-funding for the Council's allocation of LAHF grant subject to a satisfactory financial appraisal.

To delegate authority to the S151 Officer to amend the Council's Capital programme to reflect receipt of the additional LAHF grant funding and the agreed PWLB borrowing of up to £6m.

To delegate authority to the S151 Officer to amend the Council's Minimum Revenue Provision (MRP) policy and agrees that borrowing for the purposes of acquiring residential property is expensed over a 50 year period.

To delegate authority to the Executive Head of Regeneration and Economic Development in consultation with the Leader of the Council to enter into a contract with a Contractor to manage and maintain the Council's property portfolio purchased under this fund.

To delegate authority to the Monitoring Officer (or their delegate) to negotiate and agree all legal documents to give effect to the above recommendations.

## 1.0 Introduction

- 1.1 On 21 December 2022 the Department for Levelling Up, Housing, and Communities (DLUHC) announced a new £500m Local Authority Housing Fund. The funding will be paid in two tranches.
- 1.2 The Council had provisionally been identified as eligible for capital grant funding of £705,888 (under section 31 of the Local Government Act 2003) to provide a minimum of 5 houses for families from Afghanistan and Ukraine who have a right to remain in the UK. These houses must be delivered by 30 November 2023.
- 1.3 On the 30th March the Council were awarded a total amount of £2,117,663. The government then released a second tranche of funding in August 2023 whereby the Council have been awarded a further £1,426,930. Bringing the total amount awarded to the Council in respect of the LAHF grant funding to £4,250,481.

## 2.0 LAHF Tranche One Funding

- 2.1 The Council has been awarded £705,888 and a further £1,411,775 creating a total of £2,117,663 LAHF. Collectively, these sums are referred to in this report as LAHF Tranche One grant funding. The purpose of the LAHF Tranche One grant funding:
  - Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route, to those fleeing conflict, provide sufficient longer-term accommodation to those they support.
  - Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
  - Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined at section 3.2 of the fund's prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing
  - available to local authorities to support those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation.

- Reduce emergency, temporary and bridging accommodation costs.
- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends)
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort.
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.
- Notes that before any borrowing is entered into a separate report will be brought back to Cabinet to approve this borrowing and demonstrating that the borrowing is in line with the principle of the prudential code.

### **3.0 LAHF Tranche Two Funding**

3.1 The government released further funding in August 2023 whereby the Council have been awarded a further £1,426,930. This is referred to in this report as LAHF Tranche Two grant funding. The purpose of the LAHF Tranche Two grant funding is different to LAHF Tranche One funding. The purpose is as follows:

- Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment and integrate into communities.
- Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to families owed homelessness duties by LAs.
- Reduce emergency, temporary and bridging accommodation costs.
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

### **4.0 The Business Model**

4.1 The Council will acquire properties using a mixture of grant funding PWLB Borrowing and any other contributions that it can secure. The



Council will retain the freehold of these properties. The Council will employ an agent to source property on our behalf and conclude a purchase. Once the property has been acquired the Council will then employ an agent to manage the maintenance of the properties, carry out statutory checks and manage the tenancies.

- 4.2 The Council has completed a tender exercise for the acquiring agent and a preferred contractor has been identified.
- 4.3 The invitation for the management of properties and tenancies has been released and a preferred supplier should be identified by 22nd September with an award of contract 9th October 2023. The Council have carried out soft market testing and are comfortable that the Council will secure a contractor in line with its financial modelling assumptions.

## 5.0 Project Key milestones

In respect of LAHF Tranche One the Council must use best endeavours to complete on the purchases of the properties by the 30th November. Despite best endeavours, it is unlikely that the Council will meet this deadline and HBC are reporting the progress to DLHUC following the MOU monitoring milestones.

## 6.0 DHLUC – Monitoring Milestones

### 6.1 LAHF Tranche One

As set out in the Memorandum of Understanding signed and returned to DHLUC on 15 March 2023.

Date	Milestone
August 2023	MI touchpoint
October 2023	MI touchpoint
30 November 2023	The Council agrees to make best endeavours to deliver the delivery target by 30 November 2023.
December 2023	Final MI touchpoint following 30 November 2023. DLUHC-led evaluation of LAHF begins.

## 6.2 LAHF Tranche 2

As set out in the Memorandum of Understanding signed and returned to DHLUC on 14th August 2023.

Monitoring touchpoint	Microsoft Form to be submitted by 5pm on the following dates	Section 151 Officer Statement of Grant Usage required?
Touchpoint 1	9 October 2023	Yes, if LA wishes to enable Tranche 2 payment in October 2023
Touchpoint 2*	24 November 2023	Yes, if LA wishes to enable Tranche 2 payment in December 2023
Touchpoint 3	8 February 2023	N/A
Touchpoint 4	8 April 2023	N/A
Evaluation	April 2024 onwards	N/A

## 7.0 Financials

The table below sets out the amount of funding to be received in respect of the LAHF grant over the two years.

Table 1 – Tranche Two LAHF Grant Profile

No of Bedrooms	Number of Properties	Grant Award
2 - 4	8	£920,000
4+	2	£506,930
<b>Total</b>	<b>10</b>	<b>£1,426,930</b>

The table above sets shows that the Council are asked to acquire up to 8 properties with a 40% grant contribution of £920,000, and 2 larger properties with a 50% grant contribution of £506,930.

## 8.0 Budgetary Implications

8.1 If the Council proceeds with purchasing property in the principle, then it will have the burden to maintain and operate that property, this will be funded through the rent earned on those properties. There will also be a requirement to set up a sinking fund to properly maintain these properties. Finally, because the Council may have to borrow then the cost of this borrowing will also need to be met from this rental income.

8.2 As part of the next steps the Council needs to procure a third party to manage these properties. The Council currently own 6 residential properties and they are managed by Vivid Housing.

- 8.3 There is no cash limited budget currently within the Council's approved budget to support this and it's a vital principle that any property purchased can support itself through rental income. Before any acquisition is made a full financial appraisal approved by the S151 will be carried out that demonstrates this.
- 8.4 The rent proposed will be an Affordable rent, capped at the Local Housing Allowance (LHA) rate to ensure that the property is affordable for anyone in receipt of Housing Benefit or Universal Credit should they be the proposed tenant.
- 8.5 If following the tender submission for the management of property that it appears that the Council cannot find a financially viable option to fund this project in the principle then it may look to offer a grant to a third party who may be better placed to own and manage these properties and in return the Council will receive nomination rights. It is unlikely that the Council will need to do this.
- 8.6 When the Council takes on borrowing it must make Minimum Revenue Provision (MRP) for that borrowing. This is the charge to revenue made in respect of paying off the principal sum of the borrowing undertaken to finance the capital programme. The Council will make MRP for the purchase of residential property by dividing the Principle borrowing amount by 50 years on a straight line basis. In other words if the Council borrows £6m, MRP will equal £6m divided by 50 Years, £120,000 per annum. This will be funded by the rent generated from the acquired properties.
- 8.7 The table below sets out the £9.9m investment on Residential Property that's required to deliver the scheme split between Grant funding and borrowing.

Table 2 – Funding Split

### Tranche 1

No of Bedrooms	No of Properties	Funding	Lending
1 - 4	16	£ 1,840,000	£ 2,760,000
4+	4	£ 983,551	£ 983,551
<b>Total</b>	<b>20</b>	<b>£ 2,823,551</b>	<b>£ 3,743,551</b>

### Tranche 2

No of Bedrooms	No of Properties	Funding	Lending
1 - 4	8	£ 920,000	£ 1,380,000
4+	2	£ 506,930	£ 506,930
<b>Total</b>	<b>10</b>	<b>£ 1,426,930</b>	<b>£ 1,886,930</b>

<b>Total</b>	<b>30</b>	<b>£ 4,250,481</b>	<b>£ 5,630,481</b>
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## 9.0 Relationship to the Corporate Strategy

Local authorities have been pivotal in supporting the UK's humanitarian duties to assist those fleeing war. The council's response supports the Corporate Strategy themes of providing the homes that people need and building healthy and prosperous communities as outlined below.

- 9.1 Wellbeing: The Health of our Communities. We will enable and deliver interventions to prevent homelessness and rough sleeping.
- 9.2 Pride in Place: creating a great place to live, work and enjoy. We will facilitate the delivery of and improve the quality of affordable housing.
- 9.3 Growth External: Building our Future. We will produce a Local Plan which will deliver sustainable development for our residents and businesses.

## 10.0 Options

- 10.1 Do nothing – Under this option, the council would not accept the funds from government, neither would it seek to make properties available. The purpose of the fund is to support local authorities in meeting the housing needs arising in their area. Therefore, under the 'do nothing' option, the potential benefits referenced in this report will not be realised.
- 10.2 Take part in the scheme, but to pass the funds available to a partner housing association – Under this option, the council would take part in the scheme but on the basis of passing funds to a housing association for them to own and manage the properties. This option has been considered but has been discounted, given the opportunity that the scheme presents to support the Council's housing objectives.

## 11.0 Conclusion

- 11.1 The Council are asked to approve the model set out in 4 above whereby the Council retains the ownership of these properties and uses them to house Afghan and Ukrainian refugees in the first instance and then after use them to help ease the financial burden on our use temporary accommodation where we have a duty to house someone who presents to us as statutory homeless.
- 11.2 The fact that the amount of grant funding provided is so high the Council are happy that should the Council need to sell the properties that it could easily cover any outstanding borrowing on these properties. The Council have also set out that it will prudently repay any borrowing over a 50 year term meaning that the amount of borrowing will reduce over this period, where it is likely that the value of property will likely appreciate.

## 12.0 Implications and Comments

### 12.1 S151 Comments

Changes to the Council's capital programme are usually approved by Full Council, this report asks for a delegation to amend the programme to accommodate the substantial LAHF Grant awarded. The recommendations also sensibly seek a delegation to Chief Officers and the Leader of the Council to agree and negotiate the spending of this grant (in line with the Grant condition) on the Council's behalf.

This proposal is likely to lead to a safe financial investment (subject to final full financial appraisal) with any borrowing likely to be significantly lower than the value of the properties it is secured against. Only a catastrophic crash in house prices would put HBC at financial risk.

Amendment of the Council's MRP is vital to ensure we met our legal financial requirements and is prudent when borrowing to prevent additional financial pressures in the future.

The Council can only borrow in line with its own Approved Treasury Management Strategy that was approved by Full Council in February 2023. Any borrowing taken must also meet the conditions of the Prudential Code and must be Affordable, Sustainable and Prudent. Therefore, a full financial appraisal will and must be approved by the Section 151 Officer before any borrowing is entered into.

### 12.2 Financial Implications

The financial implications are addressed in detail in the body of this report.

### 12.3 Monitoring Officer Comments

There are no significant legal and governance implications arising from this report outside of those aspects already referenced in the body of the report.

Members are reminded that they are under an obligation to exercise their fiduciary duty carefully. The meaning of fiduciary duty can be summarised as a duty to conduct administration in a business-like manner with reasonable care, skill and caution and with due regards to the council's rate payers.

### 12.4 Legal Implications

The funds are to be provided by central government to authorities in accordance with the provisions of section 31 of the Local Government Act 2003. Section 31 addresses the power to pay grants to local authorities and states:

*A Minister of the Crown may pay a grant to a local authority in England towards expenditure incurred or to be incurred by it.*

Section 1 of the Localism Act 2011 confers a general power of competence on the Council that permits the Council to enter into the funding arrangements set out in this report.

Sections 120 - 123 of the Local Government Act 1972 authorise the Council to acquire, appropriate and dispose of land for the purpose of any of their functions. Section 111 of the Local Government Act 1972 contains the Council's subsidiary powers to do anything, including acquiring and disposing of land and incurring expenditure, which is calculated to facilitate, or is conducive or incidental to, the discharge of any of the Council's functions.

- 11.7 Equality and Diversity
- 11.8 Human Resources
- 11.9 Information Governance
- 11.10 Climate and Environment

## 13 Risks

- a. The key risk for the Council is the change in interest rates. The model has been designed with 5.15% PWLB borrowing rate over a 50 year period. The Council have also applied 3.5% hurdle rate as set out in the Treasury Green Book for business cases when assessing public sector investment. When assessed over a 50 year period the appraisal is positive. The financial services industry suggest that the recent policy to increase interest rates has nearly peaked and as a consequence it will be prudent for the Council's Treasury management team to borrow in line with the approved treasury management policy in so far as it will borrow in the most financially advantageous manner. This means it could borrow on a short term basis then refinance when rates start to lower.
- b. The other key risk is about Government policy around Housing Benefit. The financial model assumes that Housing Benefit will increase by 1% per annum, the Local Housing Allowance Rate has not increased for the past 5 years following a 14% increase, the model assumes that the LHA rate will increase by at least 1% on average over the term. This is a prudent position to take.
- c. The Council are yet to appoint it's contractor for the maintenance of property and tenancies and there is a risk that these may be more expensive than modelled. However the Council have carried out soft market testing with a known local provider and there quote was in line or less than the assumption made by the Council previously.
- d. Finally the maximum loan to value of these properties is 60% Loan to 40% equity, if some of our assumptions were incorrect and that the ownership of property became a burden there is no condition on the

Authority as a result of taking this grant funding that would prevent us from selling the property at anytime.

**14 Consultation**

- a. No consultation has been carried out with members of the public or temporary accommodation residents in preparing this report.

**15 Communications**

- a. Write your communications information here.

<b>Agreed and signed off by:</b>		<b>Date:</b>
<b>Executive Head:</b>	Wayne Layton	29 August 2023
<b>Monitoring Officer:</b>	Jo McIntosh	29 August 2023
<b>Section151 Officer:</b>	Steven Pink	29 August 2023

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<b>Name of Committee:</b>	Cabinet		
<b>Committee Date:</b>	6 September 2023		
<b>Report Title:</b>	2023-24 Quarter 1 Budget Monitoring & Performance Report		
<b>Responsible Councillor:</b>	Councillor Bowdell, portfolio holder for Finance		
<b>Cabinet Lead:</b>	Councillor Bowdell, portfolio holder for Finance		
<b>Status:</b>	Non-Exempt		
<b>Urgent Decision:</b>	No	<b>Key Decision:</b>	No
<b>Appendices:</b>	Appendix A – 23/24 Q1 Detailed service level financial forecast breakdown. Appendix B – 23/24 Q1 Performance summary Appendix C – 23/24 Q1 Provisional capital monitoring financial breakdown and forecast.		
<b>Background Papers:</b>	None		
<b>Contact:</b>	Name: Councillor Bowdell Email: <a href="mailto:Neil.Bowdell@havant.gov.uk">Neil.Bowdell@havant.gov.uk</a>		
<b>Report Number:</b>	HBC/034/2023		

**Corporate Priorities:**

The financial performance of the authority’s budget has an overarching impact on all corporate priorities and the Council’s ability to deliver against them.

**Executive Summary:**

The Quarter one forecast outturn shows an estimated forecast deficit of £1.7m. This forecast is based on as “as is” basis. There are several measures planned that will bring this forecast down, but they are yet to be triggered, hence the forecast shows the position as if we carried on at current spending and activity levels for the remainder of the year.

One example is our investment income. We have forecast the income we are guaranteed to receive. However, if we reinvest all of our available funds at current market rates we have scope to bring in an additional £600k.

We have a total of approximately up to £1.3M in mitigations yet to be actioned.

This should give members some comfort that the position will not end up quite as bad as the current forecast, but equally that planned action needs to be progressed as soon as possible to reduce the overspends.

## Recommendations:

Cabinet is requested to note:

- A. The revenue forecast outturn for Q1 2023/24 (Appendix A)
- B. Q1 2023/24 performance information (Appendix B)
- C. Q1 2023/24 Capital Programme monitoring (Appendix C)

## 1.0 Introduction

1.1 This paper is submitted to Cabinet to note the financial and performance position of the Council as at quarter one of the 2023/24 financial year.

## 2.0 Background

2.1 It is a recognised requirement of Havant Borough Council's governance procedures that a report on the financial performance of the authority is presented to Cabinet on a quarterly basis.

2.2 Havant Borough Council has been through a significant transformation programme in exiting from its partnership with East Hants District Council. Quarter 1 of the 2023/24 financial year is the first real opportunity to assess the true financial impacts of this change on a business-as-usual basis.

2.3 There are still some financial impacts of the change process present, but these are starting to return to more normal and sustainable levels as the year progresses.

## 3.0 Revenue Budget

Directorate	Service Head	Sum of Annual Budget	YTD Budget (P3)	YTD Actual (P3)	YTD Variance (P3)	Full Year Forecast (FOT)	FOT Variance to Annual Budget Over/(Under)
Coastal Partnership	Coastal Partners	£422,298	£105,582	£711,854	£606,272	£422,296	£0
<b>Coastal Partnership Total</b>		<b>£422,298</b>	<b>£105,582</b>	<b>£711,854</b>	<b>£606,272</b>	<b>£422,296</b>	<b>£0</b>
Commercial	5 Councils Staff and Contract	£1,630,983	£407,752	-£517,141	-£924,893	£1,745,318	£114,335
	Digital	£1,530,371	£382,594	£298,853	-£83,741	£1,487,543	-£42,828
	Environmental Services	£4,684,754	£1,171,191	-£153,471	-£1,324,662	£4,680,795	-£3,959
	Procurement	£144,124	£36,031	£42,700	£6,669	£179,661	£35,537
	Property	-£1,045,485	-£261,369	-£67,252	£194,117	-£508,621	£536,864
<b>Commercial Total</b>		<b>£6,944,747</b>	<b>£1,736,199</b>	<b>-£396,312</b>	<b>-£2,132,511</b>	<b>£7,584,696</b>	<b>£639,949</b>

<b>Internal Services</b>	Corporate Support	£168,130	£42,033	£42,637	£604	£166,440	-£1,690
	Democratic	£574,774	£143,695	£145,613	£1,918	£657,552	£82,778
	Elections	£326,040	£81,512	£228,033	£146,521	£328,347	£2,307
	Emergency Planning	£69,463	£17,368	£31,889	£14,521	£86,777	£17,314
	Executive Office	£1,096,891	£274,223	£282,870	£8,647	£1,072,451	-£24,440
	Facilities	£445,674	£111,421	£118,190	£6,769	£473,132	£27,458
	Finance	£57,796	£320,815	£262,671	-£58,144	-£173,682	-£231,478
	Human Resources	£327,967	£81,992	£71,916	-£10,076	£339,504	£11,537
	Legal	£472,696	£118,175	£134,606	£16,431	£497,393	£24,697
	Mayoral	£102,607	£25,654	£27,118	£1,464	£110,439	£7,832
	Strategy Unit	£956,906	£239,233	£204,012	-£35,221	£881,284	-£75,622
<b>Internal Services Total</b>		<b>£4,598,944</b>	<b>£1,456,121</b>	<b>£1,549,553</b>	<b>£93,432</b>	<b>£4,439,636</b>	<b>-£159,308</b>
<b>Place</b>	Building Control	£78,532	£19,635	£29,986	£10,351	£91,975	£13,443
	Climate	£40,000	£10,000	£0	-£10,000	£36,000	-£4,000
	Environmental Health	£1,083,291	£270,827	£238,937	-£31,890	£1,094,647	£11,356
	Licensing	-£12,494	-£3,122	£27,438	£30,560	£80,343	£92,837
	Planning	£580,105	£145,030	£184,157	£39,127	£651,211	£71,106
<b>Place Total</b>		<b>£1,769,434</b>	<b>£442,370</b>	<b>£480,519</b>	<b>£38,149</b>	<b>£1,954,176</b>	<b>£184,742</b>
<b>Regeneration and Communities</b>	Communities	£623,647	£155,914	-£184,351	-£340,265	£577,967	-£45,680
	Enforcement	£444,586	£111,148	£110,067	-£1,081	£361,412	-£83,174
	Housing	£803,991	£201,002	-£298,344	-£499,346	£1,824,905	£1,020,914
	Parking	-£1,655,028	-£413,756	-£142,956	£270,800	-£1,593,140	£61,888
	Regeneration & Economic	£414,029	£103,508	£183,060	£79,552	£546,068	£132,039
<b>Regeneration and Communities Total</b>		<b>£631,225</b>	<b>£157,816</b>	<b>-£332,525</b>	<b>-£490,341</b>	<b>£1,717,212</b>	<b>£1,085,987</b>
<b>Net Cost of Services at P3</b>		<b>£14,366,648</b>	<b>£3,898,088</b>	<b>£2,013,089</b>	<b>£1,884,999**</b>	<b>£16,118,016</b>	<b>£1,751,370</b>
<i>Pay inflation (in reserves)*</i>		£1,266,352					
<b>Total</b>		<b>£15,633,000</b>	<b>£3,898,088</b>	<b>£2,013,089</b>	<b>-£1,884,999</b>	<b>£16,118,016</b>	<b>£485,016</b>

\*From the agreed cabinet budget (in Feb'23) of £15.6m, 5% pay inflation monies are currently sitting in reserves. They will be released after allocation is received in Dec'23.

\*\* year to date actuals in some areas include income for the whole year come in Q1 hence the underspend of £1.8m

- 3.1. Further detail against individual service areas is contained within **Appendix A.**

### **Significant variances**

Analysis on full year **Forecast** spend within the service areas provided as below:

#### **3.2. Coastal**

There is no significant full year forecast variances to report within Coastal Partners. Underspend on staffing is due to current vacancies and although the year-to-date position at Period 3 is showing a variance, fee income will reflect from Q2. Staff are fee earning and the services is looking to achieve balance outturn position at 2023/24 year-end.

#### **3.3. Commercial**

5 councils – full year overspend variance forecasted at £114k as a result of pay budget changes and costs on GIS system of 90k.

Procurement – forecast projects annual overspend of £36k, contract negotiations underway.

Property annual forecast spend projections are:

- Utilities inflation and rate increase £189k
- Rental income pressure is £37k against a challenge of £82k. The trend has been positive but too early to forecast.
- Staff costs were £138k underspend but set against agency fees of £389k. Includes significant work on Regen.
- Professional fees include unbudgeted £79k on valuation fees.
- Insurance charges include unbudgeted £15k.
- Investments, Lorry Park income delayed, forecasted at £60k, negotiations looking positive and may yield more.

#### **3.4. Internal Services**

Finance – there is a projected increase in income for 2023/24 within Treasury Management of £1.44m because of increased investment activity and improved returns because of higher interest rates (budget rebase paper to move investment income from finance to corporate portfolio underway).

Elections – additional pressure has arisen due to unforeseen equipment and printing costs, to address requirements from the Elections Act, which were not fully covered by New Burdens. Cost pressures will also arise

from the continuing provisions of the Elections Act, which will also not be fully covered by new burdens. Officers continue to monitor the position closely.

### 3.5. Place

Planning – Full year position is estimating an overspend variance of £185k mainly due to agency staff use during the year and a projected decrease in Planning fee income. Fee income is dependent on planning applications received and the current forecast is lower than the budget set. Officers will continue to be closely monitor the position over the coming months.

### 3.6. Regeneration and Communities

Communities - Service is looking to deliver balanced outturn position at the end of the year.

Housing - Temporary accommodation and homelessness demand for housing is increasing. Nightly costs for accommodation are also increasing. Subsidiary loss for housing benefit also has an effect. Service is looking to reduce the overspend by year end by improving housing model for temporary accommodation. Also grant income to cover costs is expected in the year.

### 3.7. Staffing

A review of staffing budgets has indicated a forecasted underspend of £415k at year end. Staffing budgets are being closely monitored with the underspend being driven by vacancies and delays in appointing to new structures across several service areas. The impact of the forecast underspend in staffing budgets mitigates the forecasted service overspends.

Directorate	Account Code Description	Annual Budget	YTD Budget (P3)	YTD Actual (P3)	YTD Variance (P3)	Full Year Forecast	Full Forecast Variance to Budget Over/(Under)
Coastal Partnership	01. Direct Staffing	£4,110,501	£1,027,628	£1,131,967	£104,339	£4,110,501	£2
Commercial	01. Direct Staffing	£1,442,140	£360,540	£260,347	-£100,193	£1,076,728	-£365,412
Internal Services	01. Direct Staffing	£3,872,574	£968,153	£967,232	-£921	£3,851,393	-£21,181
Place	01. Direct Staffing	£2,738,727	£684,687	£604,894	-£79,793	£2,509,128	-£229,599
Regeneration and Communities	01. Direct Staffing	£2,011,356	£502,842	£555,351	£52,509	£2,212,676	£201,320
<b>Grand Total</b>		<b>£14,175,298</b>	<b>£3,543,850</b>	<b>£3,519,791</b>	<b>-£24,059</b>	<b>£13,760,426</b>	<b>-£414,870</b>

### 3.8. Capital

The Council approved its 2023/24 Capital budget in February 2023.

Current capital projects are:

- (a) £1.65m for the demolition of Bulbeck Road Development
- (b) £80k for new capital spend on Springwood Play Park funded by UKSPF.
- (c) £100k in relation to Changing Places - Accessible Toilets
- (d) £100k Garden Waste Program
- (e) 80k Open Space & Play Area improvement.
- (f) £1.6m (revised circular received for 1.9m) – Disabled facilities Grant.
- (g) £425k Hayling Island Beach management
- (h) £456K Langstone repairs and FCERM

3.9. The revised Q1 2023/24 capital monitoring report is detailed in Appendix C.

### 3.10. Performance

A summary of the quarter's key performance indicators is included in Appendix B.

3.11. Following the Housing service review, an improved suite of KPIs is now being reported which provide increased detail on temporary accommodation placements and Hampshire Home Choice waiting lists. The figures for Q1 indicate that pressure on the service remains high, with 5 households remaining in B&B for longer than the central government guideline of 6 weeks maximum. This reflects national trends (record numbers of households in temporary accommodation reached in March).

3.12. Response times for information requests are all within target. There were 7 complaints upheld by the Local Government Ombudsman last financial year which is a significant increase from previous years (0 in 2019-20, 1 in 2020-21 and 2 in 2021-22). The Customer Service Focus Group will be looking at the details of these to identify any trends and further service improvements require.

3.13. Sickness rates were very low for Q1 (average of less than 1 sick day per FTE) – possibly as a result of under-reporting. Around a quarter of the sick days taken in Q1 were for anxiety/stress/depression – a notable increase compared to previous quarters where this was a much lower percentage of the overall sickness absence – however this was limited to 5 individuals.

3.14. Vacancy rates and debt levels across investment property portfolio remain low. Further detail around the performance of the portfolio will be included

in future reporting after the implementation of the property asset management system.

- 3.15. The number of complaints received for Environmental Services is beginning to increase again, with 166 received in Q1 (increased from 120 in Q4 and 92 in Q3). However, there has been a reduction in complaints in the first month of Q2 as a result of work undertaken by the Client Team. We are working on improvements to the way complaints are recorded and reported to allow for increased oversight and analysis – a revised dashboard is coming soon.
- 3.16. Planning decision metrics for almost all types of applications are within target, however the % of applications validated within 3 working days of receipt remains well below target, as does the % of discharge of conditions. The Planning team are looking at resourcing options to ensure these metrics are improved. Building Control metrics are all within target. No metrics are currently reported for the Environmental Health service – discussions with the service manager continue to find out what can be reported in the short term before the implementation of the Acolaid replacement system.

## 4.0 Conclusion

- 4.1 Whilst the headline figure of a £1.7M overspend looms concerning, the level of known mitigations, and the time remaining in the financial year, means the Council is more than capable of making significant reductions in the current forecast.
- 4.2 Senior Officer and heads of service are already working at pace to reduce spend and to put known and new mitigations into place to bring us as close to a break-even position as possible.
- 4.3 Close monitoring of the Council's budget will take place on an ongoing basis with monthly reports taken to the Executive Leadership Team for scrutiny and review.

## 5.0 Implications and Comments

### 5.1 S151 Comments

There are no resource implications from this report. The financial implications are mostly explained within the body of the report. The key additional take home from this is that if the forecast overspend isn't reduced before the year-end, then we will potentially be using a large part of our general fund reserves. We would still have £8M of earmarked reserves.

### 5.2 Financial Implications

Finance continues to monitor budgets regularly so that any issues are

quickly highlighted, and mitigations put in place.

### **5.3 Monitoring Officer Comments**

This paper is submitted to Cabinet to provide a strategic overview of performance for Q1 2023/24 and, in part, relates to priorities in the Council's Corporate Strategy. Monthly updated reports are taken to Management Team and Cabinet Briefing; whole performance reports more formally to Cabinet for noting and for recommendation to full Council as and when appropriate and required.

### **5.4 Legal Implications**

None arising from this report.

### **5.5 Equality and Diversity**

None arising from this report.

### **5.6 Human Resources**

In re-setting the 2023/24 revenue budget, relevant allocations were made across all service areas to ensure that staffing budget provision matched with proposed and approved organizational structures.

### **5.7 Information Governance**

None arising from this report.

### **5.8 Climate and Environment**

Revenue budget has remained in place in order to continue work on delivering the Havant Borough Council Climate and Environment Strategy and action plan.

## **6.0 Risks**

6.1 Budgets and performance will continue to be routinely monitored to ensure that any risk to delivery is highlighted early and mitigations agreed. A revised budget risk register was presented as part of the revised MTFS that was approved in November 2022. We will continue to closely monitor, and report any changes, against this register.

## **7.0 Consultation**

7.1 The information has been shared with Management Team and discussed with individual Executive Heads and relevant budget holders.

## **8.0 Communications**

8.1 Information on performance is provided on the Council website.



<b>Agreed and signed off by:</b>		<b>Date:</b>
<b>Cabinet Lead:</b>	Cllr N Bowdell	28 <sup>th</sup> July 2023
<b>Executive Head:</b>	Matthew Goodwin	2 <sup>nd</sup> August 2023
<b>Monitoring Officer:</b>	Jo McIntosh	28 <sup>th</sup> July 2023
<b>Section151 Officer:</b>	Steven Pink	28 <sup>th</sup> July 2023

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**Appendix A – Q1 2023/24 Revenue Monitoring Outturn position – revised after ELT**

Havant Borough Council	23/24 Full Year Budget	23/24 YTD Budget at P3	23/24 YTD Actuals at P3	23/24 YTD Variance at P3	23/24 Full Year Forecast	23/24 Full Year Forecast Variance to Annual Budget
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
Civil Engineering & Landscaping Team	308	77	160	83	308	(0)
Coastal Partners	115	29	552	523	115	(0)
<b>HEAD OF COASTAL PARTNERSHIPS</b>	<b>422</b>	<b>106</b>	<b>712</b>	<b>606</b>	<b>422</b>	<b>(0)</b>
5 Councils Staff and Contract	1,631	408	(517)	(925)	1,745	114
Digital	1,530	383	299	(84)	1,488	(43)
Environmental Services	4,685	1,171	(153)	(1,325)	4,681	(4)
Procurement	144	36	43	7	180	36
Property	(1,045)	(261)	(67)	194	(509)	537
<b>HEAD OF COMMERCIAL SERVICES</b>	<b>6,945</b>	<b>1,736</b>	<b>(396)</b>	<b>(2,133)</b>	<b>7,585</b>	<b>640</b>
Corporate Services	168	42	43	1	166	(2)
Democratic	575	144	146	2	658	83
Elections	326	82	228	147	328	2
Emergency Planning	69	17	32	15	87	17
Executive Team	1,097	274	283	9	1,072	(24)
Facilities	446	111	118	7	473	27
Finance	58	321	263	(58)	(174)	(231)
Human Resources	328	82	72	(10)	340	12
Legal	473	118	135	16	497	25
Mayoral	103	26	27	1	110	8
Strategy Unit	957	239	204	(35)	881	(76)
<b>HEAD OF INTERNAL SERVICES</b>	<b>4,599</b>	<b>1,456</b>	<b>1,550</b>	<b>93</b>	<b>4,440</b>	<b>(159)</b>
Building Control	79	20	30	10	92	13
Climate	40	10	0	(10)	36	(4)
Environmental Health	1,083	271	239	(32)	1,095	11
Licensing	(12)	(3)	27	31	80	93
Planning	580	145	184	39	651	71
<b>HEAD OF PLACE</b>	<b>1,769</b>	<b>442</b>	<b>481</b>	<b>38</b>	<b>1,954</b>	<b>185</b>
Communities	624	156	(184)	(340)	578	(46)
Enforcement	445	111	110	(1)	361	(83)
Housing	804	201	(298)	(499)	1,825	1,021
Parking	(1,655)	(414)	(143)	271	(1,593)	62
Regeneration & Economic Development	414	104	183	80	546	132

<b>HEAD OF REGENERATION &amp; COMMUNITIES</b>	<b>631</b>	<b>158</b>	<b>(333)</b>	<b>(490)</b>	<b>1,717</b>	<b>1,086</b>
<b>Net Cost of Services at Period 3</b>	<b>14,367</b>	<b>3,898</b>	<b>2,013</b>	<b>(1,885)</b>	<b>16,118</b>	<b>1,751</b>
<b>Pay Inflation (In Reserves)-will be released in Dec'23</b>	<b>1,266</b>				<b>-1266</b>	<b>0</b>
<b>TOTAL</b>	<b>15,633</b>	<b>3,898</b>	<b>2,013</b>	<b>(1,885)</b>	<b>16,118</b>	<b>485</b>
<b>FUNDED BY:</b>						
Business Rates Retention	(4,900)		(4,283)		(4,283)	617
Business Rates Deficit			264		264	264
Council Tax Demand on the Collection Fund	(9,591)		(9,472)		(9,472)	119
Council Tax Surplus			315		315	315
Investment Income <i>*Currently sitting in finance budget (rebase paper underway)</i>						0
New Homes Bonus Grant	(405)	0	0		(405)	0
Lower Tier Services Grant						0
New Service Grant	(130)				(130)	0
Core Spending Power	(300)				(300)	0
Other Grants	(307)				(307)	0
<b>FUNDING</b>	<b>(15,633)</b>				<b>(14,318)</b>	<b>1,315</b>
<b>(SURPLUS)/DEFICIT</b>	<b>-</b>				<b>1,800</b>	<b>1,800</b>

# Q1 23/24 Performance

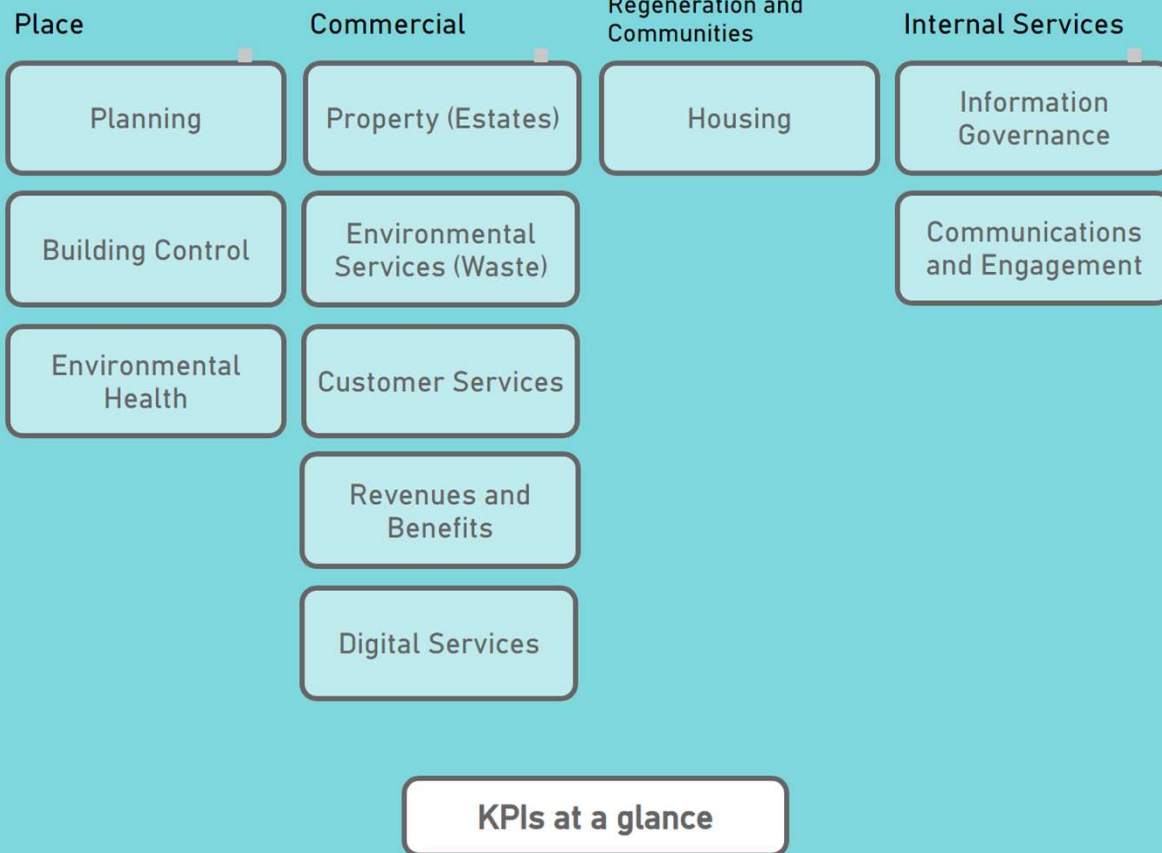
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# Fit for purpose council services



## Operational performance (KPIs)



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## Governance

Complaints

Internal audit

Information requests

## People

Staff training

Vacancies and sickness

Workforce diversity

## Finance

Quarterly monitoring

Staffing spend against budget

Key income streams

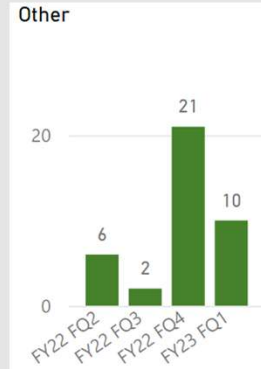
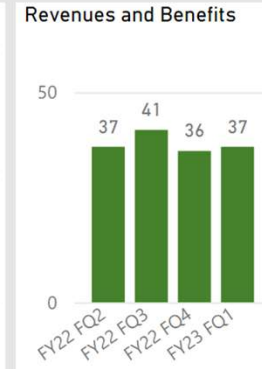
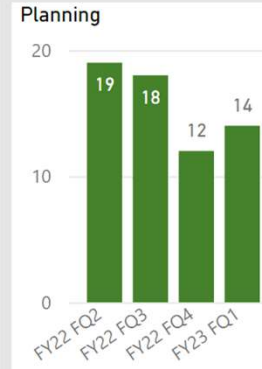
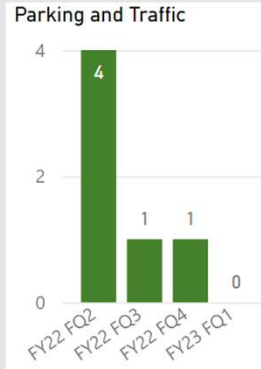
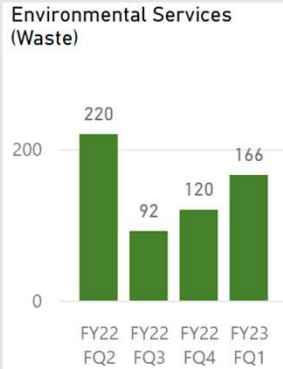
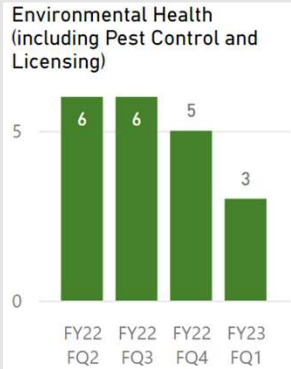
Funding bids and grants

# Complaints



Find out more about our Complaints Policy and Procedure

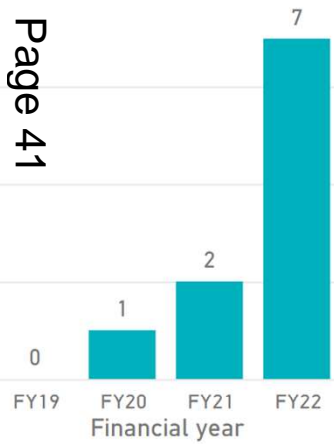
## Number of complaints received



## Number of Local Government Ombudsman complaints upheld

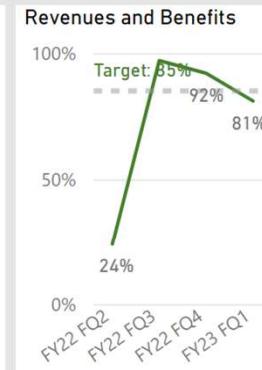
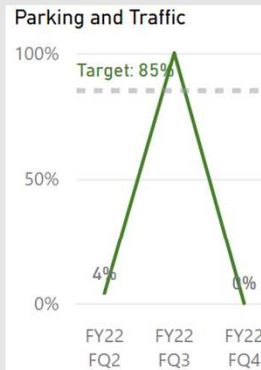


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Customers who have been through Stage 1 and 2 of our Complaints Policy may refer their complaint to the Local Government Ombudsman for independent review if they are not satisfied with the council's response. Complaints are classified as upheld where the Ombudsman finds that the council was at fault.

## % of complaints completed within 10 days



# Information requests

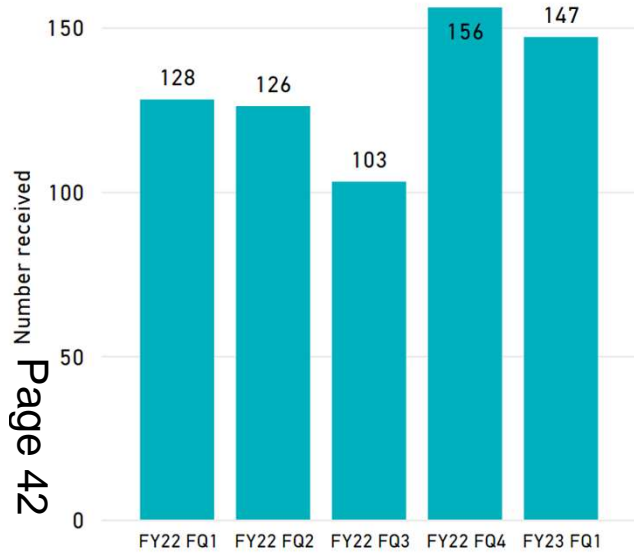
Find out more about access to information

View previous FOI requests

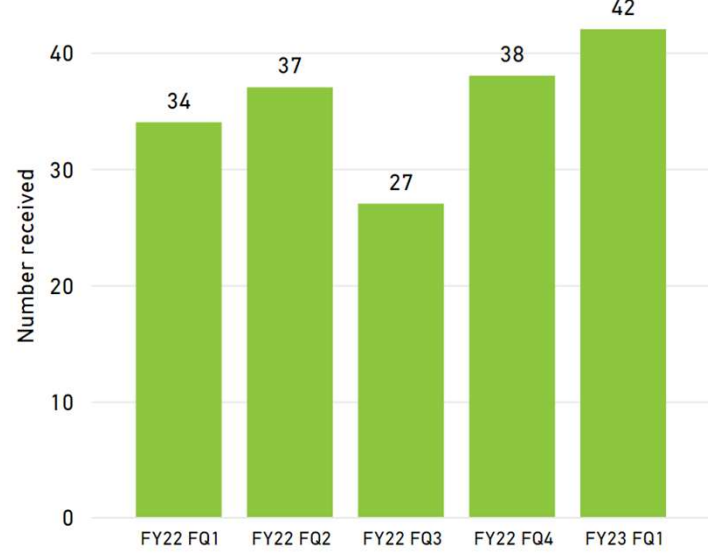
Reset filters



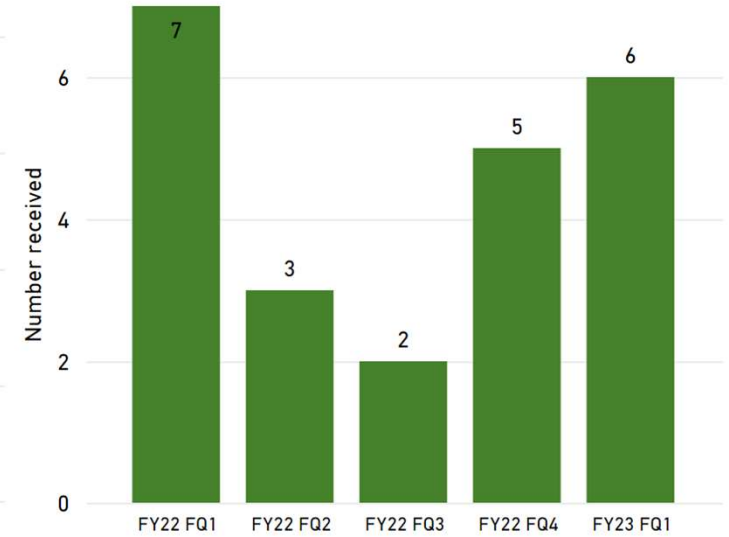
### Freedom of Information requests



### Environmental Information Regulations requests



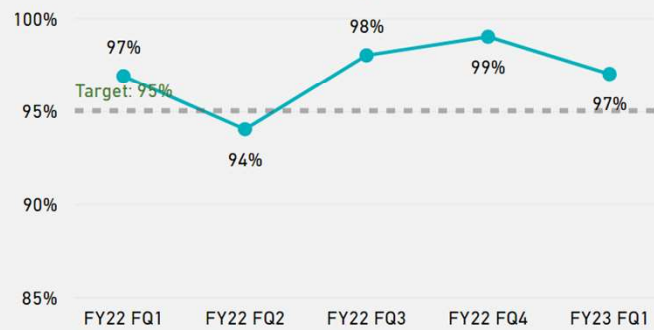
### Subject Access Requests



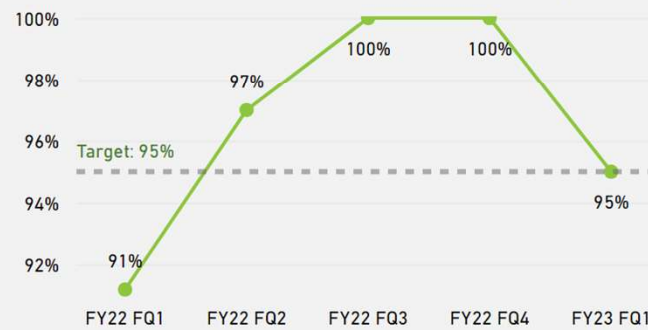
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## % of requests completed within the statutory timeframe

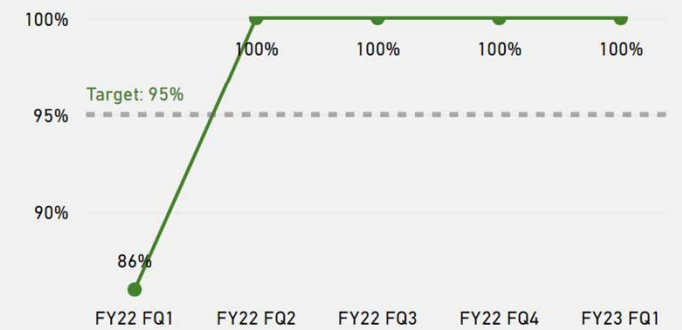
### Freedom of Information requests



### Environmental Information Regulations requests



### Subject Access Requests





# Internal audit



Our internal audit service plays an important role in realising our commitment to continuous improvement. Internal audit undertakes 'fieldwork' to review several service areas each year and provides an opinion on whether the systems of internal control within the service are robust.

The results of the most recent audits are listed in the table below along with the assurance opinion ('reasonable', 'adequate' or 'limited') and a summary of the management actions arising from the audit. These are monitored to ensure completion.

## Internal audit management actions

Reset filters

● Complete ● Not Yet Due ● Overdue - Low Priority ● Overdue - Medium Priority ● Overdue - High Priority



Audit Review	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Complete	Not Yet Due	Overdue L	Overdue M	Overdue H
Accounts Payable	Chief Finance Officer	Reasonable	6	2	0	2	2	0
Accounts Payable 2022/23	Chief Finance Officer	Reasonable	7	0	0	3	4	0
Accounts Receivable & Debt Management	Chief Finance Officer	Limited	7	0	0	1	6	0
Income Collection and Banking	Chief Finance Officer	Reasonable	2	0	0	0	2	0
Main Accounting 20/21	Chief Finance Officer	Reasonable	3	0	0	3	0	0
Treasury Management 2022/23	Chief Finance Officer	Reasonable	5	1	1	0	3	0
Asset Management (Tenanted Properties)	Executive Head of Commercial	Limited	4	0	1	1	0	2
Contract Management	Executive Head of Commercial	Reasonable	3	0	0	0	2	1
Council Tax	Executive Head of Commercial	Reasonable	3	0	0	0	2	1
Cyber-Attack Response Pathway	Executive Head of Commercial	Reasonable	10	7	0	0	2	1
IT Device Management	Executive Head of Commercial	Reasonable	9	6	0	0	3	0
Lease Income	Executive Head of Commercial	Reasonable	3	0	0	0	0	3
Norse South East - Governance	Executive Head of Commercial	Reasonable	5	3	0	0	2	0
Procurement Arrangements	Executive Head of Commercial	Limited	11	1	0	3	7	0
Business Continuity Planning 2022/23	Executive Head of Internal Services	Reasonable	7	0	0	0	5	2
Human Resources - Recruitment 2022/23	Executive Head of Internal Services	Reasonable	14	1	0	3	8	2
Information Governance	Executive Head of Internal Services	Limited **	8	7	0	0	1	0
Animal Welfare (Licensing)	Executive Head of Place	Limited **	14	13	0	0	1	0
Building Control	Executive Head of Place	Limited	9	6	0	0	0	3
Food Safety	Executive Head of Place	Limited **	10	9	0	1	0	0
Licensing	Executive Head of Place	Adequate **	6	4	0	0	0	2
Planning / Developers Contributions	Executive Head of Place	Reasonable	2	0	0	0	1	1
Planning Enforcement	Executive Head of Place	Reasonable	4	3	0	0	1	0
Tree Management	Executive Head of Place	Reasonable	5	3	0	2	0	0
Homelessness – Service Improvement Action Plan 2022/23	Executive Head of Regeneration and Communities	Reasonable	3	2	0	0	1	0
Business Rates	Head of Customer Services	Reasonable	3	0	2	2	1	0

# Operational performance - Planning



Find out more about the planning service

## Validation

All applications - % of applications processed within 3 working days of receipt

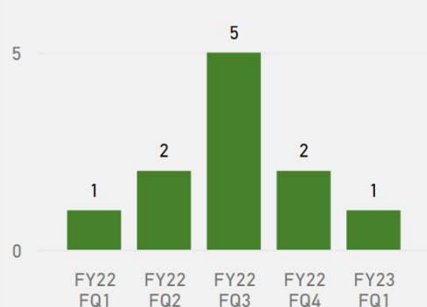


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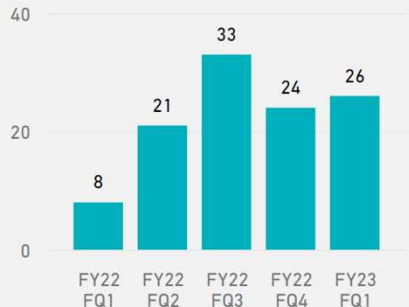
Further metrics are currently under development

## Decision

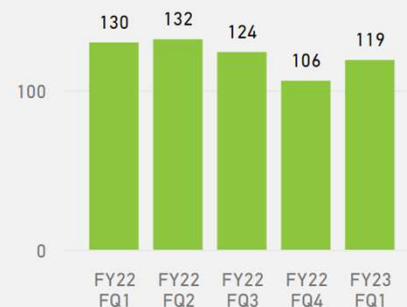
### Major planning applications decided



### Minor planning applications decided



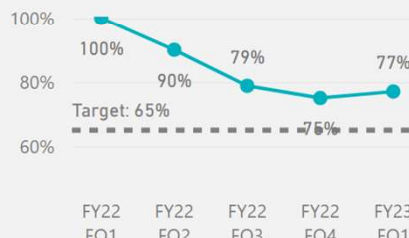
### Other planning applications decided



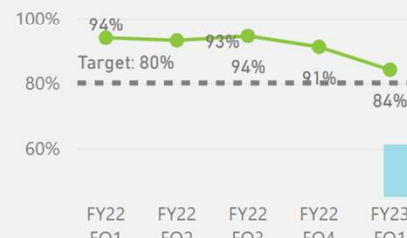
### Major planning applications - % decided within 13 weeks or agreed time extension



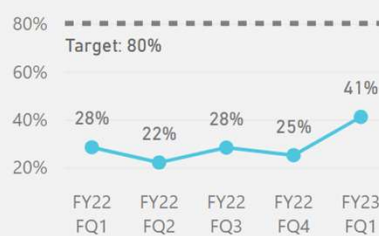
### Minor planning applications - % decided within 8 weeks or agreed extension



### Other planning applications - % decided within 8 weeks or agreed extension



### Discharge of condition applications - % decided within 8 weeks



### All applications - % decided within 26 weeks



## Appeals

### Major planning applications - % of decisions allowed on appeal



### Minor and other planning applications - % of decisions allowed on appeal



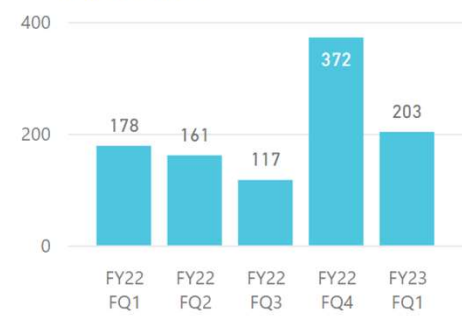
Appeals data are provided based on central government definitions.

# Operational performance - Building Control

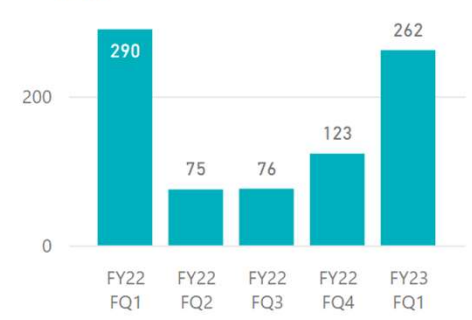


Find out more about building regulations

### Number of Building Regulations projects commenced under the Council's control

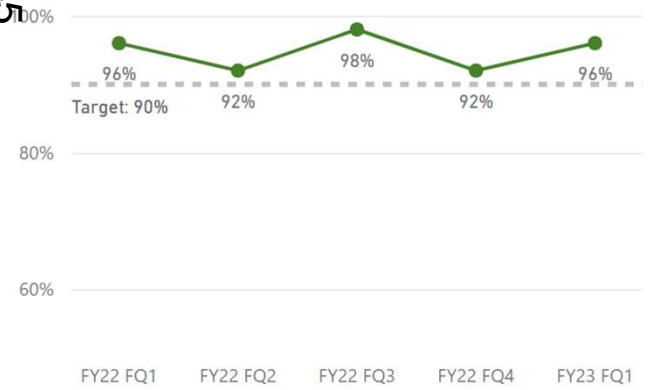


### Number of Building Regulations projects completed under the Council's control



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### Full Plans applications checked within 15 days (%)



### Full Plans applications decided within statutory time limit (%)



### Number of claims submitted against the Council for Building Control negligence / non-compliance that the Council was unsuccessful in defending

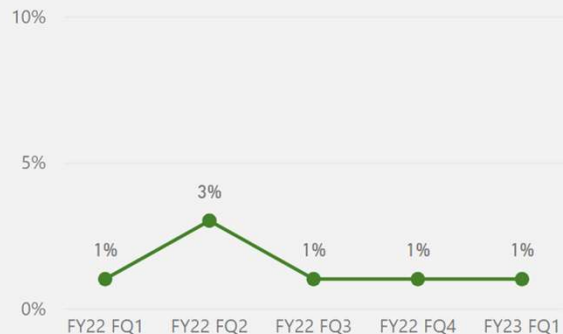


Target: 0

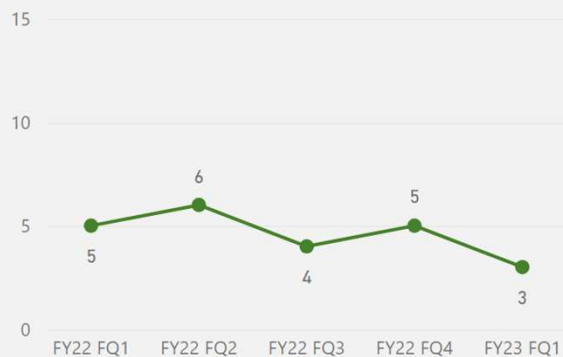


## Vacancy rate across investment portfolio

Empty commercial property - % based on available floorspace



Empty commercial property - number of vacant/to let units



## Rent debt across investment portfolio

Property debt - rent arrears for all tenanted commercial property - average across quarter (£)



Property debt - rent arrears over 90 days (aged debts) for all tenanted commercial property at end of quarter (£)



Indicators and targets are based on industry standard metrics.

Further metrics are currently under development

[Find out more about our property portfolio](#)

# Operational performance - Housing



The Housing team has recently undergone a service review. As part of this a new suite of performance metrics has been identified and these are being reported from Q1 2023-24 onwards.

Select a quarter to view the data

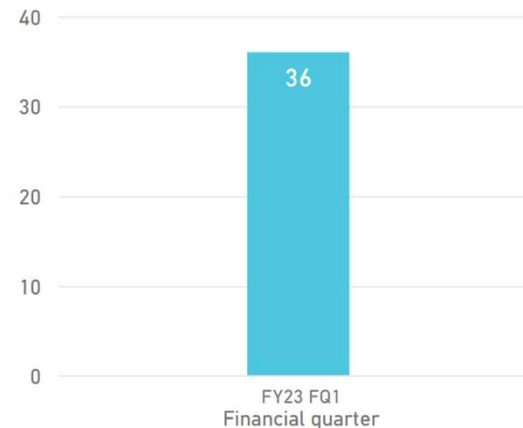
FY23 FQ1

[View more data about housing in the borough](#)

[Find out more about the council's housing service](#)

## Housing supply

New affordable homes in the borough



## Housing options and advice

Page 47

34

Number of households who have had a main duty accepted

202

Number of households placed into temporary accommodation during quarter

[Find out more about temporary accommodation placements](#)

6

Number of households who have maintained their tenancies as a result of HBC Housing assistance

## Hampshire Home Choice

142

Number of successful lets agreed during quarter

1,831

Number of households on the waiting list at end of quarter

# Operational performance - Housing



Select a quarter to view the data

FY23 FQ1

## 202

Total households placed in temporary accommodation during quarter

### Non self-contained accommodation including B&B

### 136

Number of households placed into B&B during quarter

### 36

Average number of days spent in B&B accommodation

### 77

Number of households in B&B at end of quarter

### 5

Number of households who spent more than 6 weeks in B&B

### Self-contained accommodation

### 23

Number of households placed into self-contained accommodation during quarter

### 195

Average number of days spent in self-contained accommodation

### 14

Number of households in self-contained accommodation at end of quarter

### Supported accommodation

### 13

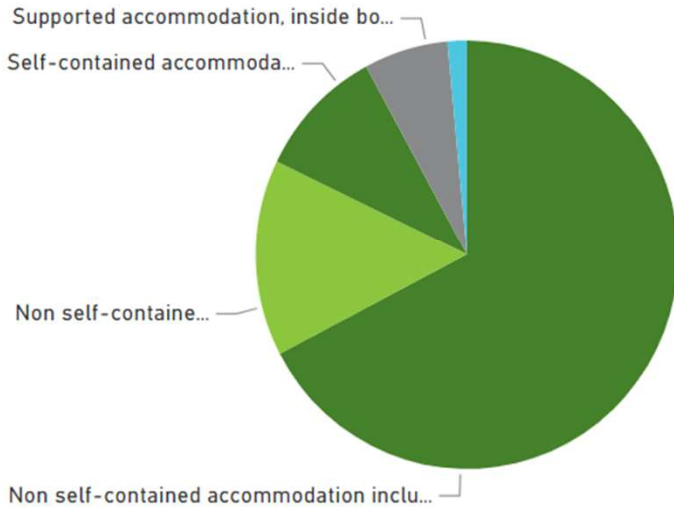
Number of households placed into supported accommodation during quarter

### 87

Average number of days spent in supported accommodation

### 10

Number of households in supported accommodation at end of quarter



Find out more about the council's housing service

# Operational performance - Customer Services / Revenues and Benefits



Both services are provided by Capita via the 5 Councils Contract.

## Customer Services phone lines

Calls answered within 20 seconds in the CSC (%)



Calls answered and completed by CSC - one and done (%)



## Benefits applications processing

Average processing time for housing benefit and council tax benefit



Customer satisfaction data will be added here when available

Complaints

## Council tax and business rates collection

Non domestic rates cash collection - cumulative (%)



Council tax cash collection rate - cumulative (%)



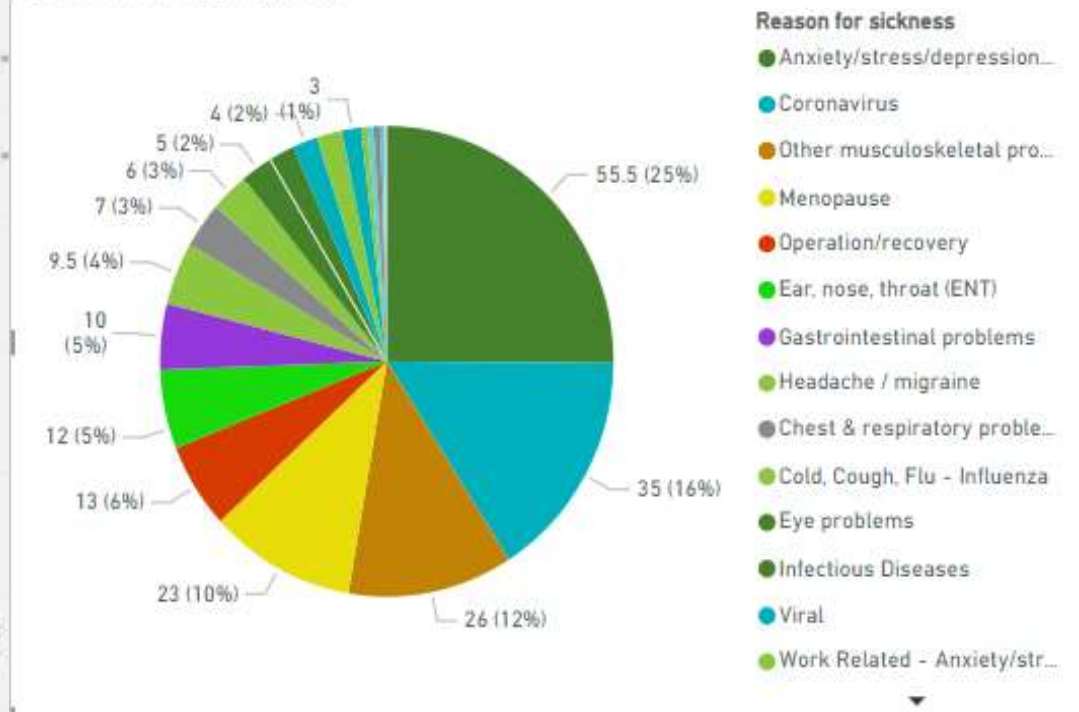
Position as at end of Q1. Collection rates of council tax and non domestic rates (also known as business rates) are monitored throughout the financial year to ensure that the collection targets will be reached by the end of March.

# Sickness levels and reasons

Sickness levels among staff



Reasons for sickness





# Workforce diversity

Find out more about our commitment to equality and diversity



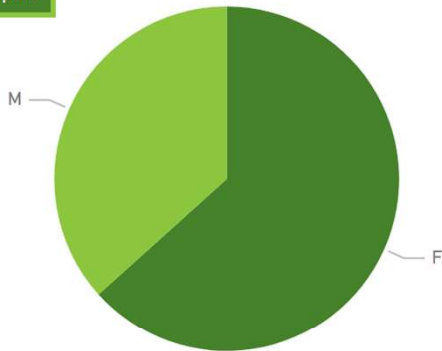
Havant Borough Council is committed to the public sector equality duty. This data is collected from permanent staff annually for the purposes of monitoring diversity in the workforce.

**281**  
Number of employees  
Snapshot taken 31st March 2023

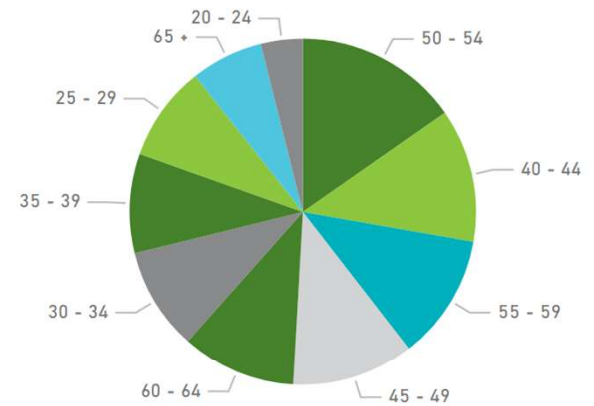
Page 51

### Gender

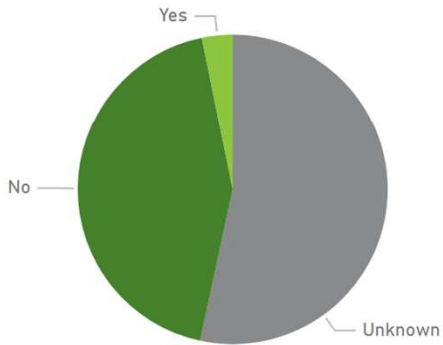
[Read our gender pay gap report](#)



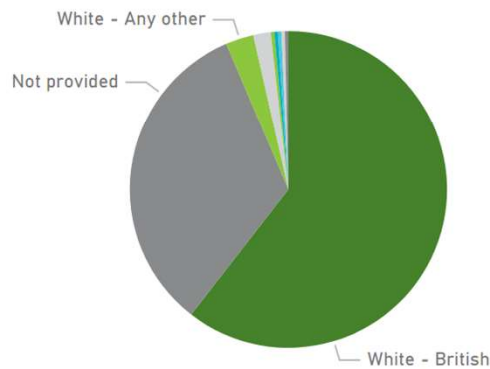
### Age



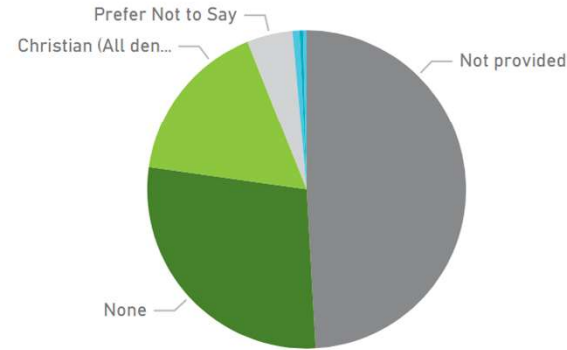
### Disability



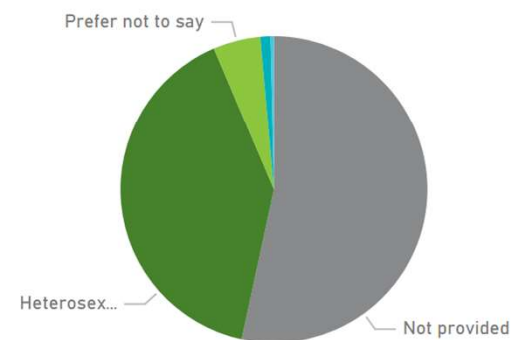
### Ethnic origin



### Religion



### Sexual orientation



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Appendix C –2023/24 Q1 Capital Monitoring & Forecast Position

Ref	Scheme	Active/Complete	Funding Source	2023/24 Full Year Budget	YTD Actuals (P3)	YTD variance (P3)	Full Year Forecast	Full Year Forecast variance to Budget
	<b>Executive Head of Regeneration and Communities</b>							
1	Refurbishment of HBC equipped play areas	Active	RES (HBC)	£0	£222,368	£222,368	£494,059	£494,059
		Active	CIL (HBC)		£0	£0	£23,000	£23,000
2	Springwood Play Area	Active	LUP (DHLUC)	£0	£0	£0	£58,781	£58,781
		Active	S106 (SP)	£0	£0	£0	£34,829	£34,829
3	Hayling Island Skate Park	Complete	S106 (SP)	£0	£96,992	£96,992	£25,356	£25,356
		Complete	Grant (VET)	£0	£0	£0	£0	£0
		Complete	Grant (HSP)	£0	£0	£0	£0	£0
5	Bulbeck Road Redevelopment	Active	BRFG (DHLUC)	£1,650,000	£0	-£1,650,000	£1,650,000	£0
6	Local Authority Housing Fund	Active	LAHF (DLUHC)	£211,766	£0	-£211,766	£211,766	£0
	<b>Total Executive Head of Regeneration and Communities</b>			<b>£1,861,766</b>	<b>£319,360</b>	<b>-£1,542,406</b>	<b>£2,497,791</b>	<b>£636,025</b>
	<b>Executive Head of Commercial</b>							
7	Changing Places Accessible Toilet programme	Active	CHGP	£100,000	£0	-£100,000	£100,000	£0
4	UKSPF Open Space and Play Area Improvements	Active	UKSPF (DHLUC)	£80,000	£0	-£80,000	£80,000	£0
8	Asset Maintenance Management System	Active	RES (HBC)	£0	£0	£0	£0	£0
9	Expansion of Garden Waste Programme	Active	RES (HBC)	£100,000	£0	-£100,000	£100,000	£0
10	Lease Surrender of Havant Lorry Park	Complete	RES (HBC)	£0	£0	£0	£0	£0
11	Property Asset Management System	Active	RES (HBC)	£0	£0	£0	£0	£0
	<b>Total Executive Head of Commercial</b>			<b>£280,000</b>	<b>£0</b>	<b>-£280,000</b>	<b>£280,000</b>	<b>£0</b>
	<b>Executive Head of Place</b>							
12	Disabled Facilities Grant	Active	DFG (DWP)	£1,628,000	£303,789	-£1,324,211	£1,628,000	£0
13	Nutrient Neutrality Mitigation	Active	Grant (SLEP)	£0	£0	£0	£0	£0
	<b>Total Executive Head of Place</b>			<b>£1,628,000</b>	<b>£303,789</b>	<b>-£1,324,211</b>	<b>£1,628,000</b>	<b>£0</b>
	<b>Coastal Defence Partnership Manager</b>							
14	Warblington Bridge	tbc	CIL (HBC)	£0	£0	£0	£0	£0
15	Hayling Island Beach Management Activities	tbc	FDGIA (EA)	£425,000	£18,646	-£406,354	£425,000	£0
16	Langstone FCERM	tbc	FDGIA (EA)	£205,788	£29,887	-£175,901	£205,788	£0
			CIL (HBC)	£123,177		-£123,177	£123,177	£0
17	Langstone Repairs	tbc	RES (HBC)	£30,000		-£30,000	£30,000	£0
18	Hayling Island Strategy	tbc	FDGIA (EA)	£0	£15,001	£15,001	£15,001	£15,001
			CIL (HBC)	£96,798		-£96,798	£96,798	£0
	<b>Total Coastal Defence Partnership Manager</b>			<b>£880,763</b>	<b>£63,534</b>	<b>-£817,229</b>	<b>£895,764</b>	<b>£15,001</b>
	<b>Total Capital Programme</b>			<b>£4,650,529</b>	<b>£686,682</b>	<b>-£3,963,847</b>	<b>£5,301,555</b>	<b>£651,026</b>

Appendix C –2023/24 Q1 Capital Monitoring & Forecast Position

Funded by:				2023/24 Full Year Budget	YTD Actuals (P3)	YTD variance (P3)	Full Year Forecast	FOT variance to Budget
19	DWP Disabled Facilities Grant		DFG (DWP)	£1,628,000	£303,789	-£1,324,211	£1,628,000	£0
20	Levelling Up Parks Fund		LUP (DHLUC)	£0	£0	£0	£58,781	£58,781
21	Changing Places Grant		CHGP	£100,000	£0	-£100,000	£100,000	£0
22	Corporate Reserves		RES (HBC)	£130,000	£0	-£130,000	£130,000	£0
23	Local Growth Fund - Solent LEP		Grant (SLEP)	£0	£0	£0	£0	£0
24	Community Infrastructure Levy		CIL (HBC)	£219,975	£0	-£219,975	£219,975	£0
25	Section 106 (Sports Pitch)		S106 (SP)	£0	£96,992	£96,992	£60,185	£60,185
26	Unsupported Borrowing		UB	£0	£0	£0	£0	£0
27	Local Levy Grant		LLG (EA)	£0	£0	£0	£0	£0
28	UK Shared Prosperity Grant		UKSPF (DHLUC)	£80,000	£0	-£80,000	£80,000	£0
29	Brownfield Grant		BRFG (DHLUC)	£1,650,000	£0	-£1,650,000	£1,650,000	£0
30	Flood Defence Grant in Aid		FDGIA (EA)	£630,788	£63,534	-£567,254	£645,789	£15,001
31	Local Authority Housing Fund Grant		LAHF (DLUHC)	£211,766	£0	-£211,766	£211,766	£0
32	Hayling Skatepark Project (HSP)	Complete	Grant (HSP)	£0	£0	£0	£0	£0
33	Veolia Environmental Trust Grant		Grant (VET)	£0	£0	£0	£0	£0
<b>Total Capital Resources</b>				<b>£4,650,529</b>	<b>£686,682</b>	<b>-£3,963,847</b>	<b>£5,301,555</b>	<b>£651,026</b>

<b>Name of Committee:</b>	Cabinet		
<b>Committee Date:</b>	6 September 2023		
<b>Report Title:</b>	Waste and Recycling Arrangements - Inter Authority Agreement		
<b>Responsible Officer:</b>	Chris Bradley, Executive Head of Commercial		
<b>Cabinet Lead</b>	Cllr Lulu Bowerman		
<b>Status:</b>	Non-Exempt		
<b>Urgent Decision:</b>	No	<b>Key Decision:</b>	No
<b>Appendices:</b>	None		
<b>Background Papers:</b>	A. <a href="#">HCC Decision Report, Waste Disposal Recycling Arrangements dated 18 July 2023</a>		
<b>Officer Contact:</b>	Name: Sonja Reames Email: <a href="mailto:sonja.reames@havant.gov.uk">sonja.reames@havant.gov.uk</a>		
<b>Report Number:</b>	HBC/ To be inserted by Democratic Services		

**Corporate Priorities:**

As the local Waste Collection Authority (WCA), the Council has ambitions to significantly increase its recycling and reduce waste which will support tackling the Climate Emergency and creating a greener Borough. Reviewing our recycling and waste collection and disposal offering, incorporating new requirements from the Environment Act, is an agreed initiative.

Negotiating and agreeing favourable terms with our Waste Disposal Authority (WDA), Hampshire County Council, will contribute to delivering these priorities and ensure recycling and waste from our Borough is managed efficiently and effectively.

**Executive Summary:**

Refuse and recycling collections are a universal service offered by the Council to every home in the Borough. It is important that an effective and efficient service is offered that reduces waste and encourages recycling.

As part of the Pride in Place strategic theme, the Council committed to reviewing its recycling and waste disposal offering, incorporating new requirements from the Environment Act 2021. Negotiating and agreeing favourable terms with Hampshire County Council will contribute to delivering these priorities and ensure waste from our borough is managed efficiently and effectively.

The Council has been working with Hampshire County Council our Waste Disposal Authority (WDA) and the other partners in the Project Integra partnership to drive the continuous improvement and performance.

The County Council is looking for reassurance that the local Waste Collection Authorities (WCA) in Hampshire, which this council is one, will utilise the new £20 million Materials Recovery Facility which it intends to build in Eastleigh. This is reasonable and understandable.

The County Council is therefore looking to local WCAs to enter an Inter Authority Agreement (IAA) to confirm this commitment and formalise current agreements by the end of October 2023 to enable work on the new facility to proceed.

The IAA sets out the financial and operational arrangements between the district, unitary and county councils in Hampshire for the processing, recycling, and disposal of household and municipal waste. The relationship is currently governed by a Memorandum of Understanding. It is proposed by the County Council that it is replaced with a more robust, legally binding commercial IAA.

HBC needs to fully understand the financial and operational consequences, which will not be fully known until the Government publishes further awaited details of how the new duties will work and what additional funding to cover these new burdens will be available.

Delays in Government regulations means this is a complex and dynamic environment. This paper therefore seeks the delegated powers for the Cabinet Lead for Environmental Services, with support from officers, to negotiate the IAA with the County Council to achieve a mutually affordable and sustainable solution so that the Council can respond to the offer by October 2023.

## **Recommendations:**

That Cabinet resolves:

1. To note the Boroughs ambitions to significantly increase its recycling, reduce waste and improve its carbon performance, which will support tackling the Climate Emergency and creating a greener Borough.
2. To note that there will be a need to alter the current recycling collections to reflect national and regional requirements.
3. To note the current offer from Hampshire County Council of an Inter-Authority Agreement and the intention to work with Hampshire County Council to achieve a mutually affordable and sustainable solution so that the Council can respond to the offer by October 2023.
4. To delegate authority to the Executive Head of Commercial, in consultation with the Cabinet Lead for Environmental Services, the Section 151 and Monitoring Officers, to negotiate and agree the Inter Authority Agreement, in the best interests of Havant Borough Council.

## 1. Introduction

- 1.1. Refuse and recycling collections are a universal service offered by the Council to every home in the Borough. It is important that an effective and efficient service is offered that reduces waste and encourages recycling.
- 1.2. The recycling performance in Havant, Hampshire and the UK has stagnated in recent years and a renewed focus on climate change and circular economy goals is refocusing attention on improvement. The recycling rate in Havant has settled between 29-33% since 2010, standing at 33% in the last published year of 2020/21. The National figure has levelled out at 44%, far short of the 50% target which should have been achieved by 2020. The current National Resources and Waste Strategy commits England to recycling 65% of waste and sending less than 10% to landfill by 2035. This can only be achieved by significant improvements in household recycling, including food waste collections and extending the range of materials collected to include glass and all plastic packaging.
- 1.3. The Environment Act 2021 requires a minimum range of materials that can be recycled. This would increase the range of materials that could be recycled in Havant and would enable residents to reduce the amount of waste each household produces, which in turn will be better for the environment.
- 1.4. The Environment Act 2021 also requires a separate food collection service from households. In Havant, food is collected in the waste stream. By collecting it separately, material would be recycled instead of disposed of as waste, which could have significant environmental benefits around recycling and carbon performance.
- 1.5. As the local Waste Collection Authority (WCA), the Council has ambitions to significantly increase its recycling and reduce waste which will support tackling the Climate Emergency and creating a greener Borough.
- 1.6. Negotiating and agreeing favourable terms with our Waste Disposal Authority (WDA), Hampshire County Council, will contribute to delivering these priorities and ensure recycling and waste from our Borough is managed efficiently and effectively.
- 1.7. Established in 1995, Project Integra is the pan-Hampshire waste partnership which has enabled the Council to work with Hampshire

County Council, the two city unitary authorities and ten Hampshire district to promote best practice and improve the performance in the management of waste and recycling.

- 1.8. The County Council is now developing a new Material Recovery Facility (MRF) in Eastleigh, to take all of Hampshire's recycling, with an increased range of materials and improved waste and recycling treatment process, to meet the needs of the Environment Act 2021.
- 1.9. The County Council is therefore looking for reassurance that the eleven local WCAs in Hampshire will utilise the new MRF and is seeking a commitment by October 2023. This commitment will take the form of a legally binding Inter-Authority Agreement (IAA) to use the new MRF and adopting new processes and financial arrangements.
- 1.10. This is perfectly reasonable and understandable, but the Borough needs to fully understand the financial consequences which will not be fully known until the Government publishes further awaited details of how the scheme will work and what additional funding to cover this new burden will be provided.

## **2. Financial Implications**

- 2.1. Havant Borough Council is awaiting details of funding from the Government, but the new collection systems, funding, and agreements between partners under the IAA are likely to have significant financial implications.
- 2.2. Current collection contract costs are in the region of c£4.1 million per annum. Introduction of a new food waste service and potential additional recycling collection service will need to consider:
  - a) The one-off costs of implementation such as the potential purchase of vehicles and containers. Details of what the food waste service will look like will be developed once government has provided its requirements on the service and following consultation.
  - b) Ongoing increased costs with the current waste and recycling contractor which should be covered by the 'New Burden Funding' for any changes specifically required by government or the WDA (HCC). Any other costs will be explored as part of the affordability assessment of the strategic development work.



- c) Specialist advice and support with the financial and operational modelling and contract variation.
- 
- 2.3. Funding is expected to be both one-off implementation costs through a grant claim and then ongoing funding through New Burdens. There is a risk that any New Burdens funding will only be short-term funding and no guarantee that all costs will be recovered (i.e. DEFRA are already exploring models based on 'efficient contracts' rather than our actual costs). Timeframe and details of funding is currently unknown but is expected with the release of the government's response to the consistency consultation and statutory guidance.
  - 2.4. The County Council will be asking the eleven local waste collection authorities, which includes HBC, to sign up to an IAA. This proposes to change the way the current payment mechanism works between HCC and the partners including HBC. The current indicative initial costs resulting from the proposed key changes of this new agreement include the potential to increase by c.£430k potential loss of material income, c.£150k for contamination cost and c£200k penalty for kerbside residual waste but this figure is particularly difficult to forecast, and costs could prove to be significantly more.
  - 2.5. HBC will be continuing to negotiate with HCC over the potential cost increases and issues such as income share. Further clarity is still required in relation to the IAA and it is believed that this will be forthcoming once Government publishes details and guidance on consistency and the Extended Producer Requirements (EPR) income streams.
  - 2.6. Additional resources will be required to support this project including, legal, finance, procurement, operations review and project management. Existing budgets will be used to fund the first phase of this project however, subsequent funding may be sought as part of future cabinet reports.

### **3. Options**

- 3.1. Three Options have been considered; Accept HCC's proposed IAA, Make Alternative Arrangements and Negotiate with HCC.
- 3.2. **Option 1 - Accept HCC proposed IAA**

While this option is perfectly understandable, if the proposed IAA is accepted then the impact to HBC is currently estimated to be more than c£780k. Penalties for residual waste will commence in 2030, it is not possible to predict the additional impact.

HBC needs to fully understand the financial consequences which will not be fully known until the Government publishes further awaited details of how the scheme will work and what additional funding to cover this new burden will be provided.

### 3.3. **Option 2 - Make alternative arrangements for processing waste collected for recycling**

If the council chooses not to enter into the IAA then it must make its own arrangements for storing, transporting and reprocessing recycled materials; this includes dry mixed recycling, garden waste and food waste. At present these costs are borne by the County Council, who provide waste transfer stations, transport, and reprocessing infrastructure.

It is estimated that the likely net cost of alternative arrangements will be from £600k to £1,300k. This reflects the additional costs of transporting and processing material, less the likely revenue from recycling credits issued by HCC in lieu of their duty to process the material. This option carries with it significant risk in terms of access to facilities and market forces on costs and potential revenues.

This option would require the support of HCC who could, should they choose to, use their powers of direction and require HBC to use the HCC facilities.

### 3.4. **Option 3 - Negotiate an improved IAA**

HBC needs to fully understand the financial consequences which will not be fully known until the Government publishes further awaited details of how the scheme will work and what additional funding to cover this new burden will be provided.

By working collaboratively with its Project Integra partners to negotiate and agree an improved IAA, will allow HBC to manage the uncertainty to achieve a mutually affordable and sustainable solution. Enabling the council to remain committed to Project Integra and allow the Council to respond to the offer by October 2023.

### 3.5. **Recommended Option**

Option 3 – Negotiated an improved IAA is the recommended option.

## 4. **Relationship to Corporate Strategy**

- 4.1. Pride in Place: To create a great place to live, work and enjoy.
- 4.2. Reviewing our recycling and waste disposal offering, incorporating new requirements from the Environment Act and improving our garden waste collection service is an agreed initiative. Negotiating and agreeing favourable terms with Hampshire County Council shall contribute to delivering these priorities and ensure waste from our borough is managed efficiently and effectively.

## 5. **Conclusion**

- 5.1. There are significant proposed changes around waste and recycling as summarised in this report. This has resulted in a highly complex and time sensitive matter.
- 5.2. The County Council is looking for reassurance that the local WCA's in Hampshire will utilise the new Materials Recovery Facility which it intends to build in Eastleigh and is seeking a commitment by October 2023. This is perfectly reasonable and understandable, but the council needs to fully understand the financial and operational consequences which will not be fully known until the Government publishes further awaited details of how the scheme will work and what additional funding to cover this new burden will be provided.
- 5.3. The Council shall continue to work with the County Council and other Hampshire authorities in respect of an Inter-Authority Agreement and shall work with the County Council to achieve a mutually affordable and sustainable solution.

## 6. **Implications and Comments**

### 7. **S151 Officers Comments**

The Council's S151 Officer comments on the proposed IAA are as follows:

- 7.1. It is quite clear that the new IAA proposed by HCC cannot be accepted without further information. The total predicted additional

cost pressure of £780k represents ~5% of HBC's net budget and would require significant savings to be found elsewhere in the budget to accommodate any values not covered by new burdens funding.

- 7.2. Not understanding what will be covered by new burdens funding, or to what value, makes agreeing to the IAA in its current form, high risk.
- 7.3. I am happy to support committing in principle to HBC working with HCC and other partners on an IAA, but we cannot be drawn into any legally binding agreement without understand the costs and risks in detail.
- 7.4. There are risks to not signing the IAA in the requested timeframe. These risks will be shared between HCC and HBC, it is therefore in the interest of both parties to move forward with negotiating the IAA. It is my opinion that the financial risks of signing the IAA as it stands are greater than any risks associated with delaying and negotiating.
- 7.5. I am fully supportive of Option 3 to continue to negotiate the terms of the IAA before making any commitments.

## **8. Financial Implications**

As per section 2 above.

## **9. Monitoring Officer Comments**

- 9.1. The legal issues raised in this report have been carefully considered. The course of action proposed is regarded as a prudent and appropriate approach. Legal advice and support in respect of the IAA and legislative changes shall continue to be provided.

## **10. Legal Implications**

- 10.1. The Council is a Waste Collection Authority (WCA) and is responsible for arranging the collection of household waste for disposal and recycling, along with waste from businesses if requested. Hampshire County Council is a Waste Disposal Authority (WDA) and is responsible for the disposal of waste collected by WCAs in its area.

- 10.2. Household waste collected for recycling may either be managed by the WCA or passed to the WDA. If the WCA makes its own arrangements for recycling waste then the WDA must contribute to these costs, either through Recycling Credits or through an alternative financial mechanism agreed by the parties. The WDA has a 'power of direction' which entitles it to instruct that material collected for recycling is delivered to it.
- 10.3. If material for recycling is passed to the WDA, and infrastructure has been provided to enable co-mingled collections then there is no duty to provide recycling credits. However, the parties are free to enter financial arrangements, such as the existing Memorandum of Understanding and proposed Inter Authority Agreement.
- 10.4. The IAA is a legally binding commercial agreement. The Council's legal advisers shall be involved in the negotiations.

## **11. Equality and Diversity**

- 11.1. There are no adverse equality or diversity impacts which will result from this proposed course of action.

## **12. Human Resources**

- 12.1. There are no human resources implications resulting from this proposed course of action. Future Human Resource implications will emerge from the negotiations on the nature and scale of additional services required. These will be brought forward for consideration under a separate paper.

## **13. Information Governance**

- 13.1. There are no information governance implications resulting from this proposed course of action.

## **14. Climate and Environment**

- 14.1. The Environment Act extends the existing duties on the Council to improve recycling, reduce waste and to eliminate residual waste being sent to landfill. This will reduce the carbon impacts and wider environmental impacts of resource use associated with domestic and municipal waste through applying the principles of waste hierarchy. Continued membership of Project Integra, through adopting the proposed IAA, will support and enhance these environmental outcomes.

## 15. Risk

15.1. The Executive Head of Commercial comments on the proposed arrangements as follows:

15.2. **Financial Exposure.** Government funding to support required changes such as introducing a separate food waste service will provide mitigation to the increased costs of new requirements. Any changes to the collection service may increase costs. These costs would need to be fully considered as part of the financial modelling to ensure the most cost-effective solution is achieved. As part of the IAA the financial arrangements are being reviewed and that more of the costs of recycling will be passed on to Districts. This is a key risk to the council and needs to be subject to further negotiation as recommended in this report. Mitigation of these issues will be achieved by delaying decisions on implementation until; confirmation of Government funding is received, better understanding of financial exposure is achieved before entering the IAA with HCC.

New Burdens Funding should be available to support the changes to recycling collections which are mandated by the Environment Act. However, if the Council implements changes such as food waste collections prior to the legal duty, then this funding may not be provided.

15.3. **Operational Exposure.** There is a high level of uncertainty over key provisions in the Environment Act 2021, therefore the scope of necessary changes to waste and recycling collections, and financial impacts, is not known. The delay in implementation of EPR has also triggered a delay in Consistency Regulations. The final scope of consistency duties has not yet been confirmed, and there is no timetable for this, therefore there is uncertainty about the scope and timing of these duties, including weekly food waste collections and the obligation to split dry recycling into to collection streams. The IAA and joint waste strategy (JMWMS) have not been updated to reflect this uncertainty, so there is a risk that Hampshire councils will be committing to collection and processing arrangements which are not legally necessary. HBC will work collaboratively with partners to consider these matters as part of the IAA negotiation process.

15.4. **Exposure to Challenge.** External legal advice has been commissioned to help steer the process to ensure a robust structure is undertaken. Consultation and engagement with residents will be

conducted at an early stage of developing the new waste strategy for household.

- 15.5. **Reputation.** Waste and recycling affect every resident therefore any change can be sensitive. Appropriate engagement with residents and members is being factored into the project timeline at an early stage to be considered in development of service delivery models.

Undertaking the process set out in the report to develop a waste strategy for the future will contribute towards compliance with national requirements.

## 16. Consultation

- 16.1. Consultation with the Leader of the Council, Portfolio Holder for Environmental Services and Senior Leadership team has been undertaken along with a planned wider member briefing on the requirements of the Environment Act 2021.
- 16.2. Consultation with external partners have included DEFRA, Norse South East Ltd and Norse Commercial Services, and our Project Integra partners including Hampshire County Council, the two city unitary authorities and ten district authorities.
- 16.3. Questions have been raised about; the timescales, cost implications, the need to have certainty of Government intentions before committing and the need to engage and consult with communities and households and ensure that the Council understands how it could make it easier for households to recycle.

## 17. Communications

A communications plan will be developed with Project Integra partners once the terms and scope of the IAA have been agreed.

Agreed and signed off by:		Date:
<b>Executive Head:</b>	Chris Bradley	29/08/2023
<b>Monitoring Officer:</b>	Jo McIntosh	29/08/2023
<b>Section151 Officer:</b>	Steven Pink	29/08/2023

## SUPPORTING INFORMATION

### 1. Background

1.1. As a council, Havant has seen growth in recycling performance in the County since 2019. It is in the top half of best improving authorities in Hampshire in terms of waste and recycling and has ambitions to grow further.

1.2. The table below shows recycling growth and performance compared to other authorities in Hampshire:

Authority	2018-19 (%)	2020-21 (%)	diff
Winchester City Council	36.1%	40.5%	4.4%
Rushmoor Borough Council	29.0%	31.9%	2.9%
Gosport Borough Council	23.8%	26.6%	2.8%
Havant Borough Council	30.7%	33.0%	2.3%
Basingstoke and Deane Borough Council	28.3%	30.4%	2.1%
East Hampshire District Council	34.3%	36.2%	1.9%
Fareham Borough Council	33.7%	35.6%	1.9%
Test Valley Borough Council	36.0%	37.6%	1.6%
New Forest District Council	32.9%	34.1%	1.2%
Hart District Council	41.8%	41.7%	-0.1%
Eastleigh Borough Council	41.7%	40.2%	-1.5%

1.3. Havant currently provides households with the following services:

- Residual waste - 240 litre black lidded bin, collected fortnightly.
- Mixed recycling - 240 litre green lidded bin, collected fortnightly.
- Garden waste - 240 litre brown bin, collected fortnightly.

It is anticipated that new duties applied by the Environment Act will require changes to the services including new containers for food waste and potentially an additional recycling service.

### 2. Emerging National Requirements



- 2.1. The Environment Act 2021 sets out the framework for improving waste management, including a range of provisions which directly and indirectly impact Councils in England. Regulations will be enacted which will Extend Producer Responsibility for packaging (EPR), introduce a deposit return scheme for some drinks containers (DRS), and will require local authorities to collect a wider range of materials for recycling, along with tighter control on how recycling is collected to improve consistency in collection (Consistency Regulations).
- 2.2. EPR applies new duties on organisations which produce or import goods to contribute towards the costs of collecting and recycling the packaging. To achieve this, a scheme administrator will be appointed, who will collect revenues from producers and distribute it to councils who are responsible for the collection and processing of household waste and litter collection. Councils will receive funding to support collection and recycling of household recycling and collecting street litter. The financial mechanism to calculate payments is not yet known, so it is not possible to forecast the likely revenue that the Council will receive. The payments will not however cover all the costs of operating household recycling services as around half of material collected in bins is not packaging material, so it is not eligible to be funded.
- 2.3. EPR was intended to be implemented from Autumn 2023 with revenues distributed to councils from April 2024. Revenue to councils has recently been delayed by one year and will now commence from April 2025.
- 2.4. The Regulations which will implement the DRS have not yet been published, however they will apply a deposit on drinks containers intended for use mainly outside the home. i.e. drinks cans and plastic bottles. Glass bottles will not be included. The likely value of the deposit will be 20 pence per item, which will be paid at the point of purchase and can be redeemed by taking the items back to a collection point, most likely at a supermarket. Implementation of the scheme has been delayed several times and is currently scheduled to start in October 2025. There has been confusion over the scope of the scheme and how it will be implemented in England, an equivalent scheme in Scotland has been beset with problems and is now delayed until 2025. There is a risk that DRS may never be implemented.
- 2.5. Plastic bottles and drinks cans are the highest value items collected at the kerbside and are a significant proportion of the material collected. If the scheme is implemented, then most of this material will no longer be presented for collection by householders as this will prevent them from redeeming their deposits. This will reduce the amount of material

collected in the container element of twin-stream recycling, so smaller collection container may be appropriate. It will also change how the materials recycling facility is operated as it will need to be reconfigured for the change in feedstock material and there will be lower revenues for sale of processed material.

2.6. Initial proposals on Consistency Regulations were published in 2021 following extensive consultation. Government response to the consultation and updated proposals have not yet been published. The latest position is that the Consistency measures will be delayed until after implementation of EPR, ie after October 2025. No timetable has been set for the draft regulations to be published. Therefore, the scope and timescales of duties are unknown, adversely impacting the ability to plan for required service changes. Based on the proposals published in 2021, separate collection, wider range of dry recycling, and food waste collection are likely to be new duties on district councils and other waste collection authorities.

2.7. The Consistency Regulations will impose a new duty to collect each material separately, unless it can be proved that co-mingling will have no adverse effect. Some local authorities already collect dry recycling in boxes, so they will not be impacted. Some are planning to collect in two wheeled bins – one for paper and card, the other for mixed metals, plastics and sometimes glass. A smaller number are proposing to retain fully co-mingled collections which will only require one recycling bin.

2.8. The change to twin stream recycling will require an additional container for all households, and a change in recycling frequency to free up collection crews. A decision has not yet been made about how a new service might operate, but it is likely that the current two-weekly collection cycle will be changed to an alternating cycle where paper and card is collected in the first fortnight, followed by plastics, cans and glass on the following cycle. This will incur significant capital cost of up to £1.5 million to purchase the containers, with a marginal increase in operating cost.

2.9. The Consistency Regulations also include a duty to collect a wider range of materials from the kerbside, which will require changes to collections in Havant. This includes glass bottles and jars; the current system of bottle banks will not be compliant so glass must be added to kerbside collections. The range of plastics must also be expanded, initially to include pots tubs and trays, then to also include plastic film such as carrier bags and flexible food packaging.

2.10. The proposed Regulations will make it mandatory to provide weekly food waste collections for households. No details have been published, so it is not clear how this will apply to properties with shared bins, such as blocks of flats. It is likely that will need a new, separate collection system, which will use containers to store food which will then be collected by a dedicated fleet of vehicles.

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<b>Name of Committee:</b>	Cabinet		
<b>Committee Date:</b>	6 September 2023		
<b>Report Title:</b>	Purchase of Temporary Accommodation		
<b>Responsible Officer:</b>	Wayne Layton Executive Head of Regeneration and Economic Development		
<b>Cabinet Lead:</b>	Councillor Gwen Robinson		
<b>Status:</b>	Non-Exempt		
<b>Urgent Decision:</b>	No	<b>Key Decision:</b>	No
<b>Appendices:</b>	None		
<b>Background Papers:</b>	None		
<b>Officer Contact:</b>	Wayne Layton Executive Head of Regeneration and Economic Development wayne.layton@havant.gov.uk		
<b>Report Number:</b>	HBC/36/2023		

**Corporate Priorities:**

The health and wellbeing of our community is at the heart of the Council's Corporate Strategy. To deliver the Council's priority for its residents we need to provide good outcomes for these service users through intervention, support and providing good quality affordable housing, including temporary accommodation. The recommendations contained in this report and its desired outcome contribute to this priority by providing alternative, decent quality housing for people that need Temporary Accommodation.

**Executive Summary:**

The Council has a statutory responsibility, under the Housing Act 1996, to house certain groups, in temporary accommodation. The need to reduce the Council's rising costs on homelessness temporary accommodation and the need to find a satisfactory and sustainable solution for the Council and its residents is now an urgent issue. The Council has an underlying budget deficit issue caused by the increase in the number of people presenting as homeless.

This report outlines the strategic need for change in the current profile and provision of temporary accommodation. It seeks to allow the Council to work in a more agile and commercial manner to purchase property for temporary accommodation that will allow it to tackle the underlying budgetary pressure that has arisen as a result of the increase in statutory homeless service users.

Additionally, it is to seek approval to delegate to the S151, in consultation with the Leader and the Cabinet Lead for Finance, the ability to amend the Capital Programme and incur borrowing for the Council in circumstances where it will decrease the Council's current budgetary deficit.

For the foreseeable future, even with a strong focus on preventative activity, there is an anticipated increase in demand. The overall aim is to reduce the number of placements into Bed and Breakfast accommodation and therefore reduce the associated costs to the Council.

**Recommendations:**

**That Cabinet:**

Agree to implement a temporary accommodation purchase programme.

**That Cabinet recommends to Full Council:**

To borrow through the Public Works Loan Board (PWLB) as is required to purchase property for use as temporary accommodation up to a limit of £2m.

To authorise the use of S106 Affordable Housing contributions to fund the purchase, adaptation and fit out, of property for use as temporary accommodation.

To amend the Capital Programme for any purchase of property for use as temporary accommodation.

Delegate authority, subject to a sound Financial Business Case, to the S151 Officer, in consultation with the Leader and the Cabinet Lead for Finance to purchase property that will be used to provide temporary accommodation.

## 1.0 Introduction

- 1.1 The Council is short of temporary accommodation options and is having to utilise Bed and Breakfast placements across the Borough. This is wholly unsuitable for households who have been placed in such accommodation as well as financially costly to the Council. The number of households presenting as homeless and therefore requiring accommodation is increasing significantly meaning an alternative option is needed urgently.
- 1.2 At the time of writing this report the Council has around 100 placements of individuals, couples and families in temporary accommodation within and outside the Borough for whom the Council has a statutory obligation to house. It is forecast that the cost to the Council this year could be over £2.0m, and crucially £1m more than we have in either cash limited budget or external grant to fund. This £1m will have to be funded from corporate reserves, which is not a sustainable position. For the foreseeable future, even with a strong focus on preventative activity, there is an anticipated increase in demand and therefore without the implementation of strategic measures an increase in unbudgeted expenditure is inevitable.
- 1.3 The Council has already started to implement a Homeless Reduction plan which focusses on supporting prevention and helping people access alternative accommodation. This will take time to implement and the Council will need to have a facility whereby it can temporarily house service users.
- 1.4 This report seeks approval of a change in strategic direction, to agree and authorise the Council to purchase property with a view to reducing the cost of temporary accommodation through which the Council can provide good quality accommodation and support for those who are trying to access other accommodation.
- 1.5 There is a scarcity of property on the market currently. The Council needs to be in a strong commercial position whereby it can move quickly to negotiate and secure the acquisition of an appropriate property as and when it becomes available. As such, this report does not identify individual properties that can be purchased immediately but requests a delegation to do so in the future.

## 2.0 The Business Model

- 2.1 The Council will acquire properties using a mixture of S106 Affordable Homes Contributions and PWLB borrowing and any other contributions

that it can secure. The Council will retain the freehold of these properties. The Council will employ a partner who will support those within the property in a similar arrangement to that at Brent House. The maintenance of the property will be commissioned by our in-house property team.

- 2.2 The Council currently pays in the region of £50 to £70 per night in temporary accommodation for rooms in local hotels and Bed and breakfasts. For say 20 service users this could cost between £365,000 to £511,000. It could be that by buying a property for say £1,600,000 and funding part of this with S106 affordable homes contribution the borrowing costs, including repayment of capital could be £50,000 per annum with operating cost of around £90,000. This would say be between £225,000 to £371,000. This would have a major reduction in our ongoing revenue position.

## **7.0 Financials**

Because the report seeks to request an authority to acquire property there are no specific financials that can be quoted.

## **8.0 Budgetary Implications**

- 8.1 The Council is finding the number of people requiring temporary accommodation is continuing to increase and it needs to look at several initiatives in order to reduce the impact on the financial position. Its key that any property purchase is subject to a full financial appraisal and the impact on the Council's overall deficit is understood.

## **9.0 Relationship to the Corporate Strategy**

- 9.1 The health and wellbeing of our community is at the heart of the Council's Corporate Strategy. The council's response supports the Corporate Strategy themes of providing the homes that people need and building healthy and prosperous communities as outlined below.
- 9.2 Wellbeing: The Health of our Communities. We will enable and deliver interventions to prevent homelessness and rough sleeping. To deliver the Council's priority for its residents we need to provide good outcomes for these service users through intervention, support and providing good quality affordable housing, including temporary accommodation.

## **10.0 Options**

### **10.1 Option 1 – Continue existing use nightly paid accommodation**

Nightly paid accommodation utilises external providers and landlords to provide accommodation on an agreed nightly rate.



There are no additional costs paid such as repairs as these are considered the responsibility of the landlord. There are no costs associated with void periods as providers are only paid if the property is occupied.

Currently the majority of temporary accommodation is provided through this arrangement.

The cost of nightly paid accommodation such as Bed and Breakfast is costly and not a financially sustainable solution.

## 10.2 **Option 2 – The Council purchases properties for Temporary Accommodation from the open market**

Purchasing properties on the open market through borrowing is a long-term option to house temporary accommodation households.

The PWLB loans would have to be paid regardless of if the property is being occupied. If the property is empty, there will be no income received. This is an unlikely scenario given current demand. The Council also has the option to house statutory homelessness service users from other neighbouring authorities.

There will be additional costs such as void works, responsive repairs, capital replacement and gas servicing and the furnishing of the property. These will be factored into the financial appraisal.

The Council will own a portfolio of assets that will reduce in cost over time and generate income in the long term. Also, the Council may benefit from capital growth in the value of properties, but this is not always guaranteed, and property values can go up and down.

The purchasing of properties is, the most preferable option to diversify the Council's temporary accommodation portfolio. Reliance on the private sector cannot be removed entirely and should still be utilised to provide surge capacity. This method would provide greater cost and supply certainty with the benefit of accruing equity in purchases that can be sold later or generate income. The purchase of property is just one initiative of many that the Council are using to try and reduce the cost of meeting its statutory homeless obligation.

## 11.0 **Conclusion**

- 11.1 This initiative could be vital as we move into the winter and see a sharp rise in the number of service users requiring temporary accommodation by the Council. Being proactive in the market and ensuring that the Council looks at a number of different initiatives including the purchase of property seeks to deliver much needed temporary accommodation and bring the Council's deficit under control.

## 12.0 Implications and Comments

### 12.1 S151 Comments

Changes to the Council's capital programme are usually approved by Full Council, this report asks for a delegation to negotiate the acquisition of the property. Whilst the exact amount is not known, a reasonable estimate has been put in place and a prudent "ceiling limit" for the delegation. The recommendations sensibly seek a delegation to Chief Officers and the Leader of the Council to negotiate on the Council's behalf.

This proposal would allow the Council to be responsive to emerging opportunities to both protect service provision and reduce budgetary pressures on a demand led service.

The Council can only borrow in line with its own Approved Treasury Management Strategy that was approved by Full Council in February 2023. Any borrowing taken must also meet the conditions of the Prudential Code and must be Affordable, Sustainable and Prudent. Therefore, a full financial appraisal will and must be approved by the Section 151 Officer before any borrowing is entered into.

### 12.2 Financial Implications

The financial implications are addressed in detail in the body of this report.

### 12.3 Monitoring Officer Comments

The report is coming to the Cabinet because it relates to strategic considerations in relation to the Council's duties to provide temporary accommodation and because of Cabinet's overall responsibility for acquisitions of any interest in land, buildings or the real and leasehold property of the Council. It is a matter for Full Council to agree any additions to the budget.

There are no significant governance implications arising from this report outside of those aspects already referenced in the body of the report.

Members are reminded that they are under an obligation to exercise their fiduciary duty carefully. The meaning of fiduciary duty can be summarised as a duty to conduct administration in a business-like manner with reasonable care, skill and caution and with due regards to the council's rate payers.

### 12.4 Legal Implications

The Council has a duty to provide temporary accommodation to homeless applicants under S188 of the Housing Act 1996. That accommodation must be suitable for the applicants and there are a number of criteria that the accommodation must meet in order to be suitable for example if that accommodation is provided in a B & B or HMO property it can only be occupied for a maximum of 6 weeks if the applicant household includes children.

- 12.4 There is no requirement for this accommodation to be provided within properties owned by the Council and the use of privately owned accommodation has been the model which has traditionally been used.
- 12.5 Most tenancies granted under the Homelessness provisions are non-secure tenancies and therefore do not attract the Right to Buy but the Council will need to ensure that this is kept under review as the applicants move through the various duties to avoid the risk of losing any properties bought to the Right to Buy. The time an applicant is accommodated in temporary accommodation may count towards the qualifying period for the Right to Buy.
- 12.6 Section 17 of the Housing Act 1985 empowers local housing authorities to acquire land, houses or other properties for the provision of housing accommodation. Although there is no specific requirement for the purchase to be at a price representing market value, in administrative law acquisitions using this power should be consistent with the Council's fiduciary duty and achieve a quantitative or qualitative housing gain.
- 12.7 Any additions to the Council's budget are a matter for Full Council but the decision whether to continue to provide accommodation through the use of the private sector or to purchase accommodation to satisfy this duty is one for Cabinet subject to the budget amendments being agreed.
- 12.8 Equality and Diversity  
No foreseen impact.
- 12.9 Human Resources  
No foreseen impact.
- 12.10 Information Governance  
No foreseen impact.
- 12.11 Climate and Environment  
No foreseen impact.

## 13 Risks

- a. The key risk for the Council is the change in interest rates. The financial model that will be used to assess viability has been designed with 5.15% PWLB borrowing rate over a 50 year period. The Council will also apply 3.5% hurdle rate as set out in the Treasury Green Book for business cases when assessing public sector investment. When assessed over a 50 year period the appraisal should be positive. The financial services industry suggest that the recent policy to increase interest rates has nearly peaked and as a consequence it will be prudent for the Council's Treasury management team to borrow in line with the approved treasury management policy in so far as it will borrow in the most financially advantageous manner. This means it could borrow on a short term basis then refinance when rates start to lower.
- b. The other key risk is about Government policy around Housing Benefit. The financial model will assume that Housing Benefit will increase by 1% per annum, the Local Housing Allowance Rate has not increased for the past 5 years following a 14% increase, the model assumes that the LHA rate will increase by at least 1% on average over the term. This is a prudent position to take.
- c. Finally the Council by using S106 won't borrow the entire amount to purchase a property this ensures that if the purchase of the property doesn't go to plan that it can sell the property and have enough equity to meet its outstanding borrowing. The Council will repay it's capital sum of borrowing and this will be funded by Housing Benefit from residents of any property purchased.

## 14 Consultation

- a. No consultation has been carried out with members of the public or temporary accommodation residents in preparing this report.

## 15 Communications

- a. Write your communications information here.

Agreed and signed off by:		Date:
<b>Cabinet Lead:</b>	Councillor Gwen Robinson	
<b>Executive Head:</b>	Wayne Layton	29 August 2023
<b>Monitoring Officer:</b>	Jo McIntosh	29 August 2023
<b>Section151 Officer:</b>	Steven Pink	29 August 2023