

## Financial Performance and Forecast Outturn Report

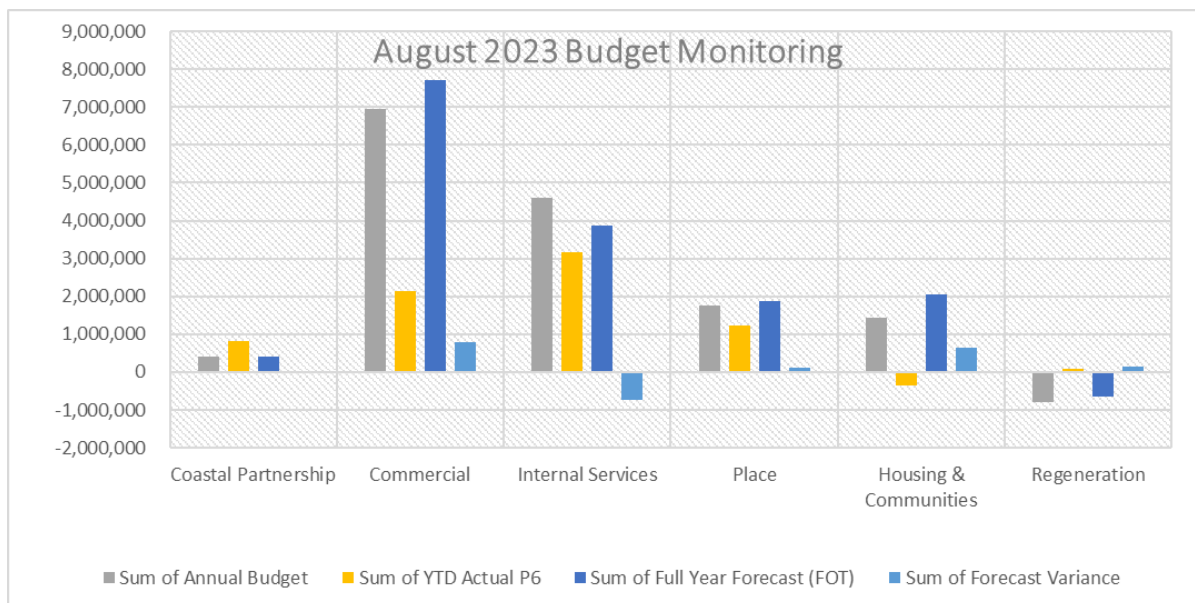
<b>Month:</b>	Quarter 2 - September 2023
<b>For Actuals up to:</b>	Quarter 2 - P6 – September 2023
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### Executive Summary:

Havant Borough Council's net revenue budget forecast £0.9m overspent by the year ending 31<sup>st</sup> March 2024.

This is set against a cash limited budget of £15.6m. Neither the costs nor the budget for the impending 2023/24 pay award are included in the forecast figures, these are shown within the "pay inflation" line.

Directorate	Sum of Annual Budget	Sum of YTD Actual P6	Sum of Full Year Forecast (FOT)	Forecast Over /Underspend (-)	Movement
Coastal Partnership	422,298	811,683	422,298	-0	↔
Commercial	6,946,265	2,151,202	7,727,322	781,057	↓
Internal Services	4,598,944	3,164,504	3,875,603	-723,341	↑
Place	1,769,434	1,242,705	1,876,390	106,956	↓
Housing & Communities	1,427,638	-340,689	2,056,100	628,462	↑
Regeneration	-796,413	71,973	-647,165	149,248	↑
<b>Grand Total</b>	<b>14,368,166</b>	<b>7,101,377</b>	<b>15,310,549</b>	<b>942,383</b>	↑
Pay inflation (in reserves)*	1,266,352				↔
<b>Total</b>	<b>15,634,518</b>	<b>7,101,377</b>	<b>15,310,549</b>	<b>942,383</b>	↑



**Management Response:**

Havant Borough Council has been facing unexpected cost pressures across service areas, including temporary housing, parking services and commercial services. Some legacy costs after the separation from East Hampshire have negatively impacted the first half of 2023/24. These are being worked through to bring the baseline spend down to budgeted levels.

The major demand led pressure comes from homelessness and temporary housing. This overspend must be tackled in a strategic way and some elements are outside of the Council’s control.

The Executive concludes to undertake a financial review of these areas and requires regular reports to cabinet to support evidenced based decision making.

Coastal Partnership	Sum of Annual Budget	YTD Actual (P6)	Full Year Forecast (FOT)	Forecast Variance	Movement
CELT	307,512	288,661	307,512	0	↔
Coastal	1	461,782	1	-0	↔
<b>Coastal Partnership Total</b>	<b>307,513</b>	<b>750,443</b>	<b>307,513</b>	<b>-0</b>	↔

**Management Response: Coastal**

Coastal asset maintenance budget is already fully committed and will require contingency funds if there is a need to respond to significant failures of the fragile structures for H&S issues but have hope nothing significant fails over the winter period.

Commercial	Sum of Annual Budget	YTD Actual (P6)	Full Year Forecast (FOT)	Forecast Variance	Movement
5 Councils Staff and Contract	1,630,983	288,053	1,751,100	120,117	↓
Digital	1,531,889	438,973	1,552,059	20,170	↑
Environmental Services	4,684,754	1,513,690	4,906,538	221,784	↓
Procurement	144,124	88,200	178,410	34,286	↓
Property	-1,045,485	-177,715	-660,785	384,700	↑
<b>Commercial Total</b>	<b>6,946,265</b>	<b>2,151,202</b>	<b>7,727,322</b>	<b>781,057</b>	<b>↓</b>

## Management Response: Commercial

- **5 Councils Staff and Contract.** Unbudgeted cost of £106k for GIS and Land Charges service provision for FY22/23 and FY23/24. Salary budget changes £14k.
- **Digital:** Unbudgeted cost of £24k for Astun software to support GIS for FY22/23 and FY 23/24.
- **Environmental Services.** Unbudgeted cost of £96k for agency staff for specialist support. Most of this cost has been covered through staff vacancies but budget uplift requested to cover this cost is being requested from reserves. Subject to ongoing business case approval. Unbudgeted cost of £128k for Fuel and Staff.
- **Procurement.** Procurement contract being re-procured to reduce variation of £34k.
- **Property:**
- Staff underspend of –(£137k) off set against agency fees of £237k. Includes agency fees of £35k for support to Regen work. Agency staff should reduce, recruitment of permanent staff progressing well.
- Budgeted –(£242k) for MRP that has not been required.
- Unbudgeted income from parking & cost of £134k.
  
- Unbudgeted cost of £16k for Insurance charges.
- Unbudgeted cost of £75k for valuation fees.
- Pressure of £99k created by utilities inflation and rate increase. Managing closely, forecast down from £115k in last quarter.
- Pressure of £37k on rental income against a challenge of £82k. The trend continues to be positive but too early to forecast.
- Current pressure of £160k on delayed income for Lorry Park. Negotiations have not been agreed and the Lorry Park Income will not be received. Meridian Centre loss of income emerging following Wilco default. Mitigations to minimise voids being pursued.

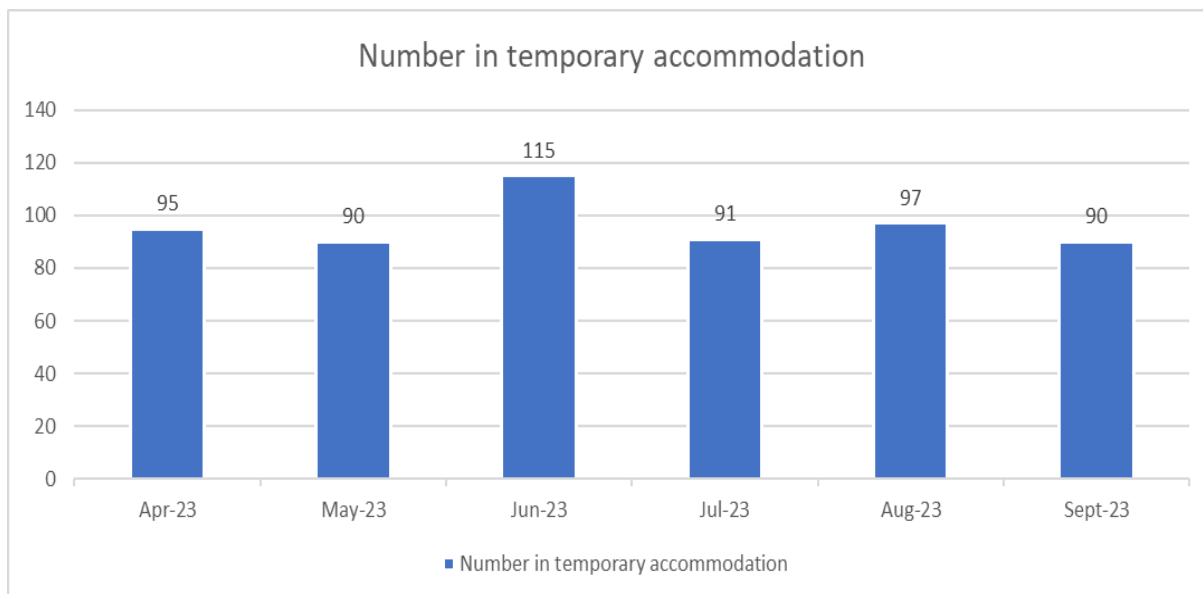
Housing & Communities	Sum of Annual Budget	YTD Actual (P6)	Full Year Forecast (FOT)	Forecast Variance	Movement
Communities	623,647	-75,001	653,360	29,713	↓
Housing	803,991	-265,688	1,402,740	598,749	↑
<b>Housing &amp; Communities Total</b>	<b>1,427,638</b>	<b>-340,689</b>	<b>2,056,100</b>	<b>628,462</b>	↑

## Management Response: Housing & Communities

The number of those placed in temporary accommodation by the Council fluctuates on a weekly basis but remains high at around 90 households. This pressure is common across the Hampshire region.

It should be noted that there are associated financial pressures on the Council including paying for storage for household items and payment for customers rental deposits and rent in advance in accordance with the Homeless Reduction Act 2017. The housing service is continually assessing its response to this external demand to obtain best value for the Council and the best outcomes for our 'customers. This includes a focus on homelessness prevention as well as intensive work to move those in temporary accommodation into settled housing. The Council has also agreed to acquire temporary accommodation to be owned by the Council and managed in partnership. The acquisition of its own temporary accommodation will enable the council to control overheads and maximise housing benefit contributions. This will have an impact on predicted variance in the cost of housing in the longer term.

Month	Number in temporary accommodation	Temporary accommodation cost	Homelessness Cost	Total Cost
Apr-23	95	125,427	63,190	188,617
May-23	90	220,113	43,858	263,971
Jun-23	115	235,986	34,033	270,019
Jul-23	91	230,413	31,861	262,274
Aug-23	97	264,541	22,089	286,630
Sept-23	90	141,944	10,463	152,407
<b>Housing Total</b>	<b>578</b>	<b>1,218,423</b>	<b>205,495</b>	<b>1,423,918</b>



Internal Services	Sum of Annual Budget	YTD Actual (P6)	Full Year Forecast (FOT)	Forecast Variance	Movement
Corporate Support	168,130	79,494	162,737	-5,393	↓
Democratic	574,774	297,081	645,269	70,495	↑
Elections	326,040	309,808	438,566	112,526	↓
Emergency Planning	69,463	48,738	86,210	16,747	↑
Executive Office	1,096,891	670,290	1,115,387	18,496	↑
Facilities	445,674	228,394	469,352	23,678	↑
Finance	1,283,257	540,627	1,334,993	51,736	↑
Finance - Interest on Investments	-1,225,461	0	-2,250,000	-1,024,539	↑
Human Resources	327,967	238,354	364,744	36,777	↑
Legal	472,696	253,169	473,958	1,262	↑
Mayoral	102,607	47,979	105,278	2,671	↑
Strategy Unit	956,906	450,569	929,109	-27,797	↓
<b>Internal Services Total</b>	<b>4,598,944</b>	<b>3,164,504</b>	<b>3,875,603</b>	<b>-723,341</b>	<b>↑</b>

## Management Response: Internal Services

Internal Services are forecasted to "underspend" against budget by £723k. However, this is primarily driven by overachievement on the investment income line. There are cost pressures, to recognise and address. These are as follows:

An overspend on election costs. All such spend is necessary, to run a safe and legal election. Additional funding is being sought from HMG, to mitigate in year. For next year, budget setting will look at a "levelled out" four-year plan and will highlight proposals to save money.

An overspend on Democratic Services and Councillor Allowances. The service will look to mitigate via opportunity underspends elsewhere and minimising further agency spend. However, annual uplifts in Councillor Allowances should be budgeted for, as is done with annual pay increases.

The Langstone Harbour Board precept will, ultimately, require a draw on reserves this year. Longer term, options to address are being developed, to minimise LHB calls on precepting authorities and to ensure precept elements are correctly treated.

Low level cost pressures in other services will be addressed via "in year" action, and use of underspends in other appropriate lines.

Place	Sum of Annual Budget	YTD Actual (P6)	Full Year Forecast (FOT)	Forecast Variance	Movement
Building Control	78,532	47,660	107,442	28,910	↓
Climate	40,000	0	50,970	10,970	↓
Environmental Health	1,033,291	500,932	718,531	-314,760	↑
Licensing	-12,494	60,224	114,477	126,971	↓
Planning	630,105	633,890	884,970	254,865	↓
<b>Place Total</b>	<b>1,769,434</b>	<b>1,242,705</b>	<b>1,876,390</b>	<b>106,956</b>	<b>↓</b>

### Management Response: Place

Income low on Planning and Licencing plus high agency costs (Environmental Health), the number of agency staff have now been reduced. Ecologist salary partly funded by New Burdens Grant; this isn't shown in the forecast. Comment from AR - Income continues to underperform against forecast and continued reliance on agency staff in Environmental Health and Planning increasing budget pressures. Efforts to reduce agency overspend continuing.

Regeneration	Sum of Annual Budget	YTD Actual (P6)	Full Year Forecast (FOT)	Forecast Variance	Movement
Enforcement	444,586	192,983	342,165	-102,421	↑
Parking	-1,655,028	-583,291	-1,403,360	251,668	↑
Regeneration & Economic	414,029	462,282	414,030	0	↑
<b>Regeneration Total</b>	<b>-796,413</b>	<b>71,973</b>	<b>-647,165</b>	<b>149,248</b>	<b>↑</b>

### Management Response: Regeneration

**Enforcement** - Underspend down to vacancies held throughout the year whilst service reviews are conducted.

**Parking** - We look like we are forecast to overspend on repairs to £70k, non-domestic rates overspend is forecast to be £85k more than was budgeted for. We are forecasting to issue £60k more in PCN income in 23/24. Bank charges are forecast to be £36k higher.