

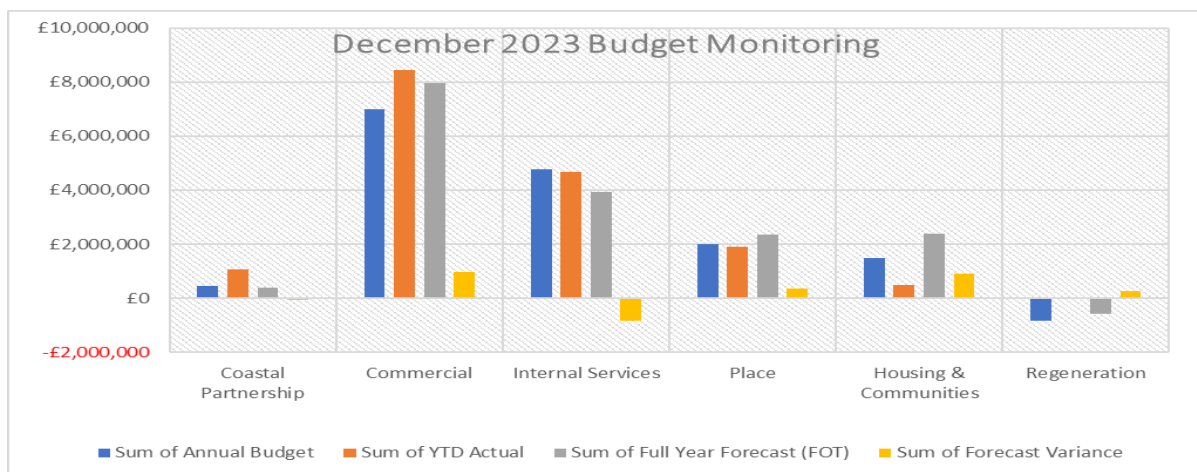
Financial Performance and Forecast Outturn Report

Month:	Quarter 3 - 2023
For Actuals up to:	Quarter 3 – P9 – December 2023
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Executive Summary:

Havant Borough Council's net revenue budget forecast £1.57m operational overspend. However, after inclusion of the in-year corporate contingency fund, the net revenue budget overspend is £0.8m by the year ending 31st March 2024. This is set against a cash limited budget of £15.6m.

Directorate	Sum of Annual Budget	Sum of YTD Actual	Sum of Full Year Forecast (FOT)	Forecast Over (-)/Underspend	Movement
Coastal Partnership	445,504	1,069,481	371,671	-73,833	↑
Commercial	6,992,793	8,451,998	7,962,785	977,448	↓
Internal Services	4,768,211	4,684,948	3,940,775	-827,436	↓
Place	2,008,631	1,897,977	2,364,540	355,909	↓
Housing & Communities	1,494,085	476,922	2,388,291	894,206	↓
Regeneration	-843,465	-3,919	-595,020	248,445	↓
Grand Total	14,865,759	16,577,406	16,433,041	1,574,738	↓
Corporate Reserves (in-year pressures)	768,572	0	-768,572	-768,572	↑
Total	15,634,331	16,577,406	15,664,469	806,166	↑



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	Full Year			Movement
	Budget	YTD Actual	Forecast (FOT)	Forecast Variance	
CELT	330,718	352,028	251,887	-78,831	↑
Coastal	1	582,007	-0	-1	↔
HBC Coastal	114,785	135,446	119,785	5,000	↓
Coastal Partnership Total	445,504	1,069,481	371,671	-73,833	↑

Management Response: Coastal

CELT: The £78K underspend is a result of having two posts being vacant since September (approx. £50K) and a surplus of income as a result of 22/23 income being received in this financial year (Approx £25k)

Other CELT operational costs (training, IT, mileage etc) have been reviewed as yearend approaches to identify where expenditure is unlikely to occur this year. Spend on CELT asset maintenance, such as drainage, environmental enhancements, and street furniture, is currently on plan to be spent in full.

Staff have been focussing on external fee income generating projects. Income is charged quarterly in arrears.

£26.5K of CELT's forecast underspend has been agreed to be used as a contribution towards completing the works at Havant Rugby Club MUGA Car Park.

Coastal: This budget is for the operations of Coastal Partners and has a zero cost. Havant Borough council's contribution to the partnership is shown under HBC Coastal.

Income, approx. £750K per quarter, is charged in arrears.

HBC Coastal: During Q3, following storm Ciaran, damage occurred to Broadmarsh revetment requiring £5K of additional costs.

The Environment Agency funds planned beach management activities such as shingle recycling through Flood Defence Grant in Aid but does not cover the funding of repairs and maintenance works. These smaller scale repairs are funded

through the revenue budget. The £57.6K coastal asset maintenance budget is fully committed early in the financial year. The revenue budget covers some small reactive works and typically one item of maintenance works. If there is a need to respond to significant failures of the fragile structures for H&S issues it will require alternative HBC funding.

This budget also includes the council's annual contribution to the Coastal Partnership (net cost of £54K)

Commercial	Sum of Annual	Full Year			Movement
	Budget	YTD Actual	Forecast (FOT)	Forecast Variance	
5 Councils Staff and Contract	1,643,752	2,628,779	1,773,820	130,068	↓
Digital	1,539,497	1,137,281	1,552,491	20,450	↓
Environmental Services	4,692,910	5,077,673	4,598,545	-94,365	↑
Procurement	144,124	133,828	182,589	38,465	↓
Property	-1,027,490	-525,563	-144,659	882,831	↓
Commercial Total	6,992,793	8,451,998	7,962,785	977,448	↓

Management Response: Commercial

- **5 Councils Staff & Contract:**
- GIS System from HVMARK £95k Audit Fees not in budget £35k re split from EHDC.
- **Digital:**
- Astun software not budgeted for 22/23 £9.5k & £9.75k 23/24
- **Environmental Services:**
- Contract costs in-year exceeded the original budget due to the it being agreed after the council's budget setting process £351k. This has been offset by additional income received for dry mixed recycling which includes the previous financial year (£445k).
- **Procurement:**
- Contract £38k overspend, negotiation to bring back inline underway.
- **Property:**
- Agency Fees, recruitment of permanent staff underway £418k. (6 months of costs adjusted as funded from reserves)
- Underspend on salaries due to vacant posts (£104k.)
- Utilities inflation & rate increases £33k.
- Reduction of parking budget as duplicated in regeneration £120k.
- Meridian service charges not included in budget £279k.
- Valuation fees not in budget £81k.
- Delayed income for the lorry park, formaplex, void properties and under on income – £249k.
- Budgeted -(£242k) for MRP loan repaid in full so not required.
- CIVICA (PAMS) funded from reserves but short fall of £49k

Housing & Communities	Sum of Annual	Full Year			Movement
	Budget	YTD Actual	Forecast (FOT)	Forecast Variance	
Communities	646,408	151,104	663,501	17,093	↓
Housing	847,677	325,817	1,724,790	877,113	↓
Housing & Communities Total	1,494,085	476,922	2,388,291	894,206	↓

Management Response: Housing & Communities

Communities:

Play area maintenance not budgeted for previously done by Norse but not in their SLA & Citizens Advice Bureau Grant not budgeted for correctly in 23/24. The play area repairs burden has been addressed in budget setting for 24/25 onwards. There has been a small uplift agreed in budget setting for Citizens Advice. Officers will be working with CA on their financial sustainability for 24/25 & 25/26 as remaining years of the SLA.

Housing:

The anticipated overspend of £877k. The service has seen a continued demand for interim and temporary accommodation (**please see table and graph below to show the seasonal variations due to cold weather between Q1-Q3**). Although the team have been focussing on prevention and moving people on to settled accommodation, we continue to have a duty to house people either with a relief or main duty in temporary accommodation with 42 new placements in Q3.

Placements have been reducing compared to Q2 when we placed 107 but those numbers in interim and temporary accommodation remain high. 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. These costs continue to be high but are necessary as they are a duty under the Homeless Reduction Act 2017.

There has been an increase in demand due to cold weather including implementation of the Severe Weather Emergency Protocol (SWEP) for 6 days in November/December 2023. There has also been an increase in non-SWEP presentations as people self-refer to the service during the winter months. SWEP clients are usually housed for just a few days, but costs are high as hotels are commonly used. This often causes a challenge with profiling interim and temporary accommodation spend during Qs 3&4. The team will be developing an accurate winter profile for 2024, including using historical data to predict the impact of SWEP.

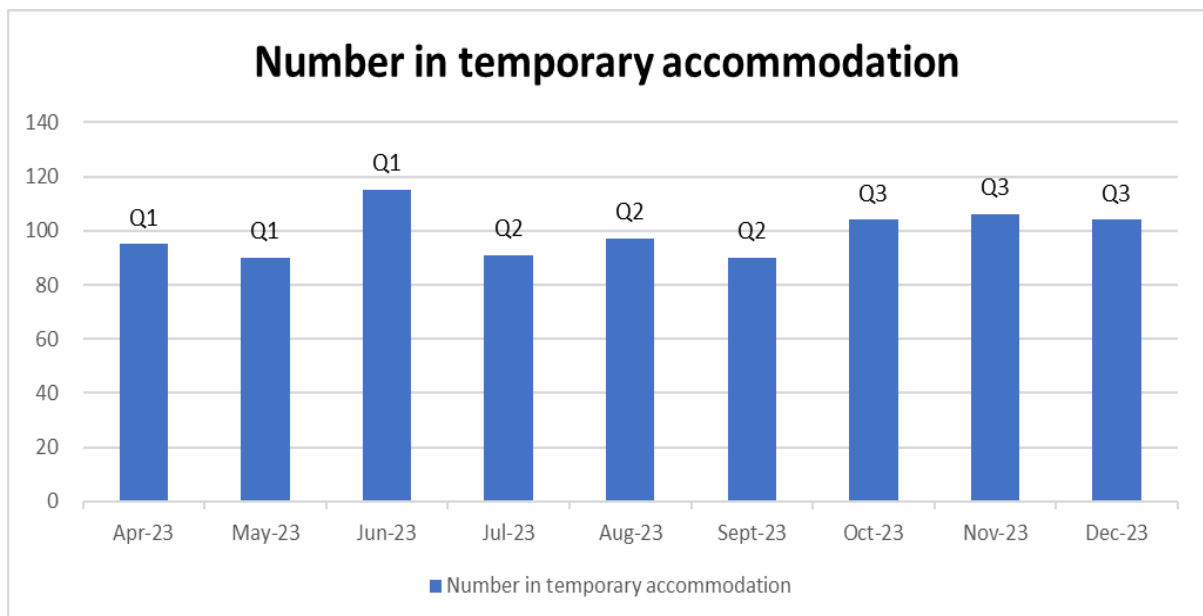
There has been a fall in Hampshire Home Choice lets and affordable housing delivery for Q3. With 34 lets for Q3 2023 compared to 60 in Q2 2023 and 142 in Q1 2023. In addition to this drop in Registered Provider available properties, new affordable homes last peaked in Q4 2022 at 88 and was just 40 in Q3 2023, unfortunately this trend continues into Q4 with only 20 affordable home due to practically complete before 31 March 2023. Forecasts for 2024/25 show 60 affordable units so challenges around supply are still an issue. This has been recognised in the Housing Strategy as we seek to find ways to effectively enable and stimulate affordable housing supply in the borough.

In addition to the above the average days in interim & temporary accommodation have increased having more than doubled from 221 days in Q2 to 534 days in Q3. There has also been an increase in households spending more time in Bed & Breakfast accommodation. This log jam can be explained by the decreases in available move on accommodation as detailed above, but the team are also tackling the housing challenges presented by some long-term ex-offenders with high support needs. Fortnightly case meetings have been set up to examine these cases in detail and to develop appropriate solutions to move these cases from

temporary accommodation into settled accommodation. These meeting are chaired by the Executive Head of Housing and Communities.

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.

Quarter	Month	Number in temporary accommodation	Temporary accommodation cost	Homelessness Cost	Total Cost
Q1	Apr-23	95	125,427	67,448	192,875
Q1	May-23	90	220,113	24,714	244,827
Q1	Jun-23	115	235,986	33,620	269,606
Q2	Jul-23	91	230,413	39,370	269,783
Q2	Aug-23	97	264,541	46,780	311,320
Q2	Sept-23	90	141,944	10,797	152,740
Q3	Oct-23	104	295,575	20,458	316,033
Q3	Nov-23	106	285,374	-91,316	194,058
Q3	Dec-23	104	232,568	28,927	261,494
Housing Total	Housing Total	892	2,031,939	180,797	2,212,736



Internal Services	Sum of Annual Budget	YTD Actual	Full Year Forecast (FOT)	Forecast Variance	Movement
Corporate Support	177,940	113,575	147,661	-30,279	↓
Democratic	584,921	449,876	586,731	1,810	↑
Elections	333,797	300,081	384,116	50,319	↑
Emergency Planning	71,664	68,774	86,987	15,323	↑
Executive Office	1,118,454	957,969	1,217,147	98,693	↓
Facilities	471,693	370,315	486,252	14,559	↑
Finance	1,314,549	933,457	1,332,072	17,523	↑
Finance - Interest on Investments	-1,225,461	0	-2,350,000	-1,124,539	↔
Human Resources	337,156	304,540	441,552	104,396	↓
Legal	478,383	385,797	517,885	39,502	↓
Mayoral	107,441	76,738	101,834	-5,607	↑
Strategy Unit	997,674	723,827	988,539	-9,135	↑
Internal Services Total	4,768,211	4,684,948	3,940,775	-827,436	↓

Management Response: Internal Services

Internal Services:

Internal Services are forecast to underspend against budget by £719k, which is primarily driven by over-achievement on the financial investment income line (extra £1m of investment income due in 23/24).

Going forward, investment income will not be reported this way. It is therefore important to recognise that there are cost pressures across various services. These are:

Elections & Democratic: Overspend in elections due to purchase of new equipment, to support safe and legal elections, and compliance with the provisions of the Elections Act (£74k). Continuing efforts are in train to secure new burdens funding, and other sources of funding.

Executive: In part this is due to the unbudgeted cost of Langstone Harbour Board precept (£75k). This is not strictly a cost associated with this budget line and is not avoidable once the LHB Precept has been agreed. Other elements related to costs incurred for the addition of an Exec Head role (Regeneration, Housing and Communities) into the two roles recently appointed. This is being part funded by saving on one senior role in Housing and Communities.

Facilities: Shortfall in income due to reduced use of Plaza meeting and printing facilities (£24k). Efforts will continue to secure income based on current, pre-Covid, baselines. However, ultimately, this will be subsumed into plans to secure increased commercial income from A Block.

HR: Unbudgeted costs of payroll service following the split with East Hampshire (£75k). Steps to mitigate this have already been enacted. However, it will have to remain a pressure “in year.”

Legal: This is due to additional costs with respect to Legal contract including agency staff (£40k). The latter relates to use of a planning locum – opportunities relating to planning income are being explored.

In addition to steps noted, costs have been partly mitigated by salary savings across the service. Looking into next year, most of these cost pressures have been addressed as part of the budget setting process for 2024/25 and therefore should not re-occur.

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	Full Year			Movement
	Budget	YTD Actual	Forecast (FOT)	Forecast Variance	
Building Control	91,894	98,589	133,831	41,937	↓
Climate	40,000	13,500	61,832	21,832	↓
Environmental Health	1,076,627	800,732	822,573	-254,054	↑
Licensing	3,039	65,815	115,347	112,308	↓
Planning	692,000	855,782	1,131,241	439,241	↑
Planning Enforcement	105,071	63,559	99,716	-5,355	↓
Place Total	2,008,631	1,897,977	2,364,540	355,909	↓

Management Response: Place

Building Control: Income remains below budgeted levels primarily due to a reduction of £18k in consultancy work from Isle of Wight Council as they are now resourcing this in house. The service also continues to experience a significant reduction in applications due to an overall downturn in the construction industry. Short term there is little we can do to offset the income reduction, but we are looking at the service model to see if changes can be made to make the service more commercial.

Climate: Increased costs relate to additional staff resource (secondment from Planning Policy) redeployed to draft the Climate Change Strategy (Corporate Strategy priority). Together with consultancy work and Portsmouth City Council SLA on domestic retrofit has led to a budget deficit.

Environmental Health: Changes to the way the Council capitalises resources to deliver adaptations under the Better Care Fund have accounted for savings to the establishment budget. Agency staff costs at the beginning of the year further impacted the budget. These have now largely been resolved.

Licensing: Income assumptions have not been realised coupled with the reliance on agency staff at the beginning of the year to fill vacant posts.

Planning – Development Management: Income below budgeted levels owing to the general downturn in the construction industry and few applications. This has been compounded by reliance on agency staff to cover difficult-to-recruit establishment vacancies. These arrangements are coming to an end.

Planning – Planning Policy: An overspend in the Council's Tree service has arisen due to the need to the existing shared arrangement with EHDC coming to an end. This needed to be outsourced to ensure we are providing a statutory service.

An increase in the budget variance in planning has arisen due to £144k of bad debt that has been held over pending further investigation. This has now been included within the budget.

More broadly there needs to be a review of the whole operating model if this service is to be sustainable in the long run. It is too dependent on the performance of the wider economy, and we have no room to manoeuvre when the wider economic picture is not strong.

Regeneration	Sum of Annual Budget	YTD Actual	Full Year Forecast (FOT)	Forecast Variance	Movement
Enforcement	356,663	264,285	368,418	11,755	↓
Parking	-1,632,460	-959,344	-1,395,770	236,690	↓
Regeneration & Economic	432,332	691,140	432,333	1	↑
Grand Total	-843,465	-3,919	-595,020	248,445	↓

Management Response: Regeneration

Regeneration:

Parking:

We are forecasting to be £115k shortfall on Parking fee income and overspent on the following areas.

Repairs & Maintenance - £79k

Bank charges & NNDR - £47k

Ringo fee/refunds/cash collections - £45k

Income for Season tickets and FPNs are forecasting to be (£26k) more than the budget.

Parking salary costs underspend - (£22k) due to vacant posts

Enforcement:

Overspend due to higher than budgeted costs for bailiff fees, electricity costs, waste/fly tipping removal. Salary underspend of £100k due to vacant posts

Agreed and signed off by:		Date:
Cabinet Lead:		
Executive Head:	Steven Pink	21/02/2024
Monitoring Officer:		
Section151 Officer:	Steven Pink	21/02/2024