

HAVANT BOROUGH COUNCIL
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AUDIT AND FINANCE COMMITTEE AGENDA

Membership: Councillor Inkster (Chairman)

Councillors P Bains, Briggs (Vice-Chairman), Guest, Keast, Kennett, Linger and Robinson

Meeting: Audit and Finance Committee

Date: 15 September 2021

Time: 5.00 pm

Venue: Hurstwood Room, Public Service Plaza, Civic Centre Road,
Havant, Hampshire PO9 2AX

Public Attendance

Please note that the Hurstwood Room has very limited capacity to safely accommodate members of the public in a Covid secure manner. Please contact the named officer above if you wish to attend in person, otherwise we would encourage attendance virtually via the webcast on the Council's website.

The business to be transacted is set out below:

Gill Kneller
Chief Executive

6 September 2021

Contact Officer: Mark Gregory 023 9244 6232
Email: mark.gregory@havant.gov.uk

Can Councillors Please Submit Any Detailed Technical Questions On The Items Included In This Agenda To The Contact Officer By 12 Noon On Friday, 10 September 2021.

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To approve the minutes of the meetings of the Audit and Finance Committee held on 9 June and 27 July 2021.	
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GENERAL INFORMATION

IF YOU WOULD LIKE A VERSION OF THIS AGENDA, OR ANY OF ITS REPORTS, IN LARGE PRINT, BRAILLE, AUDIO OR IN ANOTHER LANGUAGE PLEASE CONTACT DEMOCRATIC SERVICES ON 023 9244 6231

Internet

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Public Attendance

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HAVANT BOROUGH COUNCIL

At a meeting of the Audit and Finance Committee held on 9 June 2021

Present

Inkster (Chairman), Briggs (Vice-Chairman), Keast, Kennett, Linger and Pike

7 Apologies for Absence

Apologies for absence were received from Councillors Prad Bains and Gary Robinson.

8 Declarations of Interests

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

9 Annual Accounts 2019/20

In the absence of Mr Jones from the external auditors being able to join the Committee, Mr Tiller advised that the Council was unable to submit the completed annual accounts for 2019/20. He advised that there were still a few outstanding issues and it was hoped that the audit would be submitted to the next meeting of this Committee.

The Interim Chief Finance Officer advised that the failure to complete the audit was an unwelcome distraction.

RESOLVED that the external auditors be requested to confirm a date by which the audit would be completed.

10 Annual Internal Audit Report and Opinion 2020 - 21

The Committee considered the Annual Audit Report and Opinion 2020-21, as presented by Antony Harvey of the Southern Internal Audit Partnership.

The Committee's attention was drawn to the following points:

- (1) Internal audit was compliant with the Public Sector Internal Audit Standards during 2020-21;
- (2) the Council's framework of governance, risk management and management control is considered to be 'Reasonable' and audit testing has demonstrated controls to be working in practice; and
- (3) where internal audit work identified areas where management controls could be improved or where systems and laid down procedures were not fully followed, appropriate corrective actions and a timescale for improvement were agreed with the responsible managers.

The Committee noted that there had been significant improvements in the issues identified in 2018/19.

The Chief Finance Officer congratulated the auditors and officers for the completion of the work in difficult times. He further advised that this audit demonstrated that the Council took its responsibilities seriously.

The Committee was advised that it was anticipated that, by bringing debt recovery back in house, the issues of debt management identified in the report would improve.

RESOLVED that the submitted Chief Internal Auditor's Annual Report and Opinion for 2020-21 be noted.

11 Annual Governance Statement

The draft Annual Governance Statement was submitted to the Committee for information in order to provide any comments prior to the final version coming for approval alongside the draft Statement of Accounts 2020-21.

The Interim Chief Finance Officer advised that the statement was prepared in accordance with CPFA guidance and ensured that the required controls were in place. It was recognised that there was room for improvement and the areas were listed in the statement. However, the statement was an assurance that the systems complied with a solid set of rules and that the Council's papers and accounts were producing accurate information.

RESOLVED that the statement as submitted be approved.

The meeting commenced at 5.10 pm and concluded at 5.46 pm

HAVANT BOROUGH COUNCIL

At a meeting of the Audit and Finance Committee held on 21 July 2021

Present

Inkster (Chairman), Briggs (Vice-Chairman), Keast and Linger

Also in attendance: Councillor Pike

12 Apologies for Absence

Apologies for absence were received from Councillors Prad Bains, Guest, Kennett and Gary Robinson.

13 Declarations of Interests

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

14 Statement of Accounts 2019/20 And Letter Of Representation - Havant Borough Council

The Committee received the Statement of Accounts and Letter of Representation for 2019/20. The Committee noted details of amendments made to the Accounts since the report was published.

The Statement of Accounts detailed the Council's financial position against budgets in 2019/20, including core financial statements and supporting information, while also outlining arrangements for 2020/21 onwards. The Letter of Representation set out the Council's response to the external auditors and explanation of the unadjusted audit difference.

The Committee was advised of the reasons for the delay in producing these accounts and given an assurance that the external auditors and Council were working together to improve the process

RESOLVED that the;

- (a) Statement of Accounts for 2019/20 be agreed, that the Chairman certifies the approval by signing the relevant page of the accounts and the s151 Officer certify the approval of the Accounts by signing the relevant pages of the Accounts; and
- (b) Letter of Representation as attached as Appendix A to these minutes be agreed and the Chairman of the Committee and s151 Officer sign the letter.

15 Annual Audit Results Report 2019/20

The Committee considered the External Audit Results Report for the year ending 31 March 2020. The external auditors joined the meeting for the debate on this item and answered members' questions in connection with the report.

The Audit Results Report summarised the findings from the 2019/20 audit. The Committee were informed that a majority of outstanding items detailed in the report had been completed and had not impacted upon the opinions contained within the report. The Committee were also informed of errors and changes to the report which had been identified since the report was published. It was noted that the errors and changes were less than previous years.

The Committee was advised that there were three unadjusted audit differences which would be explained in the Council's letter of Representation.

The Cabinet Lead advised on arrangements put in place to improve the property and assets service.

The Interim Chief Finance Officer advised that he was pleased with the report and especially as it showed that the Council was moving in the right direction and that there were no qualifications in the audit.

The reasons for the delays in producing the audit were explained to the Committee and an assurance given that the auditors and the Council's officers were working towards improving this process. The Committee noted that the current audit would not be submitted within the September deadline.

In response to questions, the Head of Finance and External Auditor advised:

- On how its properties were valued.
- That no matter what controls were in place there would always be a risk that these could be overridden and one of the purposes of the external audit was to ensure that this did not take place.
- Debt management had been brought back in house to improve this service.

The Cabinet Lead assured the Committee that the Council had done well at collecting rents during the pandemic and offered to brief the members on this service.

RESOLVED that the External Audit Results Report 2019/20 and Audit Committee Briefing be noted subject to the date on page 117, paragraph 3.31 being amended to read "November 2020".

The meeting commenced at 5.00 pm and concluded at 5.33 pm



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Enquiries to: Lydia Morrison
Direct line: 02392 44626
Email: Lydia.morrison@havant.gov.uk
My reference:
Your reference:
Date:

Dear Sir

HAVANT BOROUGH COUNCIL: LETTER OF REPRESENTATION 2019/20

This letter of representations is provided in connection with your audit of the financial statements of Havant Borough Council ("the Council") for the year ended 31 March 2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of Havant Borough Council as of 31 March 2020 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because they were small value items.



20 HBC Audit results
report- updated.pdf

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Full Council and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 16th June 2021
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter (29 July 2020) through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. Other than as described in Note 29 to the financial statements, there have been no events, including events related to the COVID-19 pandemic subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information the Narrative Statement and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Comparative information – corresponding financial information

1. Following the Council elections in May 2019 the Council's portfolios were reorganised. The Comprehensive Income and Expenditure Statement comparators for 2018/19 have been updated to reflect the changes in service responsibilities that fall under each of the new portfolio headings.
2. During the preparation of the 2019/20 accounts it was identified that there was an inconsistency in the accounting treatment of Head of Coastal Partnership. There was a netting between income and expenditure. The value of the adjustment is £2.528 million. This was amended in 2019/20 accounts, and the 2018/19 comparators have been amended to reflect this accounting treatment. This adjustment does not affect the overall net figures in the accounts
3. The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's financial statements.

H. Going Concern

Note 1 to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

J. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

K. Use of the Work of a Specialist - Actuary

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of the net pension liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

L. Use of the Work of a Specialist – Property Valuers

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of investment property and operational land and buildings and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

M. Estimates

NNDR appeals and other provisions estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice of Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the significant assumptions used in making the estimate of provisions (including the NNDR appeals provision) appropriately reflect our intent and ability to carry out providing services on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate are complete, including the effects of the COVID-19 pandemic and made in accordance with CIPFA LASAAC Code of Practice of Local Authority Accounting in the United Kingdom 2019/20.
4. We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

Valuation of investment property and operational land and buildings estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice of Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the significant assumptions used in making the estimate of valuation of investment property and operational land and buildings appropriately reflect our intent and ability to use and maintain these assets on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate are complete, including the effects of the COVID-19 pandemic and made in

accordance with CIPFA LASAAC Code of Practice of Local Authority Accounting in the United Kingdom 2019/20.

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic

Pension Valuation Estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice of Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the significant assumptions used in making the estimate of pensions valuations appropriately reflect our intent and ability to carry out providing services on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete, including the effects of the COVID-19 pandemic and made in accordance with CIPFA LASAAC Code of Practice of Local Authority Accounting in the United Kingdom 2019/20.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic

N. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Lydia Morrison – Chief Financial Officer (s151 Officer)

Councillor Mark Inkster – Chair of the Audit and Finance Committee

Appendix 1: HBC Audit results report (EY)

NON EXEMPT

HAVANT BOROUGH COUNCIL

AUDIT AND FINANCE COMMITTEE

15 September 2021

INTERNAL AUDIT PROGRESS REPORT 2021-21 (July 2021)

**Deputy Head of the Southern Internal Audit
Partnership**

ITEM NO

FOR DECISION

Key Decision: No

1.0 Purpose of Report

- 1.1** The purpose of this paper is to provide the Audit and Finance Committee with an overview of internal audit activity against assurance work completed in accordance with the approved audit plan and to provide an overview of the status of 'live' reports.

2.0 Recommendation

- 2.1** That the Audit and Finance Committee note the Internal Audit Progress Report, reflecting progress to 31 July 2021, as attached at Appendix 1.

3.0 Summary

- 3.1** Under the Accounts and Audit (England) Regulations 2015, the Council is responsible for:
- ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk; and
 - undertaking an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
- 3.2** In accordance with the Public Sector Internal Audit Standards and the Council's Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to Audit and Finance Committee summarising:

'communications on the internal audit activity's performance relative to its plan.'

3.3 Appendix 1 summarises the performance of Internal Audit for 2021-22 to 31 July 2021.

4.0 Implications

4.1 Resources:

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consists of 300 audit days and remains fluid throughout the year to meet the changing needs of the Council.

4.2 Legal:

Compliance with the Accounts and Audit (England) Regulations 2015.

4.3 Strategy:

Internal audit plays a vital role in helping the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4.4 Risks:

The audit needs assessment follows a risk-based audit approach taking cognisance of the Council's risk register.

4.5 Communications:

None directly from this report.

4.6 Customers & Community:

None directly from this report although improvements to controls and governance arrangements will ensure more efficient and effective service delivery.

4.7 Integrated Impact Assessment (IIA):

n/a

5.0 Consultation

5.1 The report has been discussed and noted by the Management Team who met at the Executive Board on 31st August 2021.

Appendices:

Appendix 1 – Internal Audit Progress Report 2021-22

Agreed and signed off by:

Legal Services: Daniel Toohey, Head of Legal and;

Finance: Lydia Morrison, Chief Finance Officer.

Contact Officer: Antony Harvey

Job Title: Deputy Head of the Southern Internal Audit Partnership

Telephone: 07784 265289

E-Mail: antony.harvey@hants.gov.uk

Internal Audit Progress Report 2021-22

July 2021

Havant Borough Council

Havant
BOROUGH COUNCIL

**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

Havant Borough Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

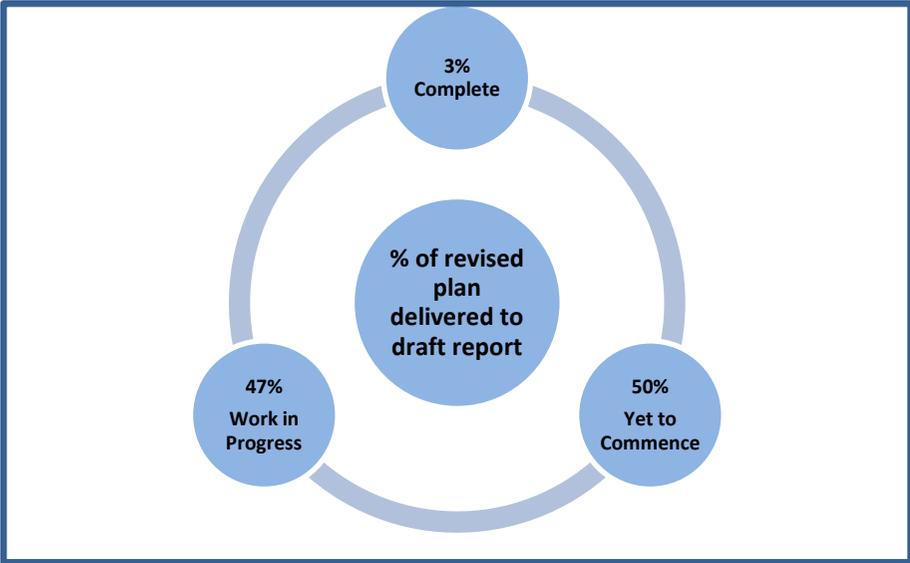
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

** Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 2.*

3. Performance dashboard



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Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the International Professional Practices Framework (IPPF) include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Yet Due	Complete	Overdue		
							L	M	H
Information Governance *	May 19	HoPRQ	Adequate **	12	0	12			
Food Safety	Nov 19	HoNS	Limited **	10	0	8	1	1	
Neighbourhood Quality (Fly Tipping) *	Dec 19	HoNS	Limited **	13	0	13			
Treasury Management *	May 20	CFO	No **	10	0	10			
Animal Welfare (Licensing)	May 20	HoNS	Limited **	14	0	7	5	2	
Lease Income *	May 20	HoNS	Limited **	14	0	14			
IT Asset Management	Jun 20	HoPRQ	Adequate **	6	0	5		1	
Licensing	Jun 20	HoNS	Adequate **	6	0	4			2
Information Governance	Jun 20	HoPRQ	Limited **	8	0	7		1	
Norse – Governance Arrangements	Jun 20	HoSC	Adequate **	4	0	2			2
Human Resources *	Jan 21	HoOD	Reasonable	4	0	4			
Computer Implementations (Building Control) *	Jan 21	HoPRQ	Reasonable	6	0	6			
IT Risk Management *	Feb 21	HoPRQ	Reasonable	3	0	3			
Norse South East - Governance	Apr 21	HoSC	Reasonable	5	4	0		1	
Lease Income	Jun 21	HoNS	Reasonable	3	3	0			
IT Security Governance *	Jun 21	HoPRQ	Reasonable	2	0	2			
Project & Programme Management *	Jun 21	HoPRQ	Reasonable	4	0	4			
Building Control	Jun 21	SD (RP)	Limited	9	9	0			
Treasury Management	Sep 21	CFO	Reasonable	1	1	0			
Total							6	6	4

* Denotes audits where all actions have been completed since the last progress report

** The reports listed (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to the adoption of the CIPFA standard definitions, reference is provided at Annex 2.

Audit Sponsor	
Head of Organisational Development	HoOD
Head of Customer Services	HoCS
Chief Finance Officer and Director of Corporate Services	CFO
Head of Programmes, Redesign and Quality	HoPRQ
Head of Development	HoD
Head of Strategic Commissioning	HoSC
Head of Neighbourhood Support	HoNS
Head of Regeneration	HoR
Service Director (Regeneration and Place)	SD (RP)
Head of Commercial Development	HoCD
Head of Housing & Community Engagement	HoHCE

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There have been no ‘Limited’ or ‘No’ assurance opinion reports issued as part of the 2021-22 audit work. The Building Control ‘Limited’ assurance opinion report (as shown below in section 7 of this progress report) was finalised in June 2021 however the findings were included within the 2020-21 Annual Internal Audit Report and Opinion reported to the Audit and Finance Committee in June 2021.

6. Planning & Resourcing

The internal audit plan for 2021-22 was discussed by the Executive Board on 23 February 2021 and approved by the Audit and Finance Committee on 24 March 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Carry Forward – Included within 2020-21 Annual report and opinion								
Project / Programme Management	HoPRQ	✓	✓	✓	May 21	Jun 21	Reasonable	20.21 Opinion
Workforce Support – COVID-19	HoOD	✓	✓	✓	May 21	Jun 21	Substantial	20.21 Opinion
Treasury Management	CFO	✓	✓	✓	Jun 21	Sep 21	Reasonable	20.21 Opinion
Lease Income	HoNS	✓	✓	✓	Apr 21	Jun 21	Reasonable	20.21 Opinion
IT Security Governance	HoPRQ	✓	✓	✓	Mar 21	Jun 21	Reasonable	20.21 Opinion
Building Control	SD (RP)	✓	✓	✓	May 21	Jun 21	Limited	20.21 Opinion
Licensing (Animal Welfare)	HoNS	✓	✓	✓	May 21	Jun 21	n/a	n/a follow - up

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2021-22								
Corporate / Governance Reviews								
Asset Management	SD (RP)							Q3
Health & Safety	HoOD	✓	✓	✓				
Risk Management Arrangements	HoPRQ	✓	✓	✓				
Procurement Arrangements	HoSC	✓						
Contract Management Arrangements	HoSC							Q4
Fraud Framework - National Fraud Initiative (NFI)	CFO	n/a	n/a	✓				On-going
Human Resources	HoOD							Q3
Financial Management								
Financial Stability – Budget Monitoring	CFO							Q3
Income Collection and Banking	CFO							Q3
Accounts Payable	CFO							Q3
Accounts Receivable / Debt Management	CFO							Q3
Treasury Management	CFO							Q4
Business Rates	HoCS	✓	✓	✓				
Main Accounting and Reconciliations	CFO	✓	✓	✓				
Council Tax	HoCS	✓						
COVID-19 – Business Grants	CFO	✓	✓	✓				
Information Technology								
Cyber Attack Response Pathway	HoPRQ	✓	✓	✓	Mar 21			
Hosted IT Services	HoPRQ							Q4
Service Continuity Planning (Loss of IT)	HoPRQ	✓	✓					
IT Device Management	HoPRQ	✓	✓					

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
SharePoint Data Migration	HoPRQ							Q3-4
Service / Other Reviews								
Regeneration	SD (RP)	✓	✓	✓				
Planning Enforcement	HoNS	✓	✓	✓				
Disabled Facilities Grants	HoNS	✓	✓					
Homelessness	HoHCE							Q3
Planning / Development Management	SD (RP)							Q3-4
Open Spaces / Tree Management	HoNS	✓	✓					
Building Control - Follow-up *	SD (RP)							Q4
Licensing (Animal Welfare) - Follow-up *	HoNS							Q3-4
Food Safety – Follow-up *	HoNS							Q4

* Proposed plan addition – see Annex 1

Annex 1 - Adjustments to the plan

Audit reviews added to the plan (included in rolling work programme above)	Comment
Building Control - Follow-up *	Follow-up review for a 20-21 'Limited Assurance' audit
Licensing (Animal Welfare) - Follow-up *	Second follow-up review for a 19-20 'Limited Assurance' audit
Food Safety – Follow-up *	Follow-up review for a 19-20 'Limited Assurance' audit

Audit reviews removed from the plan (excluded from rolling work programme)	Comment

Proposed September 2021 *

Annex 2 - Assurance opinions and definitions used by SIAP prior to adoption of the CIPFA standard definitions

As from April 2020 CIPFA guidance recommends a standard set of assurance opinions and supporting definitions for internal audit service providers across the public sector.

To ensure SIAP continue to conform to the best practice principles, the standard definitions were adopted for our 2020-21 work and moving forwards.

There remain some residual reviews detailed within Section 4 of this report that refer to SIAPs former assurance ratings which are detail below.

Substantial	A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk
No	Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives.

HAVANT BOROUGH COUNCIL

Audit Committee

**Meeting Date: 15
September 2021**

ANNUAL AUDIT LETTER 2019/20
Ernst & Young

FOR INFORMATION

Cabinet Lead): Councillor Pike

Key Decision: N/A

1.0 Purpose of Report

1.1 To present the Annual Audit Letter for 2019/20.

2.0 Recommendation

2.1 That the Committee note the contents of the report

2.2 Summary

2.3 The purpose of this letter is to communicate to the Members of Havant Borough Council and external stakeholders, including members of the public, the key messages of the 2019/20 audit.

4.0 Reports

4.1 **The Annual Audit Letter is attached to this report.**

5.0 Implications

5.1 Resources: No direct implications

5.2 Legal: No direct implications

5.3 Strategy: No direct implications

5.4 Risks: No direct implications

5.5 Communications: No direct implications

5.6 For the Community: No direct implications

5.7 The Integrated Impact Assessment (IIA) has been completed and concluded the following: N/A

5.8 Consultation: N/A

Agreed and signed off for publication by:

Head of Service: 07/9/2021
Head of Finance: 07/09/2021

Contact Officer: Matthew Tiller
Job Title: Chief Finance Officer
Telephone: 02392 446472
E-Mail: matthew.tiller@easthants.gov.uk

Havant Borough Council

Annual Audit Letter for the year
ended 31 March 2020

July 2021

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The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

Building a better
working world

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

Executive Summary

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Executive Summary

We are required to issue an annual audit letter to Havant Borough Council (the Council) following completion of our audit procedures for the year ended 31 March 2020.

Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the delivery of the audit	
▶ Changes to reporting timescales	As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities. Our audit was scheduled to meet this timescale, but we were unable to provide our audit report due to the delays experienced in obtaining suitable and appropriate evidence. We provided detail of the timelines and delays within our Audit Results Report presented to the 21 July 2021 Audit & Finance Committee.
Impact on our risk assessment	
▶ Valuation of Property Plant and Equipment (PPE) and Investment Properties	The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty were included in the year-end valuation reports produced by the Council's internal valuer. We considered that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures, and assumptions underpinning the valuation of property, plant and equipment and investment properties.
▶ Disclosures on Going Concern	Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the council would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Council's actual year end financial position and performance.
Impact on the scope of our audit	
▶ Information Produced by the Entity (IPE)	We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk: <ul style="list-style-type: none">• Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and• Agree IPE to scanned documents or other system screenshots.
▶ Consultation requirements	Additional EY consultation requirements concerning the impact on auditor reports. The changes to audit risks and audit approach changed the level of work we needed to perform.

Executive Summary (cont'd)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	
▶ Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent.
▶ Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

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Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Executive Summary (cont'd)

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £500m. Therefore, we did not perform any detailed audit procedures on the consolidation pack. We had no matters to report to the NAO.

As a result of the above we have also:

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Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 5 July 2021
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 26 July 2021

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Kevin Suter
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities

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Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report to the 21 July 2021 Audit and Finance Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities

Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued on 17 September 2020. It is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2019/20 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500m. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit

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Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 26 July 2021.

Our detailed findings were reported to the 21 July 2021 Audit and Finance Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Misstatements due to fraud or error</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation.</p> <p>We did not identify any material weaknesses in controls or evidence of material management override.</p> <p>We did not identify any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p> <p>We did not identify any inappropriate journal entries.</p>
<p>Risk of fraud in revenue and expenditure recognition</p> <p>Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation.</p> <p>We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. This would result in funding expenditure that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.</p>	<p>We documented our understanding of the controls relevant to this significant risk and considered whether they have been appropriately designed. We then:</p> <ul style="list-style-type: none"> • Tested the appropriateness of manual journal entries recorded in the general ledger between revenue and capital codes. • Amended our sample sizes when testing capital additions to reflect the existence of this risk. • Agreed samples to source documentation to ensure the classification was reasonable. • Selected a sample of Revenue Expenditure Funded by Capital under Statute, using lowered testing thresholds, to confirm it was appropriate for the expenditure incurred to be funded from capital sources. <p>Our testing did not identify any material misstatements from capitalising revenue spend.</p>

Financial Statement Audit (cont'd)

Significant Risk	Conclusion
<p>Valuation of investment properties and Property, Plant & Equipment (PPE)</p> <p>The value of Investment Properties and PPE represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and market fluctuations. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. Furthermore, we identified significant errors in the prior year in relation to property valuations</p> <p>The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. This impact is expected to affect Investment Properties and certain categories of PPE as the valuation basis for these properties are linked to recent market transactions and future income generation. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuers.</p>	<p>We reviewed the instructions and data provided to the valuer by the Council. We identified no issues.</p> <p>We reviewed the classification and valuation methods used. Other than the matter mentioned below in relation to Community Centres, we identified no issues with the classification and valuation methods used by management.</p> <p>We considered the annual cycle of valuations and confirmed that assets have been valued within a 5 year rolling programme as required by the Code.</p> <p>We reviewed assets not subject to valuation in 2019/20 and confirmed that the remaining asset base was not materially misstated.</p> <p>We reviewed the scope and relationship of the valuer to the Council and identified no issues.</p> <p>We were satisfied that disclosures in the accounts were appropriate concerning the material uncertainty.</p> <p>Our review of accounting entries at period end and those journals made in processing valuation adjustments did not identify any issues, other than those outlined below.</p> <p>We reviewed a sample of valuations, including using our internal specialists. We confirmed that, except for the following properties, the assumptions used, including those related to ERVs/yields were appropriate. Management opted not to correct the differences below as the net impact was immaterial:</p> <ul style="list-style-type: none"> • Southmoor Lane Depot - valuation £240k above the upper end of our expected range of £3.8m. Management adopted a yield of 6.30% whereas our research determined an equivalent yield of 6.75%-7.25%. • Bowls Pavilion Horndean Road - valuation overstated by £77k due to the incorrect gross internal area (GIA) used

Financial Statement Audit (cont'd)

Significant Risk	Conclusion
<p>Valuation of investment properties and PPE (cont'd)</p> <p>The value of Investment Properties and PPE represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and market fluctuations. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. Furthermore, we identified significant errors in the prior year in relation to property valuations</p> <p>The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. This impact is expected to affect Investment Properties and certain categories of PPE as the valuation basis for these properties are linked to recent market transactions and future income generation. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuers.</p>	<p>Errors that were adjusted for as a result of our work include:</p> <ul style="list-style-type: none"> • £1.3m downward revaluations of Property, Plant & Equipment (PPE) as a result of difference in the PPE valuation report and amount recognised in fixed asset register. • £1.128 upward revaluations as a result of valuations performed incorrectly. The misstatement was identified by the management and it was classified to investment properties. • £1.27m downward revaluations of PPE as a result of wrong GIA used by the Council's valuer. • £0.555m understatement of investment property as a result of difference in investment property valuation report and amount recognised in fixed asset register,
<p>Pension liability valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hampshire County Council.</p> <p>The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2020 the net pension liability totalled £44,990k.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We obtained assurances from the auditors of Hampshire County Council Pension Fund that the information supplied to the actuary in relation to Havant Borough Council was accurate and complete.</p> <p>We have assessed and are satisfied with the competency and objectivity of the Council's actuary Aon Hewitt.</p> <p>We have reviewed the work of the actuaries. We challenged the actuarial valuation and found no indication of management bias in this estimate.</p> <p>We identified a difference in the estimated fair value of plan assets of the pension fund compared to the actual outturn for the year. This decreased the pension asset by £510k (Havant Borough Council's share) resulting in a increase in the net pension liability.</p> <p>Management opted not to amend the accounts as the impact was immaterial and therefore did not request an updated IAS 19 report from the Actuaries.</p>

Financial Statement Audit (cont'd)

Other financial statement risk	Conclusion
<p>Going concern</p> <p>The Council prepares its accounts on the assumption that it will continue as a going concern. The current and future uncertainty over government funding and loss of income as a result of Covid-19 increases the need for the Council to revisit its financial planning and undertake an updated detailed assessment to support its going concern assertion. From an audit perspective, the auditor's report going concern concept is a 12-month outlook from the approval of the accounts, rather than the balance sheet date. So, for the 2019/20 statements, for example, we needed to see evidence of an assessment up to and including July 2022.</p>	<p>We reviewed the proposed going concern disclosures for inclusion in the financial statements and the Council's forecast cash flows.</p> <p>In our view no significant uncertainty exists that may cast doubt on the Council's ability to continue as a going concern or impacting the delivery of its services, which would be required to be disclosed. The key issues we reflected on for our assessment relate to a combination of the Council's liquidity and its level of General Fund reserves. Management's assessment demonstrates that reserves should be maintained above the minimum level set by the s151 officer for the foreseeable future, and the Council will have access to sufficient working capital.</p> <p>The Council updated its disclosures in the accounts to reference these factors and were satisfied the revised disclosures adequately and sufficiently disclose material events and conditions in relation to the going concern assumption of the Council and that no material uncertainties exist.</p>
<p>NDR Appeals valuation</p> <p>The Non Domestic Rates Appeals Provision is a material balance in the financial statements which requires a number of assumptions and judgements.</p> <p>In addition, in previous years we have identified errors above our audit differences threshold.</p>	<p>We have reviewed the calculation of the provision and confirmed that the calculation was accurate.</p> <p>We confirmed that the provision considered unlodged appeals.</p> <p>We noted few minor issues with the disclosure in the draft financial statement, which management corrected.</p> <p>We reviewed the assumptions, methods and models used by management's specialist. We identified no issues.</p>

Financial Statement Audit (cont'd)

Other key findings	Conclusion
Corrected Audit differences	<p>In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as "known" or "judgemental". Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.</p> <p>We highlight the following misstatements greater than £0.072m identified during the course of our audit which management corrected:</p> <ul style="list-style-type: none">• £1.3m downward revaluations of Property, Plant & Equipment (PPE) as a result of difference in the PPE valuation report and amount recognised in fixed asset register.• £1.128 upward revaluations of PPE as a result of PPE valuations was performed incorrectly. The misstatement was identified by the management and it was classified to investment properties.• £2.528m prior year adjustment in relation to an understatement of income and expenditure relating to Coastal Partnership. This adjustment does not affect the overall net figures in the accounts.• £0.292m. reclassification of overdraft balance from Cash and cash equivalent to current liabilities in the financial statements.• Overstatement to short term debtors and understatement in short term creditor of £0.359m in relation to an error on clearing the cash control accounts to council tax and NNDR.• £1.27m downward revaluations of Property, Plant & Equipment (PPE) as a result of wrong GIA used by the Council's valuer.• £0.555m understatement of investment property as a result of difference in investment property valuation report and amount recognised in fixed asset register.• £0.666m inconsistency in the prior year restructuring of the portfolio classification between the Executive office portfolio and Head of Customer Services portfolio; and• Some minor misstatements in disclosures

Financial Statement Audit (cont'd)

Other key findings	Conclusion
Uncorrected Audit differences	<p>Management chose not to correct the following misstatements as they view them as not material and had no impact on the overall financial statements:</p> <ul style="list-style-type: none">• £118k overstatement of expenditure. Expenditure incurred in 2018/19 was recognised in 2019/20• £159k misstatement due to cash timing differences between collection fund systems• £77k valuation difference due to incorrect GIA used by the Council's valuer• £510k valuation difference in relation to the Fair Value of plan assets of the Pension Fund• £240k judgmental overstatement of the valuation for Southmoor Lane Depot due to the use of a lower yield resulting in a higher valuation• £214k overstatement of Note 14 – PPE due to evidence not being provided to support disposals, as such we were not able to verify whether these items were appropriately disposed of. Management had no disposal records for these items.

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £1.465m (2019: £1.289m), which is 2% of gross revenue expenditure reported in the draft accounts of £73.3m.</p> <p>We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Audit and Finance Committee that we would report to the Committee all audit differences in excess of £0.073m (2019: £0.065m)</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits.
- ▶ Related party transactions.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Section 4

Value for Money



Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Government bodies' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

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We identified one significant risks in relation to these criteria.

We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people

We therefore issued an unqualified value for money conclusion on 26 July 2021.



Value for Money (cont'd)

Significant Risk

Partnership working - revised Corporate Services Contracts

In October 2017, Havant Borough Council (the Council) entered into two contracts for the provision of corporate services, in partnership with Hart District Council, South Oxfordshire District Council, Vale of the White Horse District Council and Mendip District Council (known as the "Five Councils"). The services were originally split into two lots; data-based services (Lot 1) and property based services (Lot 2).

These contracts were designed to generate savings of over £50 million for the Five Councils across their lifetime of nine years but the Councils have had to renegotiate Lot 1, in October 2018, and pull out of Lot 2, in January 2018, due to the issues with the way the contracts were constructed and the implications for the practical implementation of them.

In October 2018, the Five Councils drafted the new Inter-Authority Agreement (IAA) which outlined the revised governance and cost sharing arrangements between them.

The 5 Councils are now exiting the contract for some services as at 31 March 2020. Havant Borough Council in particular have brought back Finance, HR and Payroll in-house as of 1 April 2020. The remaining services will remain with Capita for at least one further year. Given the short timescale for termination of the contract there is a risk that both the services and financial performance of the Council would be negatively impacted if new arrangements, from 1 April 2020, are difficult to implement or do not deliver the intended benefits in a sufficiently timely manner.

Value for Money (cont'd)

Conclusion

In line with the governance arrangements in the IAA, service performance and contract change discussions continued to be reported to the regular 6 weekly meetings of the 5 Council's Strategic Management Board (SMB), Operational Management Board (OMB) and the Joint Tactical Board (JTB) during 2019/20. In the latter part of 2019/20, the 5 C's Strategic Partnership Project Team began to facilitate the insourcing of services. Business cases for alternative solutions were discussed for each service provided by Capita and it was decided that the HR, Payroll and Accountancy services would be re-provisioned with effect from 1 April 2020. Exchequer and IT services still remain with Capita, but at the time of writing this report, these are currently being reviewed to decide on the best options going forward for 1 April 2021.

On 1 April 2020, the HR, Payroll and Accountancy all transitioned back into Havant with no disruption to service provision.

The HR and Payroll service is being adequately managed in-house. South Oxfordshire District Council is the lead Authority as the Zellis contract/software which is used to run the payroll services and has been novated to them. The Zellis system administrator has been TUPE'd across and this service and associated costs are shared across all the Authorities. The rest of the staff are South Oxfordshire staff and their costs are recharged proportionately across the other Authorities, except Mendip who have taken a different route for HR & Payroll services. No significant issues since services have been transferred. HR/Payroll have eliminated all errors, staff are being paid correctly and on time, almost zero error rate.

For accountancy, there was an agreed finance structure put in place as Havant TUPED 4 Capita staff back in-house and agreed a joint delivery of financial services with East Hampshire District Council under a new contract. Processes are working much better and the finance team have been focused on the financial year-end, producing two sets of financial statements for both Havant Borough Council and East Hampshire District Council, as well as supporting the business grant response to Covid-19.

The cost of exiting the Capita contract for HR, Payroll and Accountancy was a one-off payment for Havant and the Council had put monies aside in an earmarked reserve to cover these costs and the parties agreed for the Authorities not to pay a contract milestone in March.

The adoption of a new business model by Capita is a key strategic risk on the Council's Strategic Risk Register for 2019/20 and 2020/21. Regular reporting on the actions to mitigate the risk around the transfer of services has been received by the Council's Audit and Finance Committee who monitor this Risk Register on a quarterly basis. Whilst the Council reports on refining relevant business cases, in line with negotiations, it also reported that there is no indication that Capita intend to cease delivering any services that the Councils are not prepared to nor will withdraw from.

In terms of whether the arrangements to exit the contract were adequate, we conclude that there were clear arrangements to manage the transition to ensure the continuity of services for HR, Payroll and Accountancy services. Whilst negotiations now turns to the remaining services, with particular focus on Exchequer Services and IT, we suggest that management carry out individual services reviews of the HR, Payroll and Accountancy services to ensure that the new services delivered the intended benefits and continue to improve service performance.

A photograph of a business meeting in progress. Several people are gathered around a large wooden conference table, looking at documents. A woman with blonde hair is in the foreground, resting her chin on her hand and looking intently at the papers. Other participants are visible in the background, some standing and some seated. The scene is brightly lit, suggesting a modern office environment.

Section 5

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

The Council is below the specified audit threshold of £500mn. Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2019/20 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit and Finance Committee on 21 July 2021. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Other Reporting Issues (cont'd)

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.

Section 6

Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2022/23 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2022/23 Accounting Code of Practice for Local Authorities has yet to be released, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the revised 2022/23 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>

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Our audits of the Borough Council for the last two years have been challenging, for a number of reasons that we have articulated in our 2018/19 and 2019/20 Audit Results Reports. These have been linked, among other factors, to changes in the Council's financial services provider and recruitment of a permanent finance team after ending the outsourcing contract, and the Covid-19 pandemic. We are committed to working with the Council's officers to reduce the elapsed time taken to complete future audits, building on the experiences of the 2019/20 audit and the improvements that we did note this year.

Appendix A

Audit Fees

Page 53

Audit Fees

Our final fee for 2019/20 has been impacted by a range of factors which has resulted in additional work as reported in our Audit Results Report.

Description	Final Fee 2019/20 £	Planned Fee 2019/20 £	Scale Fee 2019/20 £	Final Fee 2018/19 £
Total Audit Scale Fee – Code work	36,036	36,036	36,036	36,036
Scale Fee Rebasing: Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 1)	34,998	N/A	N/A	N/A
Non-audit work – Grant claims	N/A	N/A	N/A	27,733
Revised proposed scale fee	71,043	N/A	N/A	N/A
Additional work required for going concern and Covid-19 considerations (see Note 2)	2,500	2,500		4,700
Additional work required for PPE valuation (see Note 3)	15,000	15,000		13,199
Additional work required to address the value for money risks identified (see page 20)	3,528	3,528		3,528
The preliminary work undertaken on group accounts (4)	500	500		1,525
Significant difficulties encountered during the audit process as highlighted in our Audit Results Report	17,229			25,586
Additional work undertaken on the CIES/EFA restatement in relation to the changes in the internal reporting structure as well the additional work on the prior period adjustments in relation to the Coastal Partnership	1,500			
Additional work on aspects of housing benefit income and expenditure which would previously have been performed as part of HB certification (see Note 5)	382			
Total Audit Fee	111,673	57,564	36,036	112,307

Audit Fees (cont'd)

Note 1

We remain in discussion with PSAA about increasing the scale fee to reflect the additional work auditors are required to do to meet regulatory requirements. This was communicated in our 2019/20 Audit Results Report.

Note 2

To review management's assessment and additional disclosures that were required in relation to going concern and our internal consultation process undertaken to ensure that events and conditions in relation to the going concern assumption are adequately disclosed.

Note 3

To engage EY Real Estate, our internal property specialists, to review a sample of valuations of investment properties and EUV assets and additional work to audit the misstatements identified.

Note 4

The Council did not inform us of the decision not to prepare group accounts to equity account for the interest in Norse South East Ltd as in previous years. We performed some preliminary work to prepare to audit the group accounts but discovered that group accounts were not prepared when we reviewed the draft accounts.

Note 5

This had to be done separately as we are not the HBAP reporting accountant, therefore, increasing the scope where remuneration would previously have been under HBCOUNT principle through HB certification work.

This additional fee is subject to approval by the PSAA.

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ED None

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NON-EXEMPT

HAVANT BOROUGH COUNCIL

AUDIT COMMITTEE

15 SEPT 2021

PROVISIONAL REVENUE AND CAPITAL OUTTURN 2020/21

FOR DECISION

Portfolio Holder: Cllr Pike

Key Decision: N

Report Number: 332

1. Purpose

- 1.1. This paper is submitted to provide The Committee with summary position regarding the provisional revenue and capital outturn for 2020/21.

2. Recommendation

- 2.1. Members are requested to note:

- a. the outturn for the General Revenue Fund, subject to external audit, of a General Fund underspend of £0.188 million
- b. transfers to the General Revenue Fund and Earmarked reserves, as set out in *Table 3 – Earmarked Reserve Movements* of the report
- c. The position of the 2020/21 capital programme as at Outturn (31 March 2021).

- 2.2. Recommend Cabinet to approve:

- d. the budget virements in revenue and capital programme, per Appendix D as set out in paragraphs 5.10 and 5.11

3. Executive Summary

- 3.1. This report advises members of the final (unaudited) revenue and capital budget monitoring year end positions as at 31 March 2021 for the financial year 2020/21 together with the resulting reserves positions. The forecasts indicate a year end general fund underspend of £0.188 million.

- 3.2. The majority of service expenditure is in line with budget profiles and forecasts. Directors and Heads of Service worked to bring services that identified large variances during the year back into a balance.
- 3.3. This report also details changes to the capital budget made since the 2020/21 budget was set on 26 February 2020 and reflects the forecast year end position of the 2020/21 capital spend against budget as at Period 9 (as at 31 December 2020).
- 3.4. As a result of the global pandemic and subsequent pressures put on Local Authorities, the statutory deadline of 31 May for the draft Statement of Accounts has been changed by central Government and the first draft of the statutory accounts must now be approved by 31 August with the final audited accounts published by 30 September. Following delays in 2020/21 audit, work is progressing and officers are aiming to pass the draft accounts to the external auditors as soon as they are ready.
- 3.5. Despite the challenges posed a provisional revenue and capital outturn have been produced. It should be noted this is only a provisional outturn position and will be finalised in time for publication of the draft accounts.
- 3.6. This report provides The Committee with an update on the provisional outturn and seeks endorsement on certain matters.

Provisional Revenue Outturn

- 3.7. After allowing for various year end-adjustments, there has been a net service overspend of £0.828 million against the overall Budget for 2020/21 and a summary statement against budget is included at Appendix A.
- 3.8. Central Government has provided the Council with grants of £2.100 million which is non-ringfenced funding to help support during Covid-19 pandemic. This funding is one-off and non-recurring. In addition, through the Government Lost Sales, Fees and Charges Scheme a total of £1.041 million has been provided to support lost income during the pandemic. This funding is one-off and subject to a final reconciliation exercise, following the completion of the accounts and is non-recurring.
- 3.9. Therefore, as a result of the overall outturn position for the Council at year end, taking into account Business Rates, Council Tax and Grants is a surplus of £0.188 million.

Provisional Capital Outturn

3.10. The provisional capital outturn at year end show spend of £7.007 million, this is against a projected forecast spend of £7.387 million at the end of Quarter 3.

4. Additional Budgetary Implications

4.1. None

5. Background and relationship to Corporate Strategy

Revenue Outturn

5.1. A summary of the revenue outturn position for the financial year 2020/21 is set out below. Detailed appendices show the individual service heading outturn position and are included at Appendix A.

5.2. *Table 1 – Revenue Outturn*

	Budget	Outturn	Variance (Favourable) / Adverse
	£'000	£'000	£'000
Net Revenue Expenditure	15,072	14,884	(188)
Council Tax, Business Rates & Grants	(15,072)	(15,072)	(0)
Net (Surplus) / Deficit	0	(188)	(188)

5.3. The main revenue service variances against the budget are set out in the table below:

Service Area	Variance to budget (£000)	Reasons
5 Councils Contract & Staff	(125)	Reduction in expenditure across salary budget and training/travel expenses
Organisational Development	(308)	Reduction in expenditure across the service as a result of focus on Covid-19 pandemic and therefore reduced spend on planned activities for 2020-21. Reduced recruitment activity within Human Resources as a result of recruitment freeze during first lockdown period and overall reduced recruitment for the remaining year.
Customer Services	534	Additional expenditure on contract costs within revenue & benefits and customer services

		including additional costs of delivering the Covid business grant scheme
Strategic Commissioning	237	Additional expenditure across a number of items including staffing and additional contract costs as result of delivering during the pandemic.
Finance	(706)	Covid-19 related savings contained within this budget which were identified at the start of the pandemic and utilised to offset the additional expenditure within services. <ul style="list-style-type: none"> £0.463 million Covid related savings identified across services
Neighbourhood Support	855	Reduction in income across the service as a result of Covid <ul style="list-style-type: none"> £1.125 million was lost within parking services £0.746 million has been claimed through the Government lost sales, fees and charges scheme. Savings within the service as a result of reduced recruitment activity resulting in salary, NI and pension savings <ul style="list-style-type: none"> £0.200 million in salary savings
Housing	239	Additional expenditure within the service of ensuring that those at risk of homelessness were placed in accommodation (B&B) during Covid lockdowns, partially mitigated by recovery from benefits.
Planning	(264)	Additional savings have been made within the service as a result of reduced activity on areas such as the Local Plan during the year as a result of focus on Covid as well as additional income received in Planning Policy <ul style="list-style-type: none"> £0.180 million reduced expenditure and additional income in Planning Policy £0.075 million additional income in Development Management
Community Engagement	(101)	Focus on Covid related activities and use of Covid grants during the pandemic resulting in savings on planned budget spend
Coastal Partnership	(174)	Additional income achieved within the Transport team as well as additional savings in expenditure.

Covid-19

- 5.4. As previously reported within the quarterly monitoring reports, loss of income and additional expenditure as a result of Covid-19 has had significant effect on the outturn. The majority of variances either relate to additional expenditure on Covid measures (within Community or Housing services), support provided to our leisure provider or loss of income across our regulatory services in particular our parking income. The additional expenditure has been mitigated by central Government grants and budget savings identified early in the pandemic. The loss of income has to date been covered by the Government lost sales, fees and charges scheme

Capital Outturn

- 5.5. A summary of the capital outturn for the financial year 2020/21 is set out below with full details contained at Appendix B.

Table 2 – Capital Outturn

	Budget	Outturn	Variance (Favourable) / Adverse
	£ (000)	£ (000)	£ (000)
Housing	1.628	0.508	(1.120)
Operational Land and Buildings	5.230	1.647	(3.583)
IT Equipment	0.077	0.001	(0.076)
Vehicles	0	-	-
Total Capital Programme	6.935	2.156	(4.779)
	2020/21 Revised Budget	2020/21 Provisional Outturn	Variance (Favourable) / Adverse
	£ (000)	£ (000)	
Funded By:			
REFCUS (Revenue funded as Capital under Statute)	1.628	0.508	(1.120)
External Grants & Contributions	5.045	1.448	(3.597)
Use of Specific Reserves	0.127	0	(0.127)
Use of Capital Receipts	0	0.200	0.200
Borrowing Requirement	0	-	-
Total Funding	6.935	2.156	(4.779)

- 5.6. The overall variation for the year represents reduced spend on a number of capital projects in particular reduced expenditure on CIL as a result of pandemic.
- 5.7. Detailed appendices show the individual service heading outturn position and are included at Appendix B.

Reserves and Balances

- 5.8. In closing the accounts for 2020/21 the Council's reserves have been reviewed against the budget and proposed movements. During the year end process services were asked to confirm any proposed movements to and from reserves. A full statement is attached at Appendix C which provides details of the reserve movements and the main transfers are highlighted in the table below.

Table 3 - Earmarked Reserves Movements

Earmarked Reserve	Balance 01/04/20	Transfers In	Transfers Out	Balance 31/03/21	Explanation
	£000	£000	£000	£000	
General Fund – earmarked	22	0	0	22	No movement
Insurance	652	0	0	652	No movement
Restructuring	418	0	0	418	No movement
Financial Management	3,866	2,180	0	6,046	Fund to provide for financial stability including future potential Covid costs as a result of the pandemic
Regeneration (Meridian)	431	561	0	1,170	Fund to provide future costs of Meridian as per the budget setting ensuring all Meridian income funds are reserved for future use
Leisure Contingency	950	0	0	950	No movement
Externally Funded	609	561	0	1,170	Ringfencing of homelessness grants for future use
Service Support	114	20	0	134	Minimal movement

Pensions	0	789	0	789	Fund to support future potential pension deficit as per the budget
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- 5.9. The transfers have already been reflected in the position outlined earlier and Cabinet will be asked to formally agree to the transfers. After allowing for these transfers the General Fund Balance amounts to £3.5 million and the Earmarked Reserve balance amounts to £11.176 million at 31 March 2021.

Budget virements

- 5.10. As a result of the pandemic services were asked to review their budgets early in 2020/21 and it was agreed to ringfence budget to handle any potential additional Covid expenditure. In addition, services were provided with additional funding from this exercise in order to deal with additional expenditure.
- 5.11. Further to the above, further budget virements have taken place with respect to the centralisation of depreciation, interest and insurance charges (previously charged at service level) and movement of cost centres due to management changes during the year. In addition, in order to provide increased clarity budgeted earmarked reserve movements have been moved to service budgets where they occur. Full details of all the budget virements have been provided at Appendix D and The Committee is asked to recommend Cabinet to approve the amends as part of the year end process.

Budget Carry Forwards

- 5.12. Inevitably each year services have underspends due to the timing of work or commitments not completing before year end.
- 5.13. The Director of Corporate Services (s151) has reviewed the various carry forward requests from services and due to the financial challenges posed by Covid-19 has not approved any carry forward requests for 2020-21.

Performance against Corporate Strategy

- 5.14. The financial year 2020-21 has been dominated by the pandemic and the Council response in providing support to our communities, our businesses and out staff.

Community Support

- 5.15. The Council, supported by partners such as Community First, has provided support to vulnerable residents throughout the pandemic either through signposting to support available and ensuring referrals are made to appropriate support networks. The focus has been to protect the 'clinically extremely vulnerable', identified by the NHS (those on the Shielding List) but also those who

could potentially be vulnerable to financial hardship. A virtual call centre was established during the year, known as the Local Response Centre (LRC) and staff from across the organisation were deployed to answer calls seven days per week. This resource was vital in ensuring support needs could be met such as delivery of food parcels or medicine supplies during lockdowns. A food hub was also established to ensure food banks were adequately stocked throughout the year. Those at risk of homelessness were placed in emergency accommodation regardless of whether there was a legal duty to provide accommodation for those individuals or families.

Business Support

- 5.16. The Council has been instrumental in ensuring that local businesses have been supported through the timely processing and distribution of government grants as well as administering the expanded business rates relief scheme. In total the Council administered 12 grants schemes during the year and gave out over £26 million to over 2500 businesses. Further to this a business task force was established who took forward proactive steps to provide advice and support to local businesses and contacted all local businesses directly by either email and/or phone. In addition, the Council through the use of Covid marshalls and Environmental Health officers have provided support and advice to businesses on Covid restrictions, allowing our High Streets to operate in Covid secure manner during and after lockdown periods.

Our staff and services

- 5.17. The pandemic has changed the way the Council works in a very short space of time and the focus during the pandemic has been making sure officers are able to work from home safely, supported by adapting to the changing working conditions. Service delivery has continue throughout the year with all our statutory services continuing to operate. While the Council office has remained closed during the year, Customer Services has remained available by phone and email. Regulatory Services (Planning, Licensing, Building Control and Environmental Health) have all continued operation with the utilisation of virtual site visits to conduct work and changes to waste collections were initiated during lockdowns to ensure essential elements of the service were fully operational. Virtual Council meetings have allowed for the continued decision making process and have allowed for increased participation with residents joining via web.

Corporate Strategy

- 5.18. Despite the challenges posed by Covid the Council has still delivered some notable achievements through the year as summarised below:
- a. Approved a new Constitution to support the council's operations and ensuring efficient governance. The new Constitution provides a clear set of

guiding principles for the council allowing the authority to be more agile, cost effective and able to respond to the needs of the community.

- b. The new Corporate Strategy to cover the period 2020-2024 was developed, setting out how we will aim to improve the lives of residents, businesses and visitors in the next five years.
- c. Embarked on the 'Shaping our Future' transformation programme which will enable the Council to achieve its objectives and deliver its new strategies and priorities going forward.

Key Performance Indicators

5.19. The table below contains some of our key corporate performance indicators in 2020-21, with comparison figures from 2019-20. In addition, we have sought to improve our performance reporting by adding further key performance measures which we now monitor during the year.

Table 4 – Key Performance Indicators

Key Performance Indicator	2019-20	2020-21
Business Rates collection rate	%*	%*
Council Tax collection rate	*	%*
Major planning applications decided within 13 weeks or agreed extension (over 70%)	%	%
Minor planning applications decided within 13 weeks or agreed extension (over 65%)		%
All planning applications decided within 26 weeks (above 98%)		%
Food establishments in the area receiving rating of 2 or lower	New	%
Pollution service requests resolved within 90 days	new	%
Private sector housing service requests resolved within 90 days	new	%
Homelessness interventions (above 600 for the year)		
Customer satisfaction with service centre (above 97%)		%
Freedom of Information requests responded within statutory deadline (above 95%)		%

6. Options considered

6.1. n/a

7. Resources

Financial Implications – as set out in body of report

Section 151 Officer comments

Date:

Human Resources Implications – none

Information Governance Implications - none

8. Legal Implications

8.1 None

Monitoring Officer comments

Date:

9. Risks

9.1. The outturn has yet to be finalised and audited and until that process is completed the outturn is still provisional. Any material changes impacting on the outturn will be reported to Members following the completion of the audit.

10. Consultation and communication

10.1. Once finalised the draft Statement of Accounts will be published on our website to allow for review by any interested parties.

Appendices

Appendix A – Provisional Revenue Outturn

Appendix B – Provisional Capital Outturn

Appendix C – Reserves and Balances

Appendix D – Budget Virements

Agreed and signed off by:

Portfolio Holder: Cllr Tim Pike

Director: Lydia Morrison, 26.08.2021

Monitoring Officer: Daniel Toohey

Section 151 Officer: Lydia Morrison, 26.08.2021

Contact Officer

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Job Title: Head of Finance

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Havant Borough Council	Final Budget	Outturn	Variation
	£'000	£'000	£'000
Director of Corporate Services			
5 Councils Staff and Contract	622	497	(125)
Executive Office	405	403	(2)
Head of Legal	862	830	(33)
Head of Organisational Development	818	510	(308)
Head of Programmes Redesign	2,799	2,785	(14)
Head of Customer Services	2,793	3,326	534
Head of Strategic Commissioning	3,768	4,005	237
Head of Finance	1,833	1,128	(706)
Director of Regeneration and Planning			
Head of Neighbourhood Support	(410)	444	855
Head of Housing	347	586	239
Head of Planning	550	286	(264)
Head of Community Engagement	520	418	(101)
Head of Property	(1,473)	(766)	707
Head of Regeneration (North)	426	411	(15)
Coastal Partnership	358	184	(174)
Total Cost of Services	14,219	15,047	828
Other Operating I&E	853	743	(84)
Meridian	1		
Covid Income Support	0	(1,041)	(1,041)
Interest from Investments	0	(26)	(26)
Interest payments	0	134	134
Capital Expenditure Charged to Revenue	0	0	0
Net Cost of Services	15,072	14,884	(188)
Funded by:			
Business Rates Retention	(5,605)	(5,605)	(0)
Council Tax Demand on the Collection Fund	(8,642)	(8,642)	0
Collection Fund (Surplus)/Deficit	0	0	
New Homes Bonus Grant	(902)	(902)	1
Other Financing	0	0	
Total Funding	(15,072)	(15,072)	(0)
Net (Surplus) / Deficit	0	(188)	(188)

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HAVANT BOROUGH COUNCIL

CAPITAL PROGRAMME SUMMARY

	ORIGINAL FULL YEAR BUDGET	Provisional Outturn (£,000)	Variance (£,000)
Housing			
Disabled Facilities Grants	1.628	0.508	(1,120)
Operational Land and Buildings			
HBC Plaza Development Phase 1	3.600	0	(3.600)
Refurbishment of HBC Play Equipped Areas	0.070	0.050	(0.020)
New Allotments	0.135	0	(0.135)
Hayling Island Goose Refuge	0.225	0	(0.225)
Nutrient Neutrality	0	0.290	0.290
Developer Contributions	1.200	0.248	(0.952)
Broadmarsh Feasibility Study	0	0.029	0.029
Hayling Island BMA	0	0.417	0.417
Hayling Island Strategy	0	0.167	0.167
Langstone FCERM	0	0.231	0.231
Acorn Centre Extension	0	0.007	0.007
Feasibility study	0	0.005	0.005
Brockhampton disposal costs	0	0.199	0.199
IT Equipment			
Building Control - Software	0.022	0.001	(0.00)
Southern Coastal	0.020	0.000	(0.020)
TOTAL CAPITAL PROGRAMME	6.935	2.156	(4.779)
Funded By:			
Revenue funded as Capital	1.628	0.508	(1.120)
External Grants & Contributions	5.045	1.448	(3.597)
Use of Specific Reserves	0.127	0	(0.127)
Use of Capital Receipts	0.135	0.200	0.065
Borrowing Requirement	0	0	0
FUNDING	6.935	2.156	4.779
	0	0	0

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General Fund Earmarked Reserves Movements	Balance 01/04/2020	Transfers In	Transfers out	Balance 31/03/2021
	£'000	£'000	£'000	£'000
General Fund - earmarked	22	0	0	22
Legal Reserve	0	0	0	0
Insurance Reserve	653	0	0	653
Restructuring Reserve	418	0	0	418
Financial management Reserve	3,867	2,180	0	6,047
Regeneration Reserve (Meridian)	431	561	0	992
Leisure Contingency Reserve	950	0	0	950
Externally Funded Reserve	609	561	0	1,170
Service Support Reserve	114	20	0	134
Pensions Resilience Reserve	0	789	0	789
General Fund - earmarked	22	0	0	22
Legal Reserve	0	0	0	0
Insurance Reserve	653	0	0	653
Total Earmarked Reserves	7,064	4,111	0	11,175

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Meridian		0	0	0	339	(338)	0	1
Depreciation	(1,104)	0	(1,104)	1,105				1
Other Operating I&E (Corporate Pension Costs)	853	0	853			(853)		0
Covid Income Support	0	0	0					0
Interest from Investments	(339)	0	(339)			338		(1)
Interest payments	0	0	0			853		853
Impairment losses	0	0	0					0
Capital Expenditure Charged to Revenue	127	0	127		(127)			0
Net Cost of Services	14,590	(0)	14,590	0	481	0	(0)	15,071
Funded by:								
Business Rates Retention	(4,667)	0	(4,667)			(938)		(5,605)
Business Rates s31 Grants	(1,914)	0	(1,914)			1,914		0
Levy Payment on account	976	0	976			(976)		0
Council Tax Demand on the Collection Fund	(8,642)	0	(8,642)					(8,642)
New Homes Bonus Grant	(902)	0	(902)					(902)
Covid 19 grant	0	0	0					0
Collection Fund surplus/deficit	77	0	77					77
OTHER								
Contributions to/(from) Earmarked Reserves	481	0	481		(481)			0
Contributions to/(from) General Fund Balance	0	0	0					0
Total Funding	(14,591)	0	(14,591)	0	(481)	0	0	(15,072)

Net (Surplus) / Deficit	(1)	(0)	(1)	0	0	0	(0)	(1)

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NON-EXEMPT

Havant Borough Council

Audit Committee

15 September 2021

CORPORATE PERFORMANCE REPORT QUARTER ONE 2021/22

FOR NOTING

Portfolio Holder: Cllr Pike

Key Decision: No

Report Number: *HBC 333*

1. Purpose

- 1.1. This paper is submitted to Committee to provide a strategic overview of performance for Quarter One 2021/22 in relation to the corporate priorities in the Council's Corporate Plan.

2. Recommendation

- 2.1. To note:
- a. The revenue and forecast variance outturn for 2021/22 in Appendices A
 - b. The summary performance information at Appendix B for services

3. Executive Summary

Revenue Forecast

- 3.1. The revenue monitoring report for Quarter 1 shows a projected deficit for the net cost of services of **£0.199 million** for the full year. This mainly reflects projected loss on several income streams. It is hoped that through management action and regular monitoring during the year that this position would improve. Any changes will be included in future monitoring reports.
- 3.2. The impact of the projected deficit for the net cost of services is a potential requirement to drawdown from reserves to balance the budget or undertake a further exercise to limit spending for the remaining year.
- 3.3. At present the much of the shortfall is being managed through central Government grants, in particular the sales, fees and charges income recovery

scheme. This scheme ends on 31 July 2021. Commercial income losses cannot be recovered from central Government and are being mitigated by un-ringfenced Covid government grant and reduced expenditure. However Government grants and assistance during Covid are only one-off and hence there remains significant pressure on the revenue budget as reported in the current approved medium term financial strategy.

- 3.4. We have revised the presentation of figures for this quarter to include actual spend to the end of the quarter in order to improve transparency. Not all budgets are spent at equal rates during the year, so this does give rise to some timing differences. We are working with budget managers to improve the current profiling of budgets. These changes in process has meant that this report is a bit shorter than previous reports, but still covers the main areas, and more information will be included in future report.

Capital forecast

- 3.5. At present capital monitoring report is on line. Further work will be undertaken in quarter 2 to highlight any variances

4. Revenue Forecast Details

- 4.1. The report shows current estimates against approved budget and focuses on exceptions to meeting the approved budget. Detailed appendices showing the individual service headings are included at Appendix A.

4.2. Table 1 – Revenue Forecast

	FULL YEAR BUDGET (£m)	PROFILED BUDGET (£m)	ACTUAL YTD (£M)	QTR 1 YEAR END FORECAST (£m)	QTR 1 VARIANCE TO BUDGET (£m)
Net Cost of Services	13.593	3.398	0.947	13.792	0.199
Business Rates, Council Tax and Grants	(13.593)			(13.593)	0
Net (Surplus) / Deficit	0			0.199	0.199

4.3. The main service variances against the revised budget are set out in the table below:

Service Area	Variance to budget (£,000)	Reasons	Recurring or one-off impact?
Programme Redesign	0.026	Reduction in income for rental income	This will be reviewed as part of budget monitoring process
Strategic Commissioning	0.010	.Reduction in income forecast for community development	One-off
Neighbourhood Support	0.359	Reduction in income across service but in particular parking (320k). Some decreased income forecast in community safety and public health	One-off subject to further Covid-19 impact current best estimate. It is hoped this will improve during year with lockdown lifted
Planning	0.115	Reduction in income (in Building Control & Development control) as a result of Covid-19	One-off subject. It is hoped that this situation will improve during the year with more planning fees received
Covid Income	(0.311)	Estimated extra income reclaimed from central government for 2020/21. This helps compensates for decreases in income in services above	One-off extra income

Income – Fees & Charges

- 4.4. Covid-19 has placed considerable pressure on a number of income streams as a result of the lockdown and reduced economic activities. At quarter one this income pressure is still forecast as down on budgets. Further data on the impact is now available and being used to form the forecast. As last year, money has been claimed from central Government towards lost income

Budget Challenges 2021/22 and 2022/22

- 4.5. As part of the budget setting process for 2021/22 a number of budget challenges were set within services to deliver in year and built into the base budget. In addition, further potential future budget proposals were to be considered during the year for potential incorporation into the 2022/23 budget
- 4.6. The budget challenges built into the base budget for 2021/22 are all currently forecast to be delivered, further monitoring will taken place during the year to ensure they are delivered. The largest of these budget challenges represent vacancy efficiency targets across the organisation including individual vacancy targets in the largest service (Neighbourhood Support). Through close monitoring of vacancies as they arise and increased scrutiny of recruitment, it is expected that these vacancy savings can be achieved.
- 4.7. The further budget proposals to potentially be built into the 2022/23 budget are currently being reviewed and worked on. Progress against this work is reported within the corporate action plan progress updates contained within Appendix B under the relevant service.

5. Corporate Performance

- 5.1. The Covid-19 pandemic, response and recovery continues to place considerable pressure on the organisation. However, during the quarter services continued to operate, information on key performance indicators of services are contained at appendix B.

6. Options considered

- 6.1. None – n/a

7. Resource Implications

7.1. Financial Implications

- a. Finance continues to monitor the impact of Covid-19 through monthly budget monitoring and monthly returns to MHGLG. The full year impact of Covid-19

remains difficult to forecast with complete accuracy due to the uncertainty about any further national or local lockdowns which may impact on income and/or expenditure as well as the scale of the likely recession and impact that may have on the authority.

7.2. Human Resources Implications

- a. All recruitment is currently subject to approval by Executive Board. It is expected that there may be additional budgetary savings from the vacancies that are currently held within the system.

7.3. Information Governance Implications

- a. None

7.4. Other resource implications

- a. None

8. Legal Implications

- a. None

9. Risks

- 9.1. The Corporate Risk Register and Covid Risk Register has been updated as part of the Quarterly review.
- 9.2. A separate risk register is maintained in relation to Covid-19. All current Covid-19 risk are being managed within the risk tolerance threshold after mitigation actions have been assessed.
- 9.3. All Corporate and Covid-19 risks are being monitored through the Corporate Governance Board. Mitigations are in place for handling the risks. The key organisational corporate risks that are above the risk threshold level of the organisation are shown within the performance report (Appendix B).

10. Consultation

- 10.1. The information contained within this report has been gathered through quarterly budget forecasting supplied by budget holders as well as information supplied by Heads of Service on progress against corporate plan objectives. The report has been reviewed by Executive Board.

11. Communication

11.1. This report will be shared with Councillors as part of the publication of the Governance Audit & Finance papers which this report is sent to.

12. Appendices

Appendix A: Revenue Outturn Forecast

Appendix B: Performance information

13. Background papers

13.1. None

To be agreed and signed off by:

Portfolio Holder: Cllr Pike

Director & s151: Lydia Morrison

Monitoring Officer: Daniel Toohey

HAVANT BOROUGH COUNCIL					
SERVICE / DIRECTORATE	FULL YEAR BUDGET (£m)	PROFILED BUDGET (£m)	ACTUAL YTD (£M)	QTR 1 YEAR END FORECAST (£m)	QTR 1 VARIANCE TO BUDGET (£m)
5 Councils Staff and Contract	0.287	0.071	(1.208)	0.287	0.000
Executive Office	0.469	0.117	0.124	0.469	0.000
Head of Legal	0.913	0.228	0.280	0.913	0.000
Head of Organisational Development	0.724	0.181	0.222	0.724	0.000
Head of Programmes Redesign	3.039	0.760	0.634	3.065	0.026
Head of Customer Services	3.231	0.808	0.623	3.231	0.000
Head of Strategic Commissioning	3.855	0.964	(0.477)	3.865	0.010
Head of Finance	1.040	0.260	0.111	1.040	0.000
Head of Commercial Development					
DIRECTOR OF CORPORATE SERVICES	13.558	3.389	0.309	13.594	0.036
Head of Coastal Partnerships	0.417	0.104	0.625	0.417	0.000
Head of Neighbourhood Support	(0.486)	(0.122)	0.311	(0.127)	0.359
Head of Housing	0.454	0.114	(0.446)	0.454	0.000
Head of Planning	0.560	0.140	0.292	0.675	0.115
Head of Community Engagement	0.584	0.146	0.553	0.584	0.000
Head of Property	(1.858)	(0.465)	(0.575)	(1.858)	0.000
Head of Regeneration (South)	0.562	0.141	0.100	0.562	0.000
DIRECTOR OF REGENERATION AND PLACE	0.233	0.058	0.860	0.707	0.474
TOTAL COST OF SERVICES	13.791	3.447	1.169	14.301	0.510
Regeneration Investments	(0.198)	(0.049)	(0.222)	(0.198)	0.000
Covid 19 Income Claim	0.000	0.000	0.000	(0.311)	(0.311)
NET COST OF SERVICES	13.593	3.398	0.947	13.792	0.199
FUNDED BY:					
Business Rates Retention	(4.496)			(4.496)	0.000
Business Rates s31 Grants	(1.953)			(1.953)	0.000
Levy Payment on account	0.996			0.996	0.000
Council Tax Demand on the Collection Fund	(8.890)			(8.890)	0.000
New Homes Bonus Grant	(0.347)			(0.347)	0.000
Covid 19 grant	(0.743)			(0.743)	0.000
Lower Tier Services Grant	(0.200)			(0.200)	0.000
Collection Fund surplus/deficit	1.303			1.303	0.000
Contributions to/(from) Earmarked Reserves	0.737			0.737	0.000
FUNDING	(13.593)	0.000	0.000	(13.593)	0.000
(SURPLUS) / DEFICIT	0.000	3.398	0.947	0.199	0.199

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Havant Borough Council

Performance report

Q1 2021-22

v5

Contents

1. [Headline achievements for Q1](#)
2. [People – key statistics for Q1](#)
3. [Finance](#)
4. [Corporate governance – key statistics for Q1](#)
5. Service dashboards (containing in-depth information about Corporate Action Plan objectives, KPIs, and budget variance)

[Corporate Services](#)

[Regeneration & Place](#)

Headline achievements in Q1

- Planning permission has been granted for the **Havant Thicket Reservoir** which will safeguard water supply in the borough for decades to come, as well as providing a recreational asset for local residents to enjoy
- The **Local Plan** for Havant borough has entered a significant new stage in its development, with the first independently managed hearings being arranged for early in Q2
- We continued to help more than 700 local businesses by distributing Covid-related **support grants** as the country came out of lockdown
- The Beachlands area of Hayling Island has retained its prestigious **Blue Flag Award** following a 'mystery shopper' style visit from the organisation that awards the status
- The **local elections** in May were run smoothly despite the additional Covid-19 safety requirements
- Due to driver shortages significant parts of some waste collection rounds were not carried out to schedule and collection days were delayed. Customers were asked not to report these as missed bins, however, so that the service could focus on the individual missed collections that they were otherwise unaware of
- The mobilisation phase of **Shaping our Future** has been completed, following the all member briefings, overview and scrutiny meetings and approval of the business case and associated resources by Cabinet

People – key statistics for Q1



Total FTE at end of quarter



Number of new starters



Number of leavers



Turnover rate

Turnover has increased as the country moves out of Covid restrictions

Sickness levels remain below the national average for the public and private sector



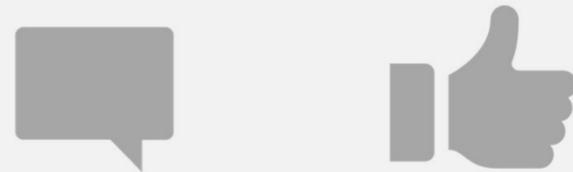
Average number of sick days per FTE

Public sector average: 2.2 days
Private sector average: 1.8 days

Finance – revenue budget outturn in Q1

	Full Year Budget	Q1 Year End Forecast	Q1 Variation to Budget
	£'000	£'000	£'000
Net Cost of Services	13.593	13.792	0.199
Funding	(13.593)	(13.593)	0.000
Net (Surplus) / Deficit	0	0.199	0.199

Corporate governance – key statistics for Q1



Result of delays with waste collection services in some areas of the borough

	Number of complaints received	% of complaints resolved within 10 working days Target: 85%
Waste	373	42%
Revenues and Benefits	38	88%
Environmental Health including Pest Control and Licensing	7	80%
Planning	16	50%
Parking and Traffic	9	78%
Other	9	89%

 **156**

Number of information requests received
(Freedom of Information, Environmental Information Regulations and Subject Access Requests)

 **41**

Number of internal audit management actions overdue by more than 60 days

Management action is taking place to resolve these – several relate to services that have recently been brought inhouse so are now able to be addressed

Risks currently scoring above 16 on the corporate risk register

Risk ID	Risk Title	Type	Category	Identification of areas where there are significant risks	Date Added	Risk Owner	Original Assessment			Planned Mitigation Actions	Mitigation Success Factor	Control Assessment		
							┌	–	┐			┌	–	┐
HB6	Medium Term Financial Strategy	FINANCIAL	Economic	The ongoing viability of the authority being able to manage a balanced budget. Current MTFS highlights a shortfall of £12M over the course of the MTFS	28/11/16	Lydia Morrison	4	5	20	1. MTFS is reviewed each year as part of budget setting exercise. Budget challenge sessions held each year to scrutinise future business plans and income/savings. 2. Full MTFS review to take place in 2020/21 to alongside the Transformation programme 3. Identify and manage in-depth service budgets income/expenditure to rebalance budget 4. Consider the impact of Covid-19 on the MTFS	The authority has a balanced budget	4	4	16
Page 10 Page 93	Corporate Project Delivery	GOVERNANCE	Reputation	Failure to maintain control of corporate project delivery leading to lack of clarity on priorities, use of resources resulting in reputational damage and potential costs and potential adverse impact on performance.	07/05/18	Gill Kneller	4	5	20	1) Establishment of Strategic Project Board for oversight of key corporate projects 2) Clear review of project milestones to ensure on track and delivering as per budget 3) Dedicated project budget monitoring - in particular Capital budget monitoring 4) All corporate projects have appropriate governance in place and regularly produce highlight reports 5) Review of Corporate projects to ensure focus and resource is on the right project areas covering Corporate Strategy, transformation and Covid-19 recovery	Corporate projects will deliver on time or be replaced by others with greater importance	4	4	16
HB15	Cyber Attack – System failure	SERVICE	Technological	The Councils IT systems are brought down due to an external malicious attack leading to unavailability of information, case files, workflow and data required to run services resulting in delays and non-delivery; reputational impact; negative impact to customers requiring Council services and support, and a requirement on the Council to report an 'availability breach' to the ICO	30/01/19	Sue Parker	4	5	20	1) Capita to evaluate and implement data centre defences to reduce likelihood and impact – see Cyber Security Action Plan 2) Business Continuity Plans in place for all services which reflect complete loss of IT system (linked to IT provision: short term) 3) Corporate level review of BCDR plans in event of cyber attack	All actions in Cyber Security Action Plan completed and business continuity plans all updated and accessible. Corporate BCP updated with Cyber Attack scenario.	4	4	16

Reduced number of risks scoring above 16, compared to Q3 and Q4

A residual score of 16 is the threshold which has been set to indicate the Council's risk appetite (as per the Risk Management Framework).

Corporate Services dashboards

Performance information for Q1

[Customer Services](#)

[Finance](#)

[Legal](#)

[Organisational Development](#)

[Programmes, Redesign & Quality](#)

[Strategic Commissioning](#)

Customer Services

Head of Service: Brian Wood

Incorporating:
Corporate Support, Elections, Land Charges, GIS, Insight

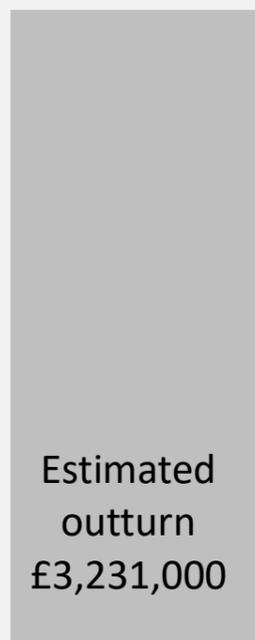
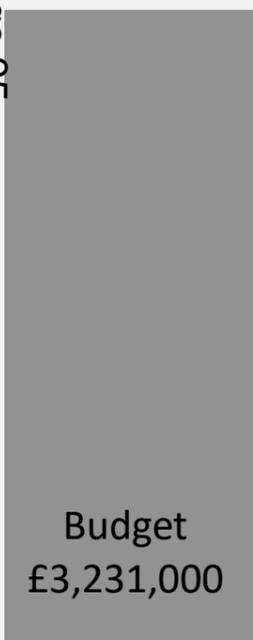
Customer Services and Revenues and Benefits are provided by Capita



Budget variance in Q1

No variance

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Key Performance Indicators

Indicator	Target	Q1
Calls answered and completed by CSC - one and done (%)	above 95%	98.5%
Calls answered within 20 seconds in the CSC (%)	above 75%	13.0%
Council tax cash collection rate - cumulative (%)	above 98.9% (year end cumulative)	28.94%
Non domestic rates cash collection rate - cumulative (%)	above 98.6% (year end cumulative)	18.21%
Average processing time - housing benefit and council tax benefit change events (days)	below 7	9.1
Average processing time - housing benefit and council tax benefit - new claims (days)	below 17	10.9

Impacted by a huge increase in calls relating to waste collection

Collection rates continue to be impacted by Covid-19



Corporate Action Plan 2021-22

Project/strategy	Objective	Q1 update	Q1 RAG status
Discretionary Rate Relief Schemes	Review of schemes (yearly requirement)	No progress in Q1 – due to start in Q2	
CRM improvements	Development and implementation of customer portal at HBC	Change to plans - Business Case for Customer Portal at HBC to be included in full Business Case for Transformation - this will ensure that the requirements for the CRM / Portal match the overall IT design for Transformation	

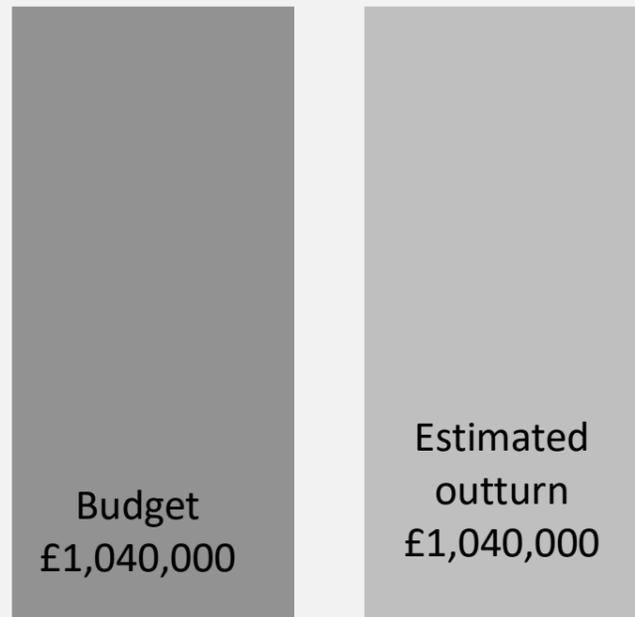
Finance

Head of Service: Matthew Tiller



Budget variance in Q1

No variance



Corporate Action Plan 2021-22

Project/strategy	Objective	Q1 update	Q1 RAG status
Finance service improvement	Service improvement work following return inhouse	Exchequer function now successfully in-housed. Work commenced on the service improvement plan	

Legal

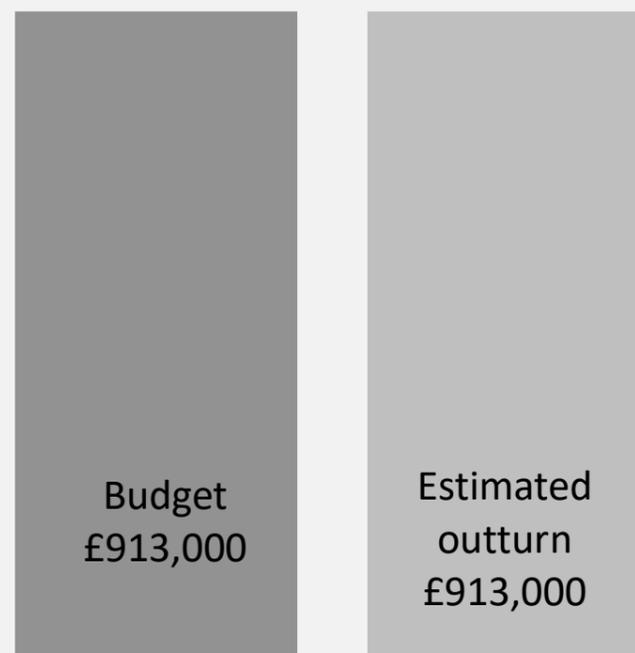
Head of Service: Daniel Toohey

Incorporating:
Legal Services, Democratic Services



Budget variance in Q1

No variance



Organisational Development

Head of Service: Caroline Tickner



Budget variance in Q1

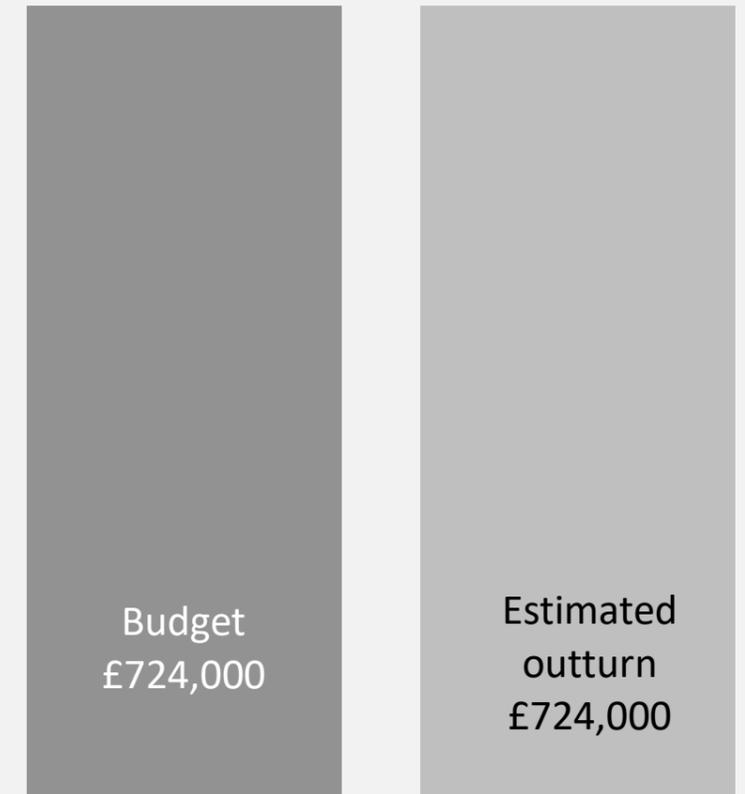
No variance

Incorporating:

Human Resources, Communications & Marketing, Emergency Planning & Business Continuity, Health & Safety



Corporate Action Plan 2021-22



Project/strategy	Objective	Q1 update	Q1 RAG status
Interim workstyle solutions	Approach to co-ordinate next steps for new ways of working for reception and back office in Penns and Plaza	Future Working Styles trial will go live from 19 th July, delayed slightly due to the UK roadmap. All aspects of the project are complete to enable the trial to commence. Performance measures are set with regular reporting to Executive Board on progress	Green
Communications service review	Consideration of a business case as per budget challenge proposal	Business case is in draft and will be finalised Q2 21/22. There has been a slight delay due to competing priorities and resources to support transformation and other associated OD activity	Yellow



Key Performance Indicators

Indicator	Target	Q1
Number of unique website visitors	N/A	113,000

Programmes, Redesign & Quality

Head of Service: Sue Parker

Incorporating:

Business Solutions Unit, Digital Design, Information Governance, Governance Hub, Effective Working, Facilities Management



Key Performance Indicators

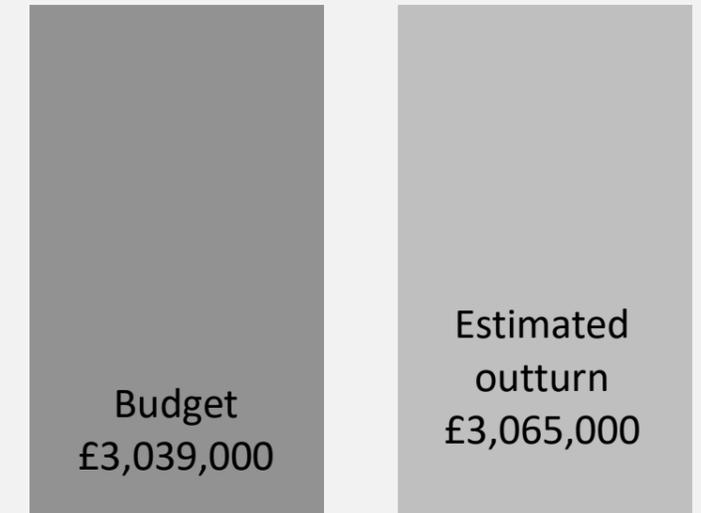
Indicator	Target	Q1
Freedom of Information - number of requests received	N/A	126
Freedom of Information - requests completed within 20 day statutory deadline (%)	above 95%	95%
Environmental Information Regulations - number of requests received	N/A	26
Environmental Information Regulations - requests completed within 20 day statutory deadline (%)	above 95%	100%
Subject Access Requests - number of requests received	N/A	4
Subject Access Requests - requests completed within statutory deadline of one month (%)	above 95%	75%

1 request was not completed in time – this was due to the complexity and volume of information required



Budget variance in Q1

Variance of £26,000



Corporate Action Plan 2021-22

Project/strategy	Outcome	Q1 update	Q1 RAG status
Digital Strategy	Numerous projects to deliver the strategy including foundation initiatives such as Sharepoint and transformation related priorities as informed by Shaping our Future	Case management high level designs have been produced, and are now going through an independent peer review. This is due to complete July 2021 and will inform solution design in preparation for implementation	Green
Review of Mayoral provision	Consideration of a business case as per budget challenge proposal	Director/Leader level discussions have framed the approach to events etc early in the 21-22 Mayor's tenure. Further efficiencies to be developed during Q2 as per plan.	Green

Strategic Commissioning



Corporate Action Plan 2021-22

Head of Service: Trevor Pugh (ES)

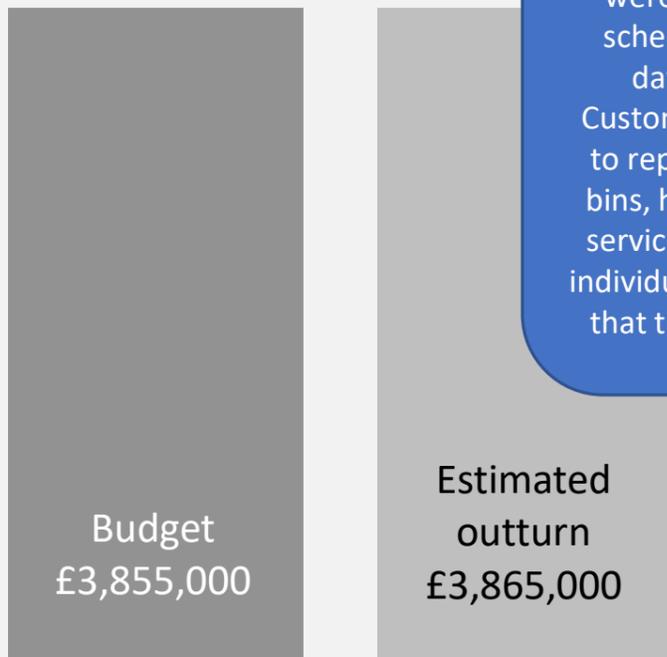
Incorporating:
Capita, Environmental Services (Norse), Leisure



Budget variance in Q1

Variance of £10,000

Due to driver shortages significant parts of some waste collection rounds were not carried out to schedule and collection days were delayed. Customers were asked not to report these as missed bins, however, so that the service could focus on the individual missed collections that they were otherwise unaware of.



Fly tipping remains high

Project/strategy	Objective	Q1 update	Q1 RAG status
Future waste collection / HCC negotiations	Environment Bill and HCC efficiency savings implications	Government response to Env Bill consultation expected Dec/ Jan followed by further consultation on implementation. Draft Hants waste strategy received for comments, initial all Member briefing carried out and further Member engagement tba. Project Integra draft revised MoU expected Sept. WRAP report received.	A
Review of leisure provision	Negotiations over Horizon and future leisure provision	Officers have set up Monthly meetings with HLT to monitor recovery and performance post covid restrictions. HLT has developed its Medium term (5Yr) strategy to adapt and change following COVID. The Strategy now being reviewed by Officers.	A
NSE commercial strategy	Oversight of Norse commercial strategy	Business Development Manager recruitment unsuccessful and to be re-run. Commercial Strategy awaits BDM appointment. Norse SE reporting significant pipeline of commercial work however.	R



Key Performance Indicators

Indicator	Target	Q1
Number of missed bins	Less than 35 per 100,000	621
Percentage of household waste recycled and composted	Above 30%	25%
Contamination of recycling (%)	Less than 10%	Not reported by Norse
Number of fly tips reported	Less than 120	337

Regeneration & Place dashboards

Performance information for Q1

[Coastal Partnership](#)

[Housing & Communities](#)

[Neighbourhood Support](#)

[Planning](#)

[Property](#)

[Regeneration & Economy](#)

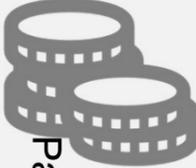
Coastal Partners

Head of Service:
Lyall Cairns



Corporate Action Plan 2021-22

Project/strategy	Objective	Q1 update	Q1 RAG status
Langstone Flood and Coastal Erosion Risk Management Scheme	Reduce flood risk to Langstone community and protect access to Hayling Island	All professional services have been appointed, including the Detailed Design Consultants, Archaeological and Heritage Support, Early Contractor Involvement and Cost Consultant. OBC Submission has required additional work from AECOM to update the economics and benefits following National Guidance changes, this has delayed the ability to submit the OBC until September. This will not impact the programme and other milestones.	
Coastal Partners governance and business model review	Review of governance arrangements for partnership to ensure the service is fit for future	Review of the Service Agreement taking place currently (July 2021) in lieu of a 5th partner joining the Partnership.	
Warblington new pedestrian bridge (CELT led project)	Protection of pedestrians when crossing Warblington train line	Updated Leader, Portfolio Holder and Ward Cllr Payter 7 July. EB report drafted with NR updates. Report now to be internally reviewed and scheduled for EB in August.	
Hayling Island beach management activities and supporting studies	Manage flood risk to 1700 homes at Eastoke	Term contractor procured and appointed to deliver proposed works in 2021 and spring 2022. EA Funding and approval for 2 year extension secured.	
Broadmarsh Coastal Park and coastal Landfill Protection Project	Understand and respond to erosion risk to the coastal landfill at Broadmarsh	Feasibility study complete. Cabinet Lead briefing 19th July 2021 on findings and proposed route forwards.	
Hayling Island Coastal Strategy	Understand the flood and erosion risk to the Hayling Island coastline and develop a long-term strategic approach to implement the shoreline management plan policies	Baseline modelling and economics has been updated, incorporating latest climate change guidance. The longlist of strategic management options has been appraised and refined to a shortlist. A virtual project update meeting was held with key stakeholder and the steering group on 14th July 2021.	
Coastal survey programme	Implement coastal survey programme in line with SLAs – topographic surveys carried out for the regional monitoring programme to monitor coastal change and processes	All spring surveys completed to programme and budget. Deployment of UAV has provided efficiencies, and reduced C19 risks to team.	

 Budget variance in Q1
No variance

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Budget
£417,000

Estimated
outturn
£417,000

Housing & Communities

Head of Service: Tracey Wood

Corporate Action Plan 2021-22

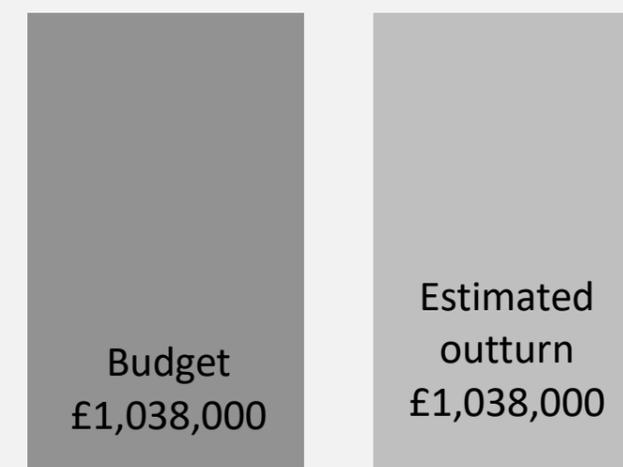
Project/strategy	Objective	Q1 update	Q1 RAG status
Community Engagement Strategy	Developing a community engagement strategy	This is being devised by the Community Development SoF Workstream lead. It is not a dependency of the SoF work but closely linked.	Green
Homelessness and Rough Sleeping Strategy	Implementation of Homelessness Strategy/Action Plan	17 units developed AH Cabinet Liaison Panel set up 2 meetings held Worked with over 100 homeless households 1 Rough Sleeper at end of Q	Green
S106 contributions	Implementation of plan to ensure S106 contributions for community posts related to new developments are allocated appropriately	On track	Green
Review of play park provision	Review the provision of play park Review ownership, maintenance and develop a forward refurbishment plan of play area provision	Specialist play consultants have been appointed to complete review of all play areas, providing recommendations on future refurbishment programme.	Green
Communities service review	Consideration of a business case as per budget challenge proposal	Placed on hold, whilst staff seconded to Shaping our Future	Yellow

Still housing rough sleepers in line with government guidance



Budget variance in Q1

No variance



Key Performance Indicators

Indicator	Target	Q1
Affordable homes delivered	above 225 (year end cumulative)	16
Number of homelessness acceptances	below 60 (year end cumulative)	3
Number of homelessness interventions	above 600 (year end cumulative)	178
Number of households in B&B	below 40 (year end cumulative)	116 households spent time in B&B with 56 remaining at end of quarter
Number of weeks in B&B	Tracking	275

Neighbourhood Support

Head of Service: Natalie Meagher

Incorporating:

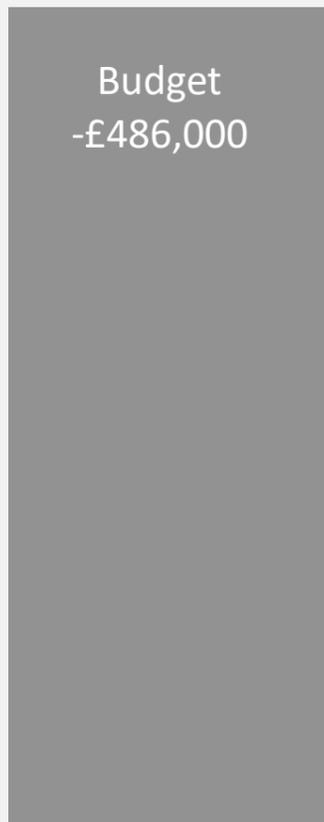
Environmental Health, Neighbourhood Quality, Parking & Traffic Management



Budget variance in Q1

Variance of £359,000

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System development work is in train to allow reporting on these KPIs. The age of the system is a limiting factor. Aim is to be ready by Q3.



Key Performance Indicators

Parking revenue is below budget, but performance has clearly improved over the Quarter

Indicator	Target	Q1
Parking and traffic - income from pay and display machines (£)	£538K, for Q1	£408,223
Parking and traffic - income from Penalty Charge Notices (£)	£82.1K	£48,068
Parking and traffic - PCN collection rate (%)	Tracking	57.85%
Public health funerals – number of burials / cremations	N/A	3/1
Public health funerals – total costs (£)	N/A	£6,746.01
Public health funerals – recovery of costs (%)	Tracking	24.78%
Pest control – total income (£)	TBC	£4643
Private sector housing – total number of DFG cases approved and completed	N/A	In development
Private sector housing – DFG cases (minor adaptations) completed within time limit of 90 days from valid referral (%)	Tracking	In development
Private sector housing – DFG cases (complex adaptations) completed within time limit of 120 days from valid referral (%)	Tracking	In development
Private sector housing – total DFG spend (£)	N/A	£304,182
Neighbourhood quality – number of fly tipping enforcement actions taken	Tracking	19

Neighbourhood Support



Corporate Action Plan 2021-22

Project/strategy	Objective	Q1 update	Q1 RAG status
Outbreak Control Plan	Development of plan for potential future Covid outbreaks	Restrictions are due to be lifted imminently, so this item will remain a live document, and will be reviewed should further restrictions be required if a third wave becomes a reality.	
Licensing service review	Resourcing review of service across both EHDC and HBC	Engaged with Business Solutions Unit and arranged for a capacity analysis to be undertaken for HBC & EHDC. Previously carried out for EHDC only (2017) as HBC were being transferred to Capita, but ultimately the service has remained in house. Capacity analysis will be completed in Q2. This will then feed into how the service review will be taken forward. Business Process Mapping has also been undertaken (to support DSIP) but this has resulted in a number of process changes to increase efficiency.	
Designated Public Place Orders	Review in light of new legislation	84 play areas have been put forward for consideration in the Order, which has resulted in additional work. Dog PSPO is now ready to be sealed.	

Planning

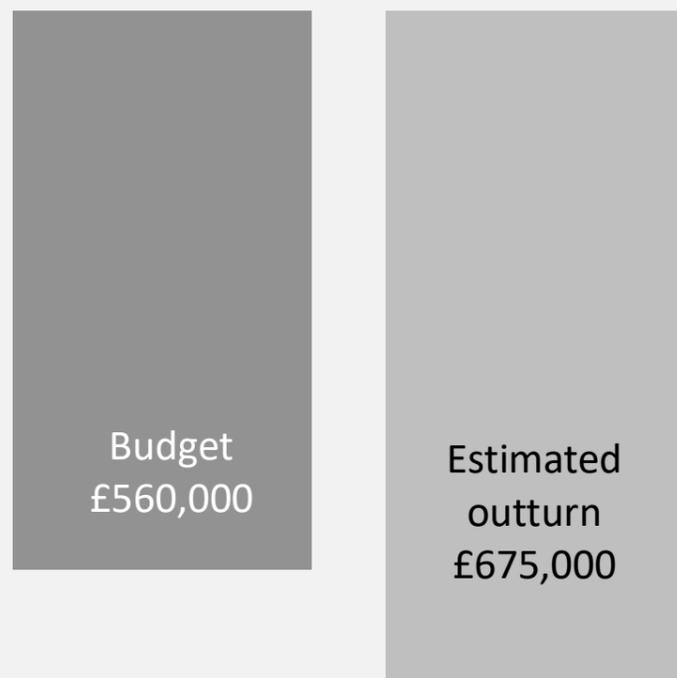
Interim Heads of Service: Julia Mansi and David Hayward

Incorporating:
Development Management, Planning Policy, Building
Heritage, Building Control



Budget variance in Q1

Variance of £115,000



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Key Performance Indicators

Indicator	Target	Q1
Number of non-compliances found under the LABC Quality Management Scheme registered under ISO 9001:2015 (internal review)	0	1
Number of previous non-compliances under the LABC Quality Management Scheme reviewed and resolved	Number of non-compliances found in previous quarter	N/A (none found)
Number of claims submitted against the Council for Building Control negligence / non-compliance that the Council was unsuccessful in defending	0	0
Number of Building Regulations projects commenced under the Council's control	N/A	180
Number of Building Regulations projects completed under the Council's control	N/A	Not able to report due to back office system migration
Dangerous structures receiving an initial risk assessment within 24 hours of report being received (%)	100%	100%
Full Plans applications decided within statutory time limit (%)	100%	Approx 90%
Full Plans applications checked within 15 days (%)	above 90%	85%

Large influx of applications in April 21 (50% over normal levels)

Continued on next slide

Planning



Corporate Action Plan 2021-22

Conditions Officer post now filled but workloads remain high due to increased number of applications

Project/strategy	Objective	Q1 update	Q1 RAG status
DSIP: Planning / Land Charges / Environmental Health system replacement	Procurement and implementation of replacement system (to replace Acolaid)	Project still paused pending work on TOM	Yellow
Local Plan	Progress of production of Local Plan	The Local Plan has been submitted for examination and Part 1 hearing sessions have taken place. The team awaits dates for Part 2 hearings.	Green
CIL Spending Protocol	Comprehensive review of CIL Spending Protocol	The revised CIL Spending Protocol was presented to The Planning Policy Committee in July. On the Leader's request this did not go forward to Full Council and is being further reviewed.	Yellow



Key Performance Indicators

Indicator	Target	Q1
Major planning applications - number decided	N/A	4
Major planning applications - % decided within 13 weeks or agreed time extension	above 70%	50%
Minor planning applications - number decided	N/A	35
Minor planning applications - % decided within 8 weeks or agreed extension	above 65%	77%
Other planning applications - number decided	N/A	195
Other planning applications - % decided within 8 weeks or agreed extension	above 80%	93%
All applications - % decided within 26 weeks	above 98%	99%
Discharge of condition applications - % decided within 8 weeks	above 80%	39%
Major planning applications - % of decisions allowed on appeal	below 20%	0%
Minor and other planning applications - % of decisions allowed on appeal	below 30%	0.37%
CIL and S106 agreements – monitoring fees collected	above £130,000 (year end cumulative)	£49,800

Property

Interim Head of Service: Natalie Meagher

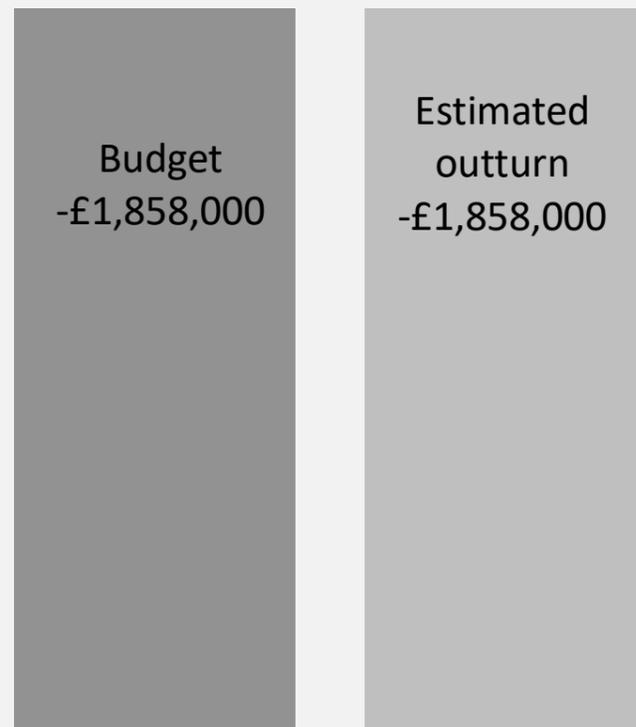


Corporate Action Plan 2021-22



Budget variance in Q1

No variance



Now includes the Meridian Centre. Details as at 2 Sept, for Q1 period

Project/strategy	Objective	Q1 update	Q1 RAG status
Property management system	Procurement and implementation of new property management system	Soft market testing undertaken, expressions of interest received from four providers. BPM and CJM completed. Currently finalising financials in specification and costs with Capita.	
Estates and Facilities team options including accommodation	Consideration of business case as per budget challenge proposal	Not yet commenced. Dependencies include - Shaping our Future ToM, organisational design, future ways of working pilot, property management system implementation.	



Key Performance Indicators

Indicator	Target	Q1
Rent arrears for all tenanted commercial property – average across quarter (£)	Below 10% of gross annual income (£2.395M)	£52K (due in quarter only)
Rent arrears over 90 days (aged debts) for all tenanted commercial property – at end of quarter (£)	Below 5% of gross annual income (£2.395M)	£361K (as at 2 nd Sept)

Regeneration & Economy

Head of Service: Clare Chester

Incorporating:
Regeneration and Placemaking, Economic Development

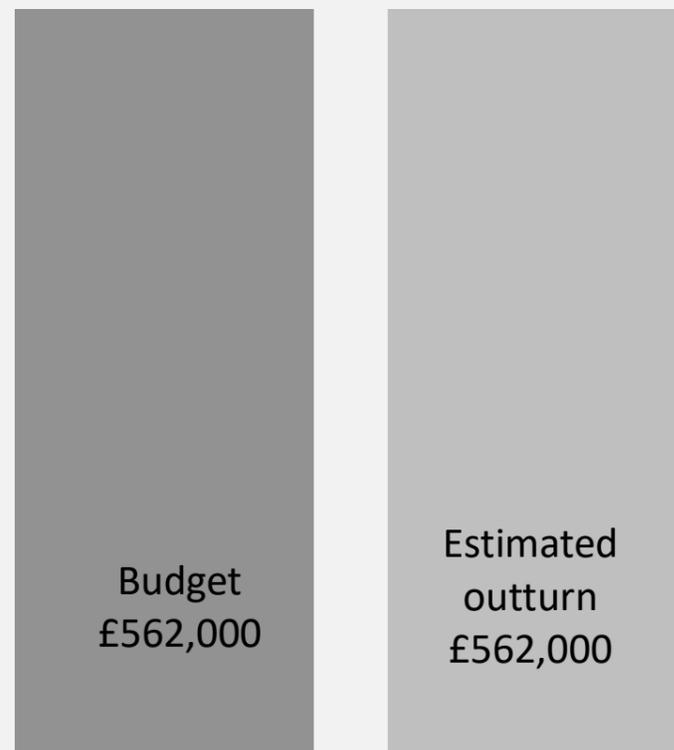


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Budget variance in Q1

No variance



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Project/strategy	Objective	Q1 update	Q1 RAG status
Review of shared Regeneration arrangements	Consideration of a business case as per budget challenge proposal	Consultation with staff concluded and transition to new arrangements underway (to be completed beginning Q2).	Yellow
Havant town centre redevelopment	Regeneration project	Levelling Up Fund bid for the town centre was submitted in June, awaiting the decision. Outline business case has been drafted and is to be taken to Cabinet in September.	Yellow
Hayling Seafront Strategy	Regeneration project	Workshop completed, vision being developed and due to go to Cabinet in September	Green
Regeneration Strategy	Review and refresh of Regeneration Strategy	A Cabinet report is being drafted and will be taken for a decision to proceed with the refresh at the beginning of September.	Green

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