
NON-EXEMPT

Havant Borough Council

Governance Audit & Finance Board

7 October 2020

FINANCE MONITORING UPDATE REPORT MONTH 4 2020/21

FOR NOTING

Portfolio Holder: Cllr Inkster

Key Decision: No

Report Number: *HBC/.../20*

1. Purpose

- 1.1. This paper is submitted to Governance Audit & Finance Board to provide a finance update on period 4, full in-depth quarterly reports are provided at the end of each quarter.

2. Recommendation

- 2.1. Members are required to note:
- a. The revenue and capital forecasts and forecast variance outturn for 2020/21 in Appendices A and B

3. Executive Summary

- 3.1. The position reported at the end of Quarter 1 was a projected deficit for the net cost of services of **£1.685M** and an overall projected deficit once Business Rates, Council Tax and Grants are included of **£0.127M**. At the end of period 4 the overall deficit improved to a surplus of **£0.527M**
- 3.2. Table 1 – Revenue Forecast

	Revised Budget £'000	Estimated Outturn £'000	Variation £'000
Net Cost of Services	14,591	15,622	1,031
Business Rates, Council Tax and Grants	(14,591)	(16,149)	(1,558)
Net (Surplus) / Deficit	0	(527)	(527)

3.3. The main variances against the revised budget are set out below:

- a. 30% drop in income projected as a result of Covid-19 covering various cost centres – further detail on this is contained in the report below
- b. £0.326M savings from service budgets to mitigate the impact of Covid-19 and the loss of income. This is made up of £463,795 savings, which has resulted in budget virements and the savings placed in the finance budget, minus the £138,500 additional expenditure as a result of Covid-19.
- c. £1.5M Covid-19 grant from Ministry of Housing, Communities & Local Government (MHCLG) to help mitigate the impacts of Covid-19
- d. Pressure of 10% on commercial property income forecast
- e. Improvement in budget forecast as a result of increased income from garden waste (+£0.268M) based on actuals received.
- f. Improvement in parking income across all our car parks as a result of release of lockdown and good weather, for example increased use of beachlands car park has contributed to improvement in parking income (+£0.165M)

3.4. The corporate financial monitoring report for period 4 capital is attached at Appendix B.

	2020/21 Revised Budget Feb 20 £ (000)	2020/21 Provisional Outturn £ (000)	2020/21 Variance £ (000)
Housing	1,628	1,628	0
Operational Land and Build	5,230	5,005	(225)
IT Equipment	77	57	(20)
			0
Total Capital Programme	6,935	6,690	(245)

	2020/21 Revised Budget Feb 20 £ (000)	2020/21 Provisional Outturn £ (000)	2020/21 Variance £ (000)
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Funded By:

REFCUS (Revenue funded as Capital under Statute)	1,628	1,628	0
External Grants & Contributor	5,045	4,800	(245)
Use of Specific Reserves	127	127	0
Use of Capital Receipts	135	135	0
Borrowing Requirement	0	0	0
Total Funding	6,935	6,690	(245)

4. Additional Budgetary Implications

4.1. None

5. Background and relationship to Corporate Strategy and/or Business Plans

5.1. Covid-19 has placed considerable pressure on the authority and this continues to be monitored. Full details are provided in each end of quarter report, however a summary on income streams is detailed below.

Income – Fees & Charges

5.2. As stated, Covid-19 has placed considerable pressure on a number of income streams as a result of the lockdown which was in place for much of Quarter One.

5.3. The income budgets are being carefully monitored and at present have assumed a 30% loss of income for the full year. As lockdown has been eased income streams have started to recover although the majority are still down for the first quarter:

5.4. *Actual income for July against budget for selected income lines*

Service Area	Subjective	2020/21 Full Year Budget	Monthly budget amount	July 2020 actuals	Comparison on July 2019 actuals	Difference between monthly budget & July 2020 actual
Building Control - Fee	92200 - Planning - application fees	-£138,000	- 11,495.00	- 13,442.32	- 18,783.68	- 1,947.32
Beach Huts	94100 - Miscellaneous income	-£256,000	- 21,325.00	-	-	21,325.00
Cemeteries	94100 - Miscellaneous income	-£215,000	- 17,909.00	-	-	17,909.00
Development Management - Fees	92200 - Planning - application fees	-£580,000	- 48,314.00	- 54,643.00	- 89,329.00	- 6,329.00
Green Waste	92715 - Garden waste service	-£682,000	- 56,811.00	- 32,868.00	- 242,742.97	23,943.00
Homelessness	92700 - Bed and breakfast income	-£130,500	- 10,871.00	- 42,920.64	- 68,007.35	- 32,049.64
Local Land Charges Chargeable	92400 - Land Charges - search fees	-£121,000	- 10,079.00	- 10,749.43	2,628.75	670.43
Norse Contract Payments	92000 - Fee - Sales income	-£377,000	- 31,404.00	-	-	31,404.00
Norse Contract Payments	92899 - Rent income	-£182,000	- 15,161.00	-	-	15,161.00
Off-Street Parking	92300 - Car Parking - fees	-£1,985,762	- 165,414.00	- 144,589.46	- 102,374.20	20,824.54
Off-Street Parking	92302 - Car Parking - seasonal	-£120,000	- 9,996.00	- 18,879.98	- 5,024.94	- 8,883.98
Off-Street Parking	92703 - Fixed penalty notices	-£144,966	- 12,076.00	- 23,125.00	- 22,458.00	- 11,049.00
On Street Parking	92703 - Fixed penalty notices	-£163,483	- 13,618.00	- 325.00	- 1,221.98	13,293.00
Open Spaces	92000 - Sales income	-£315,000	- 26,239.00	- 60,887.50	- 59,782.57	- 34,648.50
Revenue & Benefits Contract	92702 - Court fees income	-£267,000	- 22,241.00	-	-	22,241.00
Hackney Carriage/Private Hire	92512 - Private hire - vehicle licence	-£100,000	- 8,330.00	- 6,177.80	- 10,980.00	2,152.20
Transport & Implementation	92000 - Fee - Sales income	-£425,000	- 35,402.00	- 14,571.62	7,631.08	20,830.38

5.5. A summary of the above table is provided below, in particular those rated at Amber:

- Norse income: The majority of amber rated income lines for July relates to income from Norse that has not been received as yet but is expected to be received in due course (contract payments including Beach Huts and cemeteries). Norse income does not typically come in on a set monthly basis. Confirmation is currently being sought on the contractual obligations with respect to when this income will be received.
- Revenue & Benefits contract management: as a result of halting of court action against unpaid council tax there has been no income on this line and this is likely to be a significant income pressure for the full financial year.

5.6. The Government has advised that we will receive compensation of 75p in the pound above 5% loss of income for fees and charges. Full details the methodology and criteria of what fees will be included has now been released. The finance team are working on the application for the first tranche of lost income covering April, May, June and July and this is due for submission at the end of September. Once submitted and approved this will provide a clearer indication of budgetary impact for the year and will improve the overall forecast.

Expenditure

- 5.7. Proposed additional expenditure is in line with what was reported at end of Quarter One. Additional expenditure on Covid has amounted to a total of £138,500 which is predominately on additional costs supporting homelessness (£58,000), costs associated with IT (£13,500) and community support costs (£13,000). In addition further costs have been assigned to cover the administration of grants, which is currently subject to negotiation. Additional cost has also been incurred which respect to the works at West Beach on the revetment removal (£64,600), this cost is expected to be met via a grant from the Environment Agency.

Options considered

- 5.8. None – n/a

6. Resource Implications

6.1. 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 forecast with completely accuracy due to the uncertainty about any further national or local lockdowns which may impact on income and/or expenditure.
- b. Actions taken to date to highlight potential budgetary in year savings have assisted with mitigating the impact of Covid-19 lost income and additional expenditure – further exercises of budgetary savings may be required during the year if there is a requirement to do so.

6.2. 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. To date these savings have not been forecast within this period 4 forecast but will be continued to be monitored. At the end of period 4 there is currently a **£227,000** salary saving against budget and if this is replicated over the course of the year there is the potential to save **£683,000** in salary savings. However, this will be reduced by additional spending on agency fees and the pay award which

has now been agreed at 2.75% for all staff backdated to 1 April 2020.

- b. To date there is no evidence that the reduced recruitment activity has had an impact on service delivery.

6.3. Information Governance Implications

- a. None

6.4. Other resource implications

- a. None

7. Legal Implications

- a. None

8. Risks

- 8.1. The budget forecast is being closely monitored on a monthly basis.

9. Consultation

- 9.1. The information contained within this report has been gathered through 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.

10. Communication

- 10.1. This report will be shared with the Governance, Audit & Finance Board (GAF), the next GAF meeting is scheduled for 7 October 2020.

11. Appendices

Appendix A: Revenue Outturn Forecast

Appendix B: Capital Outturn Forecast

12. Background papers

- 12.1. None

Agreed and signed off by:

Portfolio Holder: Cllr Inkster

Director & Section 151: Lydia Morrison

Monitoring Officer: David Brown