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NON-EXEMPT

# Havant Borough Council

Cabinet

15 December 2021

## CORPORATE PERFORMANCE REPORT QUARTER TWO 2021/22

### FOR NOTING

Portfolio Holder:

Key Decision: No

Report Number: HBC/024/2021

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#### 1. Purpose

- 1.1. This paper is submitted to Cabinet to provide a strategic overview of performance for Quarter Two 2021/22 in relation to the corporate priorities in the Council's Corporate Plan. Monthly updated reports are taken to Executive Board and Cabinet Liaison and whole performance report are brought quarterly.

#### 2. Recommendation

- 2.1. Cabinet are required 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 Period 6 shows a projected deficit for the net cost of services of **£0.109 million**. This represents a decrease in deficit of £0.027 on the period 5 forecast of £0.136 million. 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. These figures have been verified by on review of actual figures against budgets, taking into account known profiling changes.
- 3.4. Some of the shortfall on sales, fees and charges is being managed through the Central Government income recovery scheme. This scheme ended on 31 July 2021. There figures take this into account, but we continue to review income against budget closely in the rest of the year to identify and variances from budgets which may arise from changes in income streams identified after lockdown.

*Capital forecast*

- 3.5. At present capital monitoring report is on line. Further work will be undertaken in quarter 3 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*

	<b>FULL YEAR BUDGET</b>	<b>PROFILED BUDGET</b>	<b>ACTUAL YTD</b>	<b>PERIOD 6 YEAR END FORECAST</b>	<b>PERIOD 6 VARIACE TO BUDGET</b>	<b>REPORTED PERIOD 5 VARIANCE TO BUDGET</b>	<b>VARIANCE PERIOD 5 TO PERIOD 6</b>
Net cost of Services Business Rates, Council Tax and Grants	(£m) <b>13.593</b> <b>(13.593)</b>	(£m) <b>6.795</b>	(£m) <b>2.911</b>	(£m) <b>13.702</b> <b>(13.593)</b>	(£m) <b>0.109</b> <b>0.000</b>	(£m) <b>0.136</b> <b>0.000</b>	(£m) <b>(0.027)</b> <b>0.000</b>
<b>Net (Surplus / Deficit)</b>	<b>0.000</b>			<b>0.109</b>	<b>0.109</b>	<b>0.136</b>	<b>(0.027)</b>

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

Service Area	QTR 2 Variance	QTR 1 Variance	Movement	Reason
	(£,000)	(£,000)	(£,000)	
Legal	0.038	0.000	0.038	Additional; interim salary costs in legal salaries. New staffing now in post
Programme Redesign	0.000	0.026	(0.026)	Reduction in income for rental income
Customer Services	(0.025)	0.000	(0.025)	Additional land charges income forecast for year
Strategic Commissioning	0.055	0.010	0.045	One off expected extra costs around Norse contract partly compensated by extra green waste income
Neighbourhood Support	0.180	0.359	(0.179)	Decrease in forecast parking income for year to reflect current occupancies
Planning	0.045	0.115	(0.070)	Forecast income shortfall forecast in Building Control & Development control
Covid Income	(0.184)	(0.311)	0.127	Estimated extra income reclaimed from central government for 2020/21. This reflects final claim and helps compensates for decreases in income in services above.
<b>TOTAL</b>	<b>0.109</b>	<b>0.199</b>	<b>(0.090)</b>	

#### *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. Although many income streams have improved, at quarter two income is still forecast as down on budgets. The main area is Car parking, as included above. As last year, money has been claimed from central Government towards lost income for the first 4 months

### **Budget Challenges 2021/22 and 2022/23**

- 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. In the small number of cases that the saving is not yet delivered, services have identified other compensating savings in their areas to ensure breakeven by year end. There will be continued to be monitored in year to ensure they are delivered.
- 4.7. The largest of these budget challenges represent vacancy efficiency targets within 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.
- 4.8. The further budget proposals to potentially be built into the 2022/23 budget are currently being reviewed and worked on. One of these proposals (service review within Customer Services Revenue & Benefits team) has already been achieved and resulted in a saving of £0.125 million which has been included within this forecast and will be built into the budget as saving for 2022/23 onwards. Progress against the remaining budget proposals work is reported within the corporate action plan progress updates contained within the 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,

- b. Actions taken to date to identifying 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.

## 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 and these are detailed in the above table.

## 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

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Agreed and signed off by:

Portfolio Holder:

Director & s151: Lydia Morrison

Monitoring Officer: Daniel Toohey