
NON-EXEMPT

HAVANT BOROUGH COUNCIL

CABINET

14 December 2022

2022-23 Q2 BUDGET MONITORING AND PERFORMANCE REPORT

FOR RECOMMENDATION TO FULL COUNCIL

Portfolio Holder: Cllr Tony Denton

Key Decision: No

Report Number: HBC/106/22

1. Purpose

- 1.1. This paper is submitted to Cabinet to note the financial and performance position of the Council as at quarter two of the 2022/23 financial year and to recommend to Full Council the additions to the budget as a result of recent successful funding bids.

2. Recommendation

- 2.1. Cabinet are required to note:

- A. The revenue forecast outturn for 2022/23 (Appendix A)
- B. The summary performance information (Appendix B)

Cabinet are asked to recommend to Council the approval of the following additions to the 2022/23 to 2025/26 Capital Programme and 2022/23 revenue budget and to put in place necessary delegations for spend:

- C. Receipt of £1.65m Brownfield Grant to proceed with the demolition of Bulbeck Road car park;
- D. Receipt of £0.085m in relation to Springwood play park, funded by Department for Levelling Up, Housing and Communities;
- E. Receipt of £0.1m in relation to Changing Places Toilets funded by Department for Levelling Up, Housing and Communities

- F. Receipt of the UK Shared Prosperity Fund (UKSPF) allocation for 2022/23 of £0.025M capital and £0.077 revenue funding and to note indicative allocations for 2023/24 funding of £0.203m and £0.695m, a total of £1m funding over the next three years; and
- G. Delegate to the Regeneration & Economic Development Manager to drawdown the funds in consultation with s151.
- H. The revised 2022/23 to 2025/26 capital programme is detailed in Appendix C

3. Executive Summary

Revenue Forecast outturn

- 3.1. The Quarter Two forecast outturn shows an estimated balanced position at the year end. This is an improvement of the position as reported at Q1, where there was a forecasted deficit of £0.175m.

	FULL YEAR BUDGET (£M)	Q1 FORECAST (£M)	Q2 FORECAST (£M)	Q2 VARIANCE TO BUDGET (£M)
Net cost of service	15.032	15.207	15.329	0.297
Funding	15.032	15.032	15.032	0
Salary underspend	n/a	n/a	(0.297)	(0.297)
Net (surplus)/deficit	0	0.175	0	0

- 3.2. Further detail against individual service areas is contained within Appendix A.

Significant variances

- 3.3. The below provides some details on significance variances within the service areas. There are no variances to report within Coastal Partners, Regeneration & Communities and Management Team budgets.

Commercial

- 3.4. Waste service – there is a current projected overspend in the service of £0.350m as a result of the additional costs that have arisen from the recently agreed driver and loader pay increases which amount to £0.314m. In addition, within this service there is an additional cost of £0.036m with respect to glass round collections.

Internal Services

- 3.5. Finance (Treasury Management) – there is a projected increase in income within Treasury Management of £0.238M as a result of increased investment activity and improved returns as a result of higher interest rates.
- 3.6. Facilities – there is a forecast decrease in income within the Plaza from lease income, external room bookings and catering as well as printer contributions which totals £0.055m. Projected income has yet to improve to pre-pandemic levels.
- 3.7. Overall the increased income from Treasury Management and decreased income from Facilities results in an forecast surplus within the area of £0.183M.

Place

- 3.8. Planning – there is a projected decrease in Planning fee income of £0.080m. Fee income is dependent on planning applications received and the current forecast is lower than the budget set. Fee income will continue to be closely monitored over the coming months.

Corporate

- 3.9. As a result of additional External Audit costs there is a forecast overspend of £0.050M. External audit scopes, and related fees, are increasing in all public sector organisations with an anticipated steep increase expected from 2023/24 upon the letting of a new 5 year audit contract.

Staffing

- 3.10. A review of staffing budgets has indicated a forecasted underspend of £0.297M at year end. Staffing budgets are being closely monitored with the underspend being driven by vacancies and delays in appointing to new structures across several

service areas. The impact of the forecast underspend in staffing budgets mitigates the forecasted service overspends as detailed above.

Capital

3.11. The Council approved its 2022/23 Capital budget in February 2022. During the last few months, we have been successful in attracting three new grants to the Borough being:

(a) £1.65m for the demolition of Bulbeck Road multi-storey car park in order to prepare the site for the potential development of housing. This funding has been provided through the Brownfield Grant allocation with the requirement of having to formally let the demolition contract by 31 March 2023. The majority of spend will be incurred within the 2023/24 financial year and;

(b) £0.085m for new capital spend on Springwood Play park funded by Department for Levelling Up, Housing & Communities from the Levelling up Parks Fund;

(c) £0.1m in relation to Changing Places Toilets funded by Department for Levelling Up, Housing and Communities

UK Shared Prosperity Fund (UKSPF)

3.12. The UKSPF was launched in April 2022 with an allocation to Havant Borough Council of £1m. Local Authorities were asked to submit Investment Plans for the allocated funds and these Investment Plans have now been reviewed and it was confirmed on 5 December 2022 that the full £1m would be allocated to Havant Borough Council over the period of 2022-2025. The allocation for 2022-23 is broken down between capital (£0.025M) and revenue (£0.076M).

- 3.13. The Cabinet is asked to recommend these additions (capital and UKSPF) to Council for formal approval. The revised capital programme up to 2025/26 is detailed in Appendix C.

Performance

- 3.14. A summary of the quarter's key performance indicators is included at Appendix B.

4. Background and relationship to Corporate Strategy, Climate & Environment Strategy and/or Business Plans

- 4.1. Members will be aware that Havant BC has been facing considerable pressures over the past few years on their revenue budget. This has been managed to date by prudent financial management with year on year efficiency savings. Following the work of the Budget Working Group the rebased budget provides a strong foundation and the current revenue forecast confirms that the budget set is realistic and achievable.

- 4.2. On performance, work is currently underway to review and update all key performance indicators to provide a full overview of service performance across the organisation. The current key performance indicators reported have been in place for a number of years and cover a range of services.

- 4.3. Overall metrics across the majority of services are strong and performing within target. Whilst there are some areas of concern, these are being addressed at service level. Full details of the performance indicators currently being reported are included at Appendix B.

5. Options considered

- 5.1. None.

6. Resource Implications

- 6.1. *Financial Implications* – Finance continues to monitor budgets regularly so that any issues are quickly highlighted and mitigations put in place if required.

Section 151 Officer comments

Date: 5 December 2022

The Council approved a revised 2022/23 revenue base budget in September 2022. There are a few significant variations detailed in this report which reflect changes that have been identified over the last couple of months.

A revised Medium Term Financial Strategy, (MTFS), was approved by Council in November 2022. This will be kept under regular review with further updates being detailed as an Appendix in future budget monitoring reports.

- 6.2. *Human Resources Implications:*

In re-setting the 2022/23 revenue budget, relevant allocations were made across all service areas to ensure that staffing budget provision matched with proposed and approved organisational structures.

- 6.3. *Information Governance Implications* - none

- 6.4. *Other resource implications* – none

7. Legal Implications

- 7.1. None.

Monitoring Officer comments

Date: 13/12/2022

This paper is submitted to Cabinet to provide a strategic overview of performance for Q2 2022/23 and, in part, relates to priorities in the Council's Corporate Strategy. Monthly updated reports are taken to Management Team and Cabinet Briefing; whole performance reports more formally to Cabinet for noting and for recommendation to full Council as and when appropriate and required.

8. Risks

8.1. Budgets and performance will continue to be routinely monitored to ensure that any risk to delivery are highlighted early and mitigations agreed. A revised budget risk register was presented as part of the revised MTFS that was approved in November 2022. We will continue to closely monitor, and report any changes, against this register.

9. Climate & Environment Implications

9.1. Revenue budget has remained in place in order to continue work on delivering the Havant Borough Council Climate and Environment Strategy and action plan.

10. Consultation

10.1. The information has been shared with Management Team and discussed with individual Executive Heads and relevant budget holders.

11. Communication

11.1. Information on performance is provided on the Council website.

12. Appendices

Appendix A – Detailed service level financial forecast breakdown

Appendix B - Q2 Performance summary

Appendix C – Revised Capital Programme 2022/23 to 2025/26

13. Background papers

None

Agreed and signed off by:

Portfolio Holder: Cllr Tony Denton

Monitoring Officer: Mark Watkins, Chief Legal Officer

Section 151 Officer: Malcolm Coe, Chief Finance Officer