

Overview and Scrutiny Committee Agenda

Wednesday, 12 July 2023 at 6.00 pm

Muriel Matters House, Breeds Place, Hastings, East Sussex, TN34 3UY. Please enter the building through the Contact Centre entrance via the seafront.

If you are attending the Town Hall for this meeting, please enter the building via the Community Contact Centre entrance.

For further information, please contact Democratic Services on 01424 451484 or email: democraticservices@hastings.gov.uk

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Agenda Item 3 Public Document Pack

OVERVIEW AND SCRUTINY COMMITTEE

29 MARCH 2023

Present: Councillors Patmore (Chair), Jobson (Vice-Chair), Carr, Foster, Hay, Pragnell and Webb

134. APOLOGIES FOR ABSENCE

Apologies received from Councillor Roberts and Councillor Turner

135. DECLARATIONS OF INTEREST

Councillor	Item	Interest
Cllr Webb	4	Personal – ESCC Councillor
Cllr Hay	6	Personal – ESCC Councillor

136. MINUTES OF THE PREVIOUS OVERVIEW AND SCRUTINY COMMITTEE 26/01/23

RESOLVED - That the minutes of the meeting held on 26th January 2023 be approved as a true record

137. OVERVIEW AND SCRUTINY WORK PROGRAMME UPDATES QUARTER 3

The Continuous Improvement and Democratic Services Officer updated that there has been a slight delay to work due to the Councillors being involved in the Budget process. The Councillors had still made significant process and gave a brief oversight of their activities. Additionally, to this there is a meeting planned to follow up on Park safety and relook at the motions recommendation review as there has been progress on the process that was recommended in that report. Any parts of the work programme not completed are for reasons outside of the committee's control.

Councillor Patmore explained the finance team are awaiting an update regarding the asset management plan. The Chief Finance officer updated quotes have gone out for the asset review with June being a target date for Part 1 of the review.

Councillor Carr updated there have been two Equalities group meetings. The group has reviewed how other council's work. There was an update that the council has become an inclusive employer with future training being planned. There is also going to be an internal audit of some of the Councils practices. Councillors are also reviewing the census data to help identify the potential needs of different groups of

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residents. Councillor Carr gave thanks to the Councillors that have been attending the meetings.

Councillor Jobson updated that there has been an increase in dog waste and an increase in dog ownership. Members are asked to encourage the use of the My Hastings Report It app. Some potholes that have been filled but there are now issues on crossings and footpaths. There has been a report from Clean Water Action with one day having 22 hours of sewage spillage. There have been eight serious alerts for sewage spillages at Bulverhythe. Some feedback from residents for future work are promoting active travel and reducing short car trips. Fly tipping issues have been noticed with some housing associations and noise complaints were highlighted as an area of concern.

Councillor Batsford responded that East Sussex County Council have a new highways contract starting in June and the handover has reduced current performance of pothole repairs and hoped that the new contractors would be able to reduce the backlog. Cllr Patmore also noted that potholes must have been reported if a claim for damages was to be made. This can be done through [Pothole in road - Report a problem \(eastsussexhighways.com\)](https://www.eastsussexhighways.com) There is going to be a cross party active travel group set up. A meeting has been held with Stagecoach who are looking to provide reliable bus timetable information to residents.

Resolved (Unanimously)

That the committee note the progress of the Overview and Scrutiny work programme for the 2022/23 municipal year and follow up actions

Reasons

It is the responsibility of members serving on the Overview and Scrutiny committee to set their own work programme for each municipal year and complete the associated actions by the end of year.

138. PERFORMANCE MONITORING QUARTER 3 2022/23

The Head of Strategic Programmes reported to the committee that this is the performance review for Quarter 3 although we were in effect looking at them at the end of Q4 due to committee cycles. This will be addressed going forward but it was to be noted that all Performance Indicators will be being reviewed considering the updated Corporate Plan 23/24.

Members of the Senior Leadership Team and Lead Councillors were present to answer questions. The committee asked questions

Q: Strategic housing tracker is missed every quarter. Is it fit for purpose?

A: This does not reflect the hard work being done by the Housing team. Targets will be reviewed and will be updated.

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Q: Long term empty properties returned to use. Why are figures so high?

A: A detailed response will be circulated to the committee.

Update from The Head of Strategic Programmes: The figures are derived from Council Tax which capture data on properties that were empty and now returned to use

Q: Is there an update on households living in temporary accommodation for Q3?

A: A lot of work is happening. Saving targets agreed in the budget are starting to be implemented but will take time and no reduction has been achievable in this quarter.

Q: How critical is it to fill the Housing Manager role?

A: Being a Senior role it may take up to three months due to notice period. The new role is focused purely on homelessness and housing renewal to allow a laser like focus. In the meanwhile, all members of the Senior Leadership Team will be focusing on this priority area.

Q: Why is CHART delivery red every quarter?

A: There will be a CHART celebration on 30th March to mark the end of the program with an evaluation report being published. In terms of the reason as to why the programme has been shown as red, this is due to the programme outputs not being met. However, though all targets haven't been met Hastings has managed to do a lot better than other areas.

Q: Land charge searches within ten working days has decreased. Is this due to not using consultants?

A: This is not due to using consultants.

Update from The Head of Strategic Programmes: The target of 10 days isn't achievable with current resources. Effectively the volume of work is too great to realistically achieve the 10-day target. This will be picked up as part of the planning services review.

Q: Why is the staff sickness target not met?

A: A detailed response will be circulated to the committee.

Update from The Head of People and Business Support: The top 5 sickness reasons over the quarter shown were

1. Psychiatric/Stress with 194 days lost (25% of all sickness this period)
2. Colds/Flu/URTI with 75 days lost (10% of all sickness)
3. Confirmed Covid Virus with 69 days lost (9% of all sickness this period)
4. Lower Limb with 65 days lost (8% of all sickness)

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5. Back/Spinal with 60 days lost (7% of all sickness this period)

Additional detailed information has been provided to the committee

Q: Climate change strategy has ambers. Is this due to the climate change officer leaving?

A: The Climate change tracker has many targets achieved by the whole council and does not review the work of one officer.

Resolved (Unanimously)

1. That the Overview and Scrutiny Committee review performance for Quarter 3 (Oct-Dec) 2022/23
2. To note that the report provides performance information one quarter behind actual quarters.
3. That staff be thanked for their hard work and achievements to date.

Reasons

1. To assist the council to undertake performance and financial monitoring arrangements.
2. To ensure that senior management, officers, and Portfolio Holders (Lead Cllrs) have ownership of performance of the service areas under their responsibility.
3. That O&S and the public can review performance and highlight both achievements and areas of concern.
4. That due to committee cycles the data provided to O&S is for Q3 but Q4 has now almost complete therefore some data may not represent the up-to-date information on performance.

139. FINANCIAL MONITORING REPORT FOR 2022/23 - TO END OF DECEMBER 2022 (PERIOD 9)

The Chief Finance Officer introduced the report. Moving forward there is plans to have the reports to the committee nearer the end of each quarter.

The Deputy Chief Finance Officer explained that the total service expenditure was forecast to be overspent by £2.7 million at the end of Q3. The largest single area of overspend is homelessness, where an overspend of £2,030,900 is forecast. This is due to the rising cost of temporary accommodation and with increase in the number of clients presented as homeless. The Revenues and Benefits service is forecasting an

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overspend of £213,360 and this is due to a delay in the restructure and the use of agency staff. Car parking is forecast and an overspend of £186,200 this is due to reduced fee income at the sports centres, closing of the Cornwallis Car Park and the reduction in season tickets income. Development management is forecasting an overspend of £323,700 this is due to an underachievement of income, additional staffing post and agency staff used to cover vacant posts. Dangerous Structures has a overspend of £196,200 and this is for safety works at Battle Rd. Debt repayment costs are forecasting an underspend of £628,850 and this is due to a lower MRP charge reduced borrowing and increased investment income. The total expenditure is therefore forecast to be overspent by £2,071,600 at the end of December.

The Deputy Chief Finance Officer gave an update from the end of February which shows that direct service expenditure overspend has increased by a further £546,700 with an additional overspend on Homelessness of £212,000. An additional £124,700 overspend on Properties & Estates is also forecast due to increased repairs expenditure and reduced rental income due to rent free periods negotiated. There is also an additional £185,500 overspend on dangerous structures. This takes the total forecast overspend on Battle Road to £381,700.

The change to the MRP strategy which was agreed at Full Council on the 8th of February has saved £787,000 and further improvements in investment returns and interest rates is estimated to generate an additional £185,000 in investment income.

The capital budget for the year was set at £21.7 million, and then revised for carry forwards and budget adjustments and set at £18.08 million. The forecast underspend for the year end is £3.855m

Members of the Senior Leadership Team and Lead Councillors were present to answer questions.

The committee asked questions:

Q: What state will the reserves be in at the end?

A: The reserve usage has been set out in the 23/24 budget and has taken account of the forecast that was available in December 2022.

Q: How is the financial position changed since September 2022?

A: The financial position has deteriorated due to housing costs from the forecasts in September 2022

Q: How are we going to rectify the use of agency staff?

A: We do not wish to rely on agency staff but there are occasions when this is necessary. Capacity shortages have affected the Revenues and Benefits area due to the additional government grant schemes they have been required to administer –

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some of this has been funded by government. The essential nature of the service, i.e. supporting the most vulnerable people in our town, meant we needed to fill the gaps with temporary staff. A restructure will be completed shortly which will set the establishment for the team moving forward.

Q: Why has there been a lack in income from sports centre car parks?

A: Income from the car park has fallen but the sports centres attendance is up. This is to be reviewed.

Q: What are we doing as a Council to consider the changes and the increased cost that we're likely to face with refuge?

A: This has been flagged as a significant financial risk and there is a meeting planned for Friday to understand the details and enable our planning.

Q: Can Cornwallis car park be reopened on a temporary basis?

A: No, this is not possible.

Q: Will there be money from Government for the changes to green waste?

A: There is a Government allocation for communications but additional work may need to be funded.

Resolved (Unanimously)

To note the contents of the report, and the actions within the conclusion and management action section

Reasons

To assist the Council in understanding the financial position and particularly areas of over and under spend. Early indications of emerging overspends can allow management action to be targeted to those areas. This monitoring assists in identifying areas for review in the production of the 2023/24 budget.

(The Chair declared the meeting closed at. 7.15 pm)

Agenda Item 4



9

Report To: Overview and Scrutiny Committee

Date of Meeting: Wednesday, 12th July 2023

Report Title: Overview and Scrutiny Committee Work Programme (2022/23) Update

Report By: Coral Harding, Continuous Improvement and Democratic Services Officer

Key Decision: N/A

Purpose of Report

To provide an update for the 2022/23 Overview and Scrutiny work programme and proposed follow up actions.

Recommendation(s)

That the committee note the Overview and Scrutiny work programme for the 2022/23 municipal year and follow up actions.

That the committee would like to give their thanks to previous committee members, Cabinet and Officers for their contributions and support with the work programme.

Reasons for Recommendations

It is the responsibility of members serving on the Overview and Scrutiny committee to set their own work programme for each municipal year and complete the associated actions by the end of year.

Overview and Scrutiny committee appreciates the support it receives within the organisation. The committee recognises that working together produces a better outcome for the council and the public.

Introduction

1. Following the agreement of the work programme at Annual Overview and Scrutiny meeting on 27th July 2022. The committee has since met to provisionally confirm work groups and lines of enquiry.
2. The confirmed work programme can be found in appendix A. These ideas and themes draw on previous Overview and Scrutiny work. The committee have grouped work into 4 themes this year; Finance, Equalities, Living Environment and Follow up 2021
3. The committee work on the work programme was paused briefly in January as they participated in the consultation for the draft budget and corporate plan.

Overview and Scrutiny work programme 2022/23

4. The committee has decided to pursue 4 themes this year;
5. They have prioritised 2 reviews within each theme to begin with and hope to explore other areas identified within the municipal year.
6. The work programme will use a combination of reviews and updates. It is also used the opportunity at quarterly review meetings to gain the information they required from Cabinet members and Senior Officers.
7. Additionally to the work programme, the committee wanted a 'Meet the Leader' session with Council Leadership. This session occurred successfully on 17th October 2022.
8. Appendix A sets out the O&S work programme for the year ahead breaking down the proposed phases of each theme over the course of this year.

Finance Theme

9. The Overview and Scrutiny committee are concerned by the large deficit the council faces this year which is now currently estimated at £3.36 million for 2022/23. Overview and Scrutiny committee are keen to help support efforts to lessen the impact of the deficit.
10. The work programme is focussing two areas; the disposal of council assets review & project prioritisation and spend review.
11. These reviews have been led by Councillor Patmore. Councillors Carr, Hay and Pragnell have been part of the review group and helping with investigations.
12. Councillors have been continuing their enquiries and building on previous work concerning the councils' finances and asset disposals.
13. They used the information from the financial and performance monitoring reports to help focus their enquiries.
14. Members of the review group participated in a session regarding the Housing Acquisitions proposals in January.

15. After having their questions answered Councillors were satisfied that the Housing Acquisitions proposal would be of benefit to the public and help with the current housing and homelessness crisis.
16. Councillors were keen to explore the results of the asset management review but this is still an ongoing piece of work for the council. The committee will continue to monitor this review as public interest is high in relation to buildings of cultural and historic significance.

Finance Theme Follow up Actions

17. The committee have identified the need for more financial briefings and training given the council's financial situation. They believe that Councillors need more insight and a stronger skill set to help with critical decision making in this environment.
18. The committee have identified the need for more pre scrutiny decision involvement. They believe that their role as a 'critical friend' is vital to the councils success.

Equalities theme

(i) Violence Against Women and Park Safety project

19. The Overview and Scrutiny committee wanted to continue previous work from last years work programme. This included reviewing the park safety works and gathering views of local people.
20. Councillor Carr led this review. Councillors Arthur and Foster were also part of this review group.
21. The review lead has requested an update on the ongoing park safety works and the previous work on the equalities charter.
22. An update were given on the Parks Safety works and a final report was submitted in May 2023 to the committee. Works were successfully completed including opening sight lines, additional lighting and installing CCTV. The public feedback for this was overall positive.

Violence Against Women and Park Safety project Follow Up Actions

23. The Park Safety Work has been completed. The committee will monitor its impact on park users.
24. The committee would like to thank the Community Safety Manager and Portfolio holder for their work on this project and the detailed updates they gave to committee members.

(ii) Equalities Working Group

25. The Equalities Working Group has met on 18th January and 28th March. The meeting is chaired by Councillor Carr (Chair) and Councillor Arthur (Vice-Chair). The meetings have been open to all Councillors and have been well attended.
26. The Equalities Working Group continue to look at how the council meets its statutory obligations under equalities legislation. The review is also looking at how the monitoring of levels of accessibility & considerations in providing public services for a diverse population.
27. The Equalities Working Group will meet every 2 months. Councillors attending this meeting have been working on the following actions.

- Internal organisational surveys to identify equality needs.
- Ward Councillors to identify groups in wards for possible consultation.
- Reviewing the recent census data to identify needs within the community.
- Review of other local authority's equalities charter.
- Reviewing with the LSP about the effectiveness of their current equalities charter.
- Reviewing the councils equality performance indicators
- Reviewing accessibility issues for schemes such as the Disabled Facilities Grant (DFG)

Equalities Working Group Follow Up Theme

28. The Equalities Working Group will continue to meet. They have an outline of work that they wish to continue;

- Development of equalities charter
- Development of equalities PI's
- Creation of surveys for internal and external use
- Working with community groups
- Review council services and identify any opportunities to remove barriers

Living Environment theme

29. Overview and Scrutiny noted residents' concerns in relation to their living environment. These included issues such as dog waste, potholes, and sea water quality.
30. Councillor Jobson has led this review. Councillors Carr, Foster and Roberts have been part of this review group.
31. The committee originally wanted to prioritise looking at the councils' provisions for waste, recycling, and street cleansing. They are going to look at how residents are using My Hastings online reporting service.
32. The My Hastings review has been investigated and had found that this area of reporting had been underused by comparison to other website areas. The committee are keen to find better ways to promote this service.
33. The committee have been concerned about the recent floods and the impact on local residents and businesses. They are pleased to see that the corporate plan has been updated with a section to address this.
34. The committee are keen to see the results of the East Sussex County Councils independent review of the floods. The initial report has now been released. The committee will review this.
35. Lead Councillors and Officers continue to meet with Southern Water to find solutions to resolve the situation. Given this situation has had a high impact on the borough, the committee will continue to monitor the progress on this.

Living Environment theme Follow Up Actions

36. The committee will continue to monitor Southern Waters response to floods and sewage discharges. They would like to see Southern Waters plans for prevention of further incidences.
37. The committee would encourage further promotion of My Hastings to increase the use of waste reporting services by residents.

38. The committee would like to see climate change delivery plan that would have clear milestones for the council to achieve. This would help the public to see the councils activities and achievements more.

Follow up theme

39. The previous year's Overview and Scrutiny work programme was not completed in full by the committee, but they would like to continue and monitor progress from previous commitments.
40. They looked at how the previous year's motions review recommendations have been implemented. The constitutional reform has still to be agreed that would led to a 6 monthly report to full council to see how motions have been implemented. The committee does note that the public tracker for motions is present on our website.
41. They also would like when the opportunity arises to meet with Sea Change to discuss their achievements and future plans in the town. They are keen to learn about the progress and activity with regards to the town's economic growth and regeneration ambitions. This had been put on hold this year pending an outcome of an external review.

Next steps

42. The work programme is now concluded for the year. Next years work programme will be confirmed at Annual Overview and Scrutiny on Thursday 27th July.
43. The committee have identified that they would like to approach the work programme differently and allow it to become more focussed.
44. They have identified that the areas of focus within the council will be Finance and Housing & Homelessness. This is due to the Councils current financial situation.
45. Areas of public interest outside of the council will be identified with more flexibility. Areas will be identified at the start of the year and during it. The committee believes this will give a better response to public needs rather than focus on one area for the whole year.
46. The committee may also continue lines of enquiry from 2022/23 should they choice to in next year's programme.

Action	Key milestone	Due date (provisional)	Responsible
Overview and Scrutiny to agree their Q4 work programme actions	Work programme and actions agreed	12 th July 2023	Overview and Scrutiny committee

Wards Affected

Policy Implications

Report Template v30.0

Reading Ease Score:48.1

Have you used relevant project tools?: N/A

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Y
Crime and Fear of Crime (Section 17)	Y
Risk Management	Y
Environmental Issues & Climate Change	Y
Economic/Financial Implications	Y
Human Rights Act	Y
Organisational Consequences	Y
Local People's Views	Y
Anti-Poverty	Y
Legal	Y

Additional Information

Appendix A- Overview and Scrutiny Work Programme 2022/23

Officer to Contact

Officer: Coral Harding

Email: Charding@hastings.gov.uk

Tel: 01424 451484

Appendix A: Proposed Overview and Scrutiny Work Programme 2022/23

	FINANCE	EQUALITIES	LIVING ENVIRONMENT	FOLLOW UP
QUARTER 2	<p align="center">DISPOSAL OF COUNCIL ASSET REVIEW</p>	<p align="center">EQUALITIES MOTION WORKING GROUP REVIEW</p>	<p align="center">WASTE, RECYCLING, AND STREET CLEANSING REVIEW</p>	<p align="center">MOTIONS RECOMMENDATION REVIEW</p>
QUARTER 3	<p align="center">PROJECT PRIORITISATION AND SPEND REVIEW</p>	<p align="center">CONTINUATION WORKING WITH LOCAL GROUPS FOR FEEDBACK</p>	<p align="center">QUALITY OF BATHING WATER REVIEW</p>	<p align="center">MEETING WITH THE LEADER AND PORTFOLIO HOLDERS</p>
	<p align="center">POSSIBLE ADDITIONAL REVIEWS IF TIME AND RESOURCES PERMIT</p>			<p align="center">MEETING WITH SEA CHANGE</p>
QUARTER 4	<p align="center">2022/23 WORK PROGRAMME CONCLUSIONS AND RECOMMENDATIONS REPORTED</p>			

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Agenda Item 5



Report To:	Overview and Scrutiny
Date of Meeting(s):	12/07/23
Report Title:	Performance Monitoring Quarter 4 2022/23 and update on Q1 Performance Indicators
Report By:	Stephen Dodson – Head of Strategic Programmes
Key Decision:	N/A
Classification:	Open

Purpose of Report

1. To provide a summary of performance for Quarter 4 (Jan – April) 2022/23
2. To enable Senior Managers, Portfolio Holders and O&S to agree and finalise performance indicators for Q1-Q4 23/24 against the updated corporate plan and agreed delivery plan.

Recommendation(s)

1. That the Overview and Scrutiny Committee review performance for Quarter 4 2022/23
2. To note that the report provides performance information one quarter behind actual quarters.
3. That O&S are content with the agreed Q1 and ongoing quarters PI's for 23/24.
4. That staff be thanked for their hard work and achievements to date.

Reasons for Recommendations

1. To assist the council to undertake performance and financial monitoring arrangements.
2. To ensure that senior management, officers, and Portfolio Holders (Lead Cllrs) have ownership of performance of the service areas under their responsibility.
3. That O&S and the public can review performance and highlight both achievements and areas of concern.
4. That due to committee cycles the data provided to O&S is for Q4 but Q4 has been completed therefore some data may not represent the up-to-date information on performance.
5. That O&S are sighted on and agree performance indicators for Q1 and ongoing quarters for 23/24.

Introduction

1. The Council updated its four year [corporate plan \(2020/24\)](#) in February 2022. This update took into account new or changed activities brought about as a result of the pandemic.
2. This report sets out a summary of council performance for Quarter 4 (Jan – April 2023), however it should be noted that due to committee cycles the information provided will be presented to O&S is at the end of Q4. Therefore, some data may not represent the most up-to-date information on performance.
3. Performance reporting and updates continue to be reported in a Dashboard format and the intention remains to build and improve the performance reporting including financial information from Quarter 1 23/24. These will include the reassessed performance indicators, following the Corporate Plan update for 23/24 which will be provided at the end of Q2.
4. O&S have agreed that Q1 23/24 would provide a transition period to revise the performance indicators against the corporate plan update (23/24) and that the key areas of focus for O&S would be finance and housing and statutory returns, where applicable only for Q1.

Performance reporting

1. That Overview and Scrutiny are aware of and recognise performance measures are duly covered.
2. Performance measures and targets are set out by service area at the link below in dashboard format and have been available to the public from the 24 May 2023

Public Performance monitoring. [Performance monitoring - Public - Smartsheet.com](#)
3. On the dashboard, a snapshot of overall performance per quarter is given before presenting performance by each service area in bar charts.
4. A RAG rating is used to determine progress where Green reflects performance on track, and Red and Amber are 'exceptions' – will not (Red) or might not (Amber) meet expected performance.
5. When you click on Red, Amber or Green in the bar charts you will then be given further detail on the associated key activities or PIs from within that service area.
6. Where performance is Red or Amber (an exception) an explanation should be provided outlining why expected performance is not being met.
7. In line with the request from the Overview and Scrutiny committee to report by exception, comments would be welcome on Green, Amber, Red
8. Where the target is a Performance Indicator (PI) you will be able to view a target where set.
9. At the top of the Dashboard there is a link that will show all service area performance exceptions with a Red or Amber status at quarter one.

Performance Reporting 23/24

10. O&S have agreed that a transition period for Q1 (April -June) would allow us time to review all KPI's and PI's with SLT, Service Managers and portfolio holders – but any mandatory statutory PI's would still be required and reported on asap after the completion of Q1 these will also need to be aligned with budget monitoring.

11. This will mean the Strategic Programmes team need to rewrite the SmartSheet dashboard as soon as KPI's and PI's are agreed in Q1 so that for Q2-Q4 we are reporting against these new measures. These will be aligned to the updated corporate plan and agreed delivery plan.

12. In addition to the usual report dashboard to O&S they will be seeking to call for more detailed reports on Finance and Housing our two priority areas – which may include additional/separate O&S working group meetings.

Options

13. No alternative options were considered. Regular performance monitoring is required to ensure the Overview and Scrutiny Committee can undertake its scrutiny function as set out in the Constitution.

Timetable of Next Steps

14. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Record and collate views of O and S on performance	Minutes and associated actions drafted and approved.	26/07/23	Committee Administrator
Coordinating feedback on questions, queries & issues raised but not addressed at this meeting	O and S Chair approval that issues raised were addressed.	TBD	Democratic Services Officers

Wards Affected

ALL

Policy Implications

Reading Ease Score:

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Y
Crime and Fear of Crime (Section 17)	Y
Risk Management	Y
Environmental Issues & Climate Change	Y
Economic/Financial Implications	Y
Human Rights Act	Y
Organisational Consequences	Y
Local People's Views	Y
Anti-Poverty	Y
Legal	Y

Additional Information

See links in the main body of the report.

Officer to Contact

Officer: Stephen Dodson – Head of Strategic Programmes

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Agenda Item 6



Report to: Overview and Scrutiny Committee

Date of Meeting: 12 July 2023

Report Title: Financial Monitoring Outturn Report for 2022/23 – to end of March 2023 (Period 12)

Report By: Simon Jones
Deputy Chief Finance Officer

Purpose of Report

To provide a summary of the outturn position for services at the end of March 2023 (excluding recharges).

Recommendation(s)

To note the contents of the report, and the actions within the conclusion and management action section.

Reasons for Recommendations

To assist the Council in understanding the outturn financial position for the year end and particularly areas of over and under spend. The outturn position for 2022/23 can be used to inform budget monitoring for the 2023/24 financial year.

Key Strategic Points

- The anticipated use of the General Reserve has reduced by £1.16m from the position forecast in the 2023/24 budget working papers in February. Total usage is now expected to be £2.1m down from £3.26m.
- Reduced spending on Capital has led to no borrowing requirement for the year which in turn will lead to revenue savings in future years from lower MRP and interest payments.
- Of the £1.269m of savings identified in the 2022/23 PIER process 78% (£1.066m) of savings were achieved (82% or £401k for 2021/22).

Background

1. As part of the process of continuous improvement, and to provide more comprehensive financial monitoring, the format of the budget monitoring report has now been revised to not only include the monitoring of direct service expenditure but to also include details on debt repayment (Interest and MRP). Capital budgets are also monitored.
2. Further developments are planned for 2023/24 including monitoring and reporting of performance against Treasury Management Prudential indicators on a quarterly basis as required by the revised Prudential Code and monitoring of PIER savings agreed as part of the 2023/24 budget process.
3. In February 2022 the Council agreed a revenue budget for 2022/23 with total expenditure of £16,852,538 funded by government grants, Council Tax, Business Rates and contributions from reserves.
4. The table below shows the draft outturn position at the end of March 2023 (Period 12). As the accounts are still being closed the figures are subject to change and have not yet been audited.

Table 1: Forecast Revenue Outturn Position

March 2023 Outturn	2022/23 Original Budget £	2022/23 Draft Outturn £	2022/23 Variance £	2022/23 Variance %	February Forecast Variance £	Change £
Directorates						
Corporate Resources	2,634,310	3,271,965	637,655	24.2%	507,304	130,351
Operational Services	10,597,270	13,336,955	2,739,685	25.9%	3,039,891	(300,206)
Direct Service Expenditure	13,231,580	16,608,920	3,377,340	25.5%	3,547,195	(169,855)
Contingency Provision	300,000	0	(300,000)	-100.0%	(300,000)	0
Total Service Expenditure	13,531,580	16,608,920	3,077,340	22.7%	3,247,195	(169,855)
Minimum Revenue Provision (MRP)	1,741,200	870,251	(870,949)	-50.0%	(821,200)	(49,749)
Net Interest (Earnings) / Payments	1,579,758	663,074	(916,683)	-58.0%	(779,308)	(137,376)
Debt Repayment Costs	3,320,958	1,533,325	(1,787,632)	-53.8%	(1,600,508)	(187,125)
Total Expenditure	16,852,538	18,142,246	1,289,708	7.7%	1,646,687	(356,980)

5. As can be seen from the table above the draft outturn for Total Expenditure is £1,289,708 over budget at year end. This is a decrease of £356,980 on the overspend reported at the end of period 11 (February).
6. The overspend of £3,377,340 on Direct Service Expenditure is offset in part by savings on contingency, MRP and Net Interest payments. Further details on the different elements are given below.

Direct Service Expenditure

7. The 2022/23 Direct Service Expenditure budget agreed by Council was £13,231,580. These figures exclude the contingency budget (£300,000) which is held separately and recharges.
8. Table 2 below details the current forecast outturn position for Direct service Expenditure.

Table 2: Revenue Direct Service Expenditure Position

Directorate	2022/23 Original Budget	2022/23 Draft Outturn	Variance	Trf to / (Use) of Reserves	2022/23 Draft Outturn Variance
	£	£	£	£	£
Corporate Resources	2,634,310	3,072,422	438,112	199,543	637,655
Operational Services	10,597,270	13,637,160	3,039,890	(300,205)	2,739,685
Total	13,231,580	16,709,582	3,478,002	(100,662)	3,377,340

9. The outturn overspend on Direct Service Expenditure has reduced by £169,855 since the February forecast. The most notable net variance causing this charge are:
- A new variance of £454,148 overspend on Housing Benefits. The budget for the recovery of Housing Benefits Overpayments was set at £896,440 which is in line with previous years. In the last 4 years this cost centre has benefited from an annual reduction in the bad debts provision leading to a credit (income), however this year a £466,960 increase in the provision was required leading to this variance arising. This area is not specifically monitored throughout the year and hence there has been no prior warning of this variance. Quarterly monitoring will need to be undertaken during 2023/24 to insure we are aware of any future variance.
 - An increase of £342,000 on Homelessness expenditure due to rising costs of temporary housing and increasing number of clients presenting as homeless. This variance is in part due to the new year end transfer between Housing Benefits and Homelessness to compensate HB for overpayments which are not covered by subsidy. This is a result of a change made by the Homelessness Taskforce which is bringing in additional income to the council but results in some anomalies on the year end benefits return which need to be corrected by this internal recharge. This recharge is now being closely monitored going forward.
 - Increased overspend of £76,000 on Revenues and Benefits Service in relation to additional audit fees accrual of £21,000 and £55,000 of income not being received from ESCC which had been expected but will not actually be received.
 - Additional overspend of £63,900 on Corporate Expenses due to software costs (Capita system still needed for some payment methods) and systems consultancy work.

Offset by:

- A reduction of £187,400 on Development Management forecast overspend due to additional income being identified which had been miscoded on the ledger. This missing income led to the forecast income being lower and was not identified earlier due to the volume of transactions.
- A increase of £171,200 in the underspend forecast on Financial Services Other Expenditure and Income. There has been a unbudgeted credit of £118,600 due to the writing-off of old balances held on the ledger system which were no longer required. The remainder is due to not all the severance budget being required.
- A reduction of £106,000 on the forecast overspend for Properties and Estates. The Rents and service charges expenditure budget was set based on the prior year which included some backdated invoices for other years.
- Grant income of £90,800 from the Household Support Fund to cover the council's costs of implementing the scheme. This income had not previously been budget for.
- Additional income of £76,000 on Muriel Matter House due to additional rental and service charge income and the cost of cleaning sitting within the DSO budget.
- A reduction of £65,800 in the forecast overspend for Housing Renewal due to Disabled Facility Grant funds being used to cover staff salaries.
- A saving of £64,800 on Cemetery & Crematorium due to greater than forecast levels of income in February and March.
- An additional £132,700 underspend for off-street car parking due to better than forecast parking permit income £50,000 and reduced recharge to Foreshore Trust £75,000.
- A savings of £60,700 on Public Conveniences due to the new contractor charging less and a refund on business rates.

10. Appendix 1 provides a more detailed analysis of each directorate, and this report seeks to provide further narrative on the main variations identified.
11. At the time of writing inflation remains elevated and wage growth demands, and energy costs are high. These factors are having a substantial impact on the Council's budgets and have led to significant unavoidable additional expenditure.
12. The figures and estimates contained in this report were produced based on the latest available information, and as such could potentially be subject to further change and the statement of accounts is finalised and then audited.
13. The salary costs in the report include the agreed 2022/23 pay increase of £1,925 per Full Time Equivalent (FTE) which has now been paid to staff in full. The salaries budget for 2022/23 had assumed an increase of 1% at a cost of £119k. The agreed pay offer has cost the Council £750k. As only £119k was budgeted for this represents an unbudgeted overspend of £631k. The impact of this increase is offset to some extent by vacancies that have occurred and the recruitment freeze.

Corporate Resources

14. The service shows a forecast overspend of £637,655 after transfers from reserves.
15. Accountancy and Exchequer Services is showing an underspend of £40,819 due to salary slippage on vacant posts.
16. Revenues and Benefits are showing an overspend of £264,831 due to a delay in the planned restructure of the service. This has led to the continuation of the temporary staffing structure and reliance on additional agency members of staff longer than anticipated, coupled with additional demand placed on the team to deal with extra grant schemes throughout the financial year. A full restructure is currently in process and will be concluded in the next financial year.
17. Corporate Expenses is showing £78,860 additional spend on software due to a general increase in costs across the board and the need to continue with our current service provider to take payments over the counter and telephone. There has also been additional expenditure on consultancy costs to implement the new Pay360 software.
18. Unit Factories is showing an additional savings of (£34,303), this is mainly due to contract cleaning being done by the Building Cleaning DSO (£22,000) and a saving on the Business Rates budget of (£17,000). Repairs are showing an underspend of (£18,500) which is being used to part offset the repairs overspend in Properties and Estates. Rents are £18,000 down against budget due to some vacant periods and some minor rent free agreements.
19. Properties and Estates are showing an overspend of £72,198. An overspend of £90,900 has occurred on the repairs budget to cover additional works identified. Insurance excess of £7,200 has been paid. There is a reduction in rental income of £78,000 mainly due to a rent free period negotiated by tenants. Business rates for Lacuna Place have been paid for a vacant unit costing an additional £33,900 against the budget. Rents and Service charges payable are showing an underspend of (£113,500). Costs have been recovered for surveyors' fees relating to Harrow Lane (£38,000). The rest of the cost centre is made up of various smaller overs and unders.
20. St Mary in the Castle is showing an overspend of £14,250 on essential costs while the building is vacant.
21. Housing Benefits is showing an overspend of £454,148. This is in relation to lower than budget income for Housing Benefits Overpayments (HBOP). The budget was set at £896,440 which is in line with previous years, however the charge to the bad debts provision was larger than budget for. In the last 4 years this cost centre has benefited from an annual reduction in the bad debts provision leading to a credit (income), however this year a £466,960 increase in the provision was required leading to this variance arising. This area is not specifically monitored throughout the year and hence there has been no warning of this variance. Quarterly monitoring will need to be undertaken during 2023/24 to insure we are aware of any future variance.

22. Finance Other Expenditure and Income is showing an underspend of (£214,334). Various accounts on the balance sheet have been reviewed and old balances written off resulting in a credit of (£118,600). Underspend of (£55,800) is due to recovery from an insurance claim paid out in 2021/22. The severance budget was underspent by (£53,200). The rest of the variance is made up of various smaller over and underspends.
23. Corporate Management Costs is showing an overspend of £131,371, of this £90,000 is due to consultancy work undertaken by the Councils Treasury Advisors to perform a review on the current method of calculating Minimum Revenue Provision (MRP) payments and to provide suggested alternative methods. This review has identified in year savings of approximately £837k which have been added to the monitoring with the savings shown under the "Provision for the Repayment of Principal (MRP)" line. Additional external audit costs of £58,800 have been accrued for the audits taking place for 2021/22 and 2022/23. The cost of the audit work is partly offset by a grant of (£18,400) that has been received. The rest of the variance is made up of various smaller over and underspends.
24. Personnel and Business Support is showing an underspend of (£44,901) due to salaries slippage on vacant posts.
25. Corporate Policy and Partnerships is showing an underspend of (£20,276) due to salary savings on the Continuous Improvement and Democratic Services Manager post. These savings are being used to fund a Transformation Officer post in the Transformation Team (£31,600). Pay award increases of £10,200 are also showing here.
26. Legal Services are showing an additional (£34,366) due to a late (£30,000) refund received from the Ministry of Justice.
27. The Transformation Team is showing a £52,968 overspend on salaries as it is using the salary savings mentioned above in Corporate Policy and Partnerships to fund a Transformation Officer post £26,700. Pay award increases of £5,000 and regrade of post of £21,500 are also showing here.
28. Corporate Personnel Costs is showing an overspend of £33,158 on staffing costs.
29. Muriel Matter House is showing an underspend of (£78,559) due to additional rentals for the 2nd Floor including the service charge (£30,000) and the cleaning contract now being taken over by the Building Cleaning DSO (£40,000), spend for this is in the Building Cleaning DSO cost centre.
30. Decorative lighting is showing an overspend of £24,350 due to increased electricity prices. Project Costs of £44,280 for the Sticks of Rock project in the Decorative Lighting budget have been carried forward from 2021/22 and financed from reserves. Works are dependent on ESCC as decorative lights are replaced once ESCC has replaced the whole lamppost.
31. Information Technology Division is showing a £20,304 overspend due to the staff pay award being higher than the budgeted figure.

32. The remaining balance is made up from various other variances which are shown in Appendix 1.

Operational Services

Environmental Health

33. The service is forecasting an underspend of (£19,192) against the budget.
34. Environmental Management and Admin is forecasting an underspend of (£12,700). There are salary savings of (£42,000) from the Senior Management restructure but also an increase of £24,000 expected for the pay award. There are savings on travel and systems costs of around (£3,000) each which largely makes up the remaining balance.
35. Local Licensing is showing an additional (£19,309) due to a reduction in signage and Disclosure Barring Service costs (£9,000) and (£10,000) additional income from taxi licensing.
36. The remaining balance is made up from various other variances which are shown in Appendix 1.

Parking Services

37. The Parking Service is showing a overspend of £100,833 against the budget.
38. The parking income is showing reduced income of £84,264. This is mainly due to lower fee income received at the sport centre car parks £50,000, the closing of Cornwallis car park £70,000 and a reduction in season ticket sales £25,000. This is partly offset by (£75,000) underspend as the recharge to the Foreshore Trust was lower due to reduced income being received.
39. Salaries are underspent by (£15,900) as the £23,000 increase in costs from the pay award has been offset by (£38,900) in salary slippage for the vacant posts.
40. The Fixed Penalty Notices income is showing reduced income of £19,015 due to the lapse in legislation regarding dog related fines.
41. The remaining balance is made up from other minor variances.

Waste

42. The service is showing an underspend of (£69,543).
43. The DSO service is showing a saving of (£57,783). Of this (£65,000) is due to salary slippage and staff turnover, we are currently still in need of filling 3 posts. The remainder is mainly made up from savings on vehicle repairs (£17,000) and vehicle fuel (£5,000). The Foreshore Trust recharge was £29,500 lower than anticipated resulting in less income.

44. Greenwaste is showing increased income of (£52,568) due to a larger customer base.
45. The Refuse Collection budget is overspent by £43,316. Of this £22,000 is due to changes in indexation, budgeted at 5% but came in at 5.89%. Another £20,000 is from increased costs for purchases of bins due to higher prices. Bulky Waste income came in (£6,800) under budget. Stock adjustment credit for the bins has resulted in a (£10,000) saving against the equipment budget.
46. The Public Convenience budget is showing an underspend of (£90,396). This is mainly due to the new contractor coming in at a lower rate but also savings have been made on Business Rates (£12,000). The Foreshore Trust income recharge came in (£5,000) above the budget.
47. The Building Cleaning DSO is showing spend of £115,185 for the year, this is covered by savings on contract cleaning across various services with an overall saving of over (£20,000).
48. The remaining balance is made up from other variances minor variances which are shown in Appendix 1.

Amenities

49. The service is showing additional spend of £4,259 against the 2022/23 budget once carry forwards and transfers from reserves are taken into account.
50. The Open Space Management Team is showing savings of (£11,405). The Parks and Open Spaces Manager reducing from 5 days to 3 days per week is showing a saving of (£23,100). An increase for the pay award of £12,900 is also here.
51. Cemetery & Crematorium is showing additional income of (£15,410). Fees and Charges have achieved £111,000 additional income above the budget however this has been partly offset by a £95,600 overspend on gas and electricity costs.
52. Welfare Funerals is showing an overspend of £16,938 due to the write-off of uncollectable debts.
53. Arboriculture is £9,893 overspent. There have been additional health and safety works required for Ash Dieback this year of £10,000. This is in addition to the £15,250 carry forward required to deal with a backlog of work following damages from the storms in February and March 2022. The other variance on this cost centre is the pay award.
54. Parks and Gardens is showing an overspend of £20,995. The Grounds Maintenance indexation for November to March means an additional £10,000 costs here. Rents are anticipating a shortfall of £22,000 due to an adjustment for the West Hill Café for dilapidations. There are (£12,000) savings on the cleaning contract as this is now done by the Building Cleaning DSO.

55. Hastings Country Park is showing an under spend of (£10,619). This is mainly due to (£12,700) savings on the cleaning contract as this is now done by the Building Cleaning DSO. There are some minor overs on utilities which make up the balance.

Marketing and Major Projects

56. The service is showing an underspend of (£18,477).
57. Marketing and Comms is showing a salaries overspend of £4,800.
58. Community Awareness has an underspend of (£12,753) due to additional income from advertising on the seafront.
59. Tourist Information Centre / Visitor Centre has an underspend of (£7,944) for salaries due to closing the site.
60. Filming has seen an increase in activities leading to additional income of (£9,198).
61. Midsummer Fish Festival is overspent by £8,853, there was reduced footfall this year caused by train strikes and adverse weather.
62. The remaining balance is made up from various other minor under and overspends which can be found in Appendix 1.

Regeneration

63. The service is showing an underspend variance of (£136,213).
64. Planning Policy underspent (£21,368) due to a Technician vacancy and the Senior Planner being on Maternity Leave.
65. Cultural Activities are showing an underspend of (£17,641) due to a vacant post for Arts & Cultural Regeneration Officer.
66. External Funding Initiatives is showing an underspend of (£9,052) due to a vacant position.
67. Renewable Energy Solutions has an underspend of (£62,649) due to vacancies.
68. Wayfinding has an underspend of (£9,561) which is external funding to offset staff time for the project.
69. UK shared prosperity fund (£20,000) Contribution from the project towards Development Management and admin costs during the year.
70. The remaining balance is made up from various other minor under and overspends which can be found in Appendix 1.

Leisure

71. The service is showing an overspend of £16,785

72. Sports Centres is showing an overspend of £3,770 which is due to agreed reduction in rent for Bowls £5,000 and leisure management fee not requested. Due to the lasting impact of Covid-19 and the large increase in energy costs faced by Freedom Leisure the council has chosen to waive the £30,000 leisure management fee due for 2022/23 to help support Freedom Leisure. The Council is looking at installing PV arrays at Summerfields Leisure Centre to reduce the energy costs faced by Freedom Leisure. The repairs budget was unspent by (£31,000).
73. Active Hastings overspent by £13,100 due to additional staff to cover maternity leave

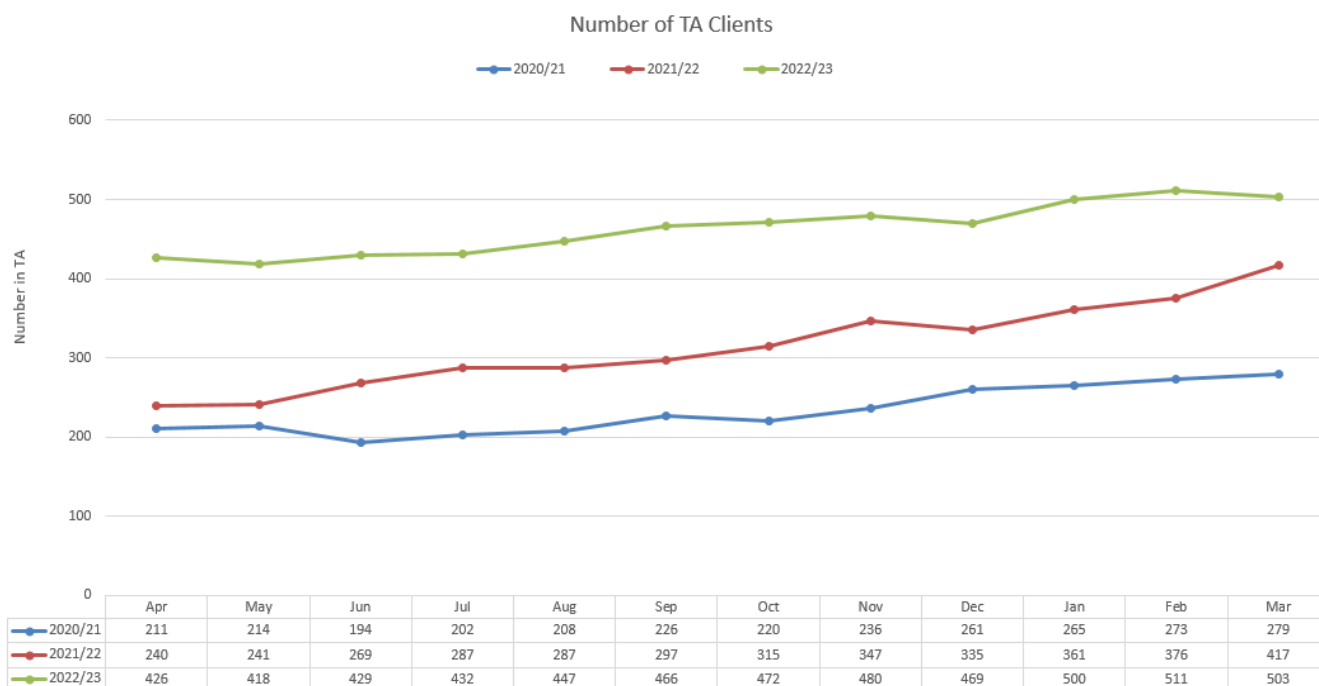
Resort Services

74. The service is showing an underspend of (£136,598).
75. Sports Management is showing an underspend of (£28,979) mainly due to vacant post and additional income.
76. Cliff Railways is showing an underspend of (£62,417). Income was up during the year which allowed the lift to be closed for repairs.
77. Seafront was underspent by (£23,510) as the repairs budget was not fully utilised.
78. Chalets & Private Hut Sites was underspent by (£10,784). Repairs were underspent by (£4,900) and additional income of (£6,500) have been partly offset by other minor net overspend of £600.
79. White Rock Theatre was overspent by £26,560 due to additional repairs
80. The Museum is currently showing an underspend of (£58,855). The vacant manager post and a staffing restructure that has taken place has led to an underspend of (£35,000). Income achieved more than budgeted by (£36,000). A number of other minor under and overspends make up the balance on this cost centre.
81. The remaining balance is made up from various other minor under and overspends which can be found in Appendix 1.

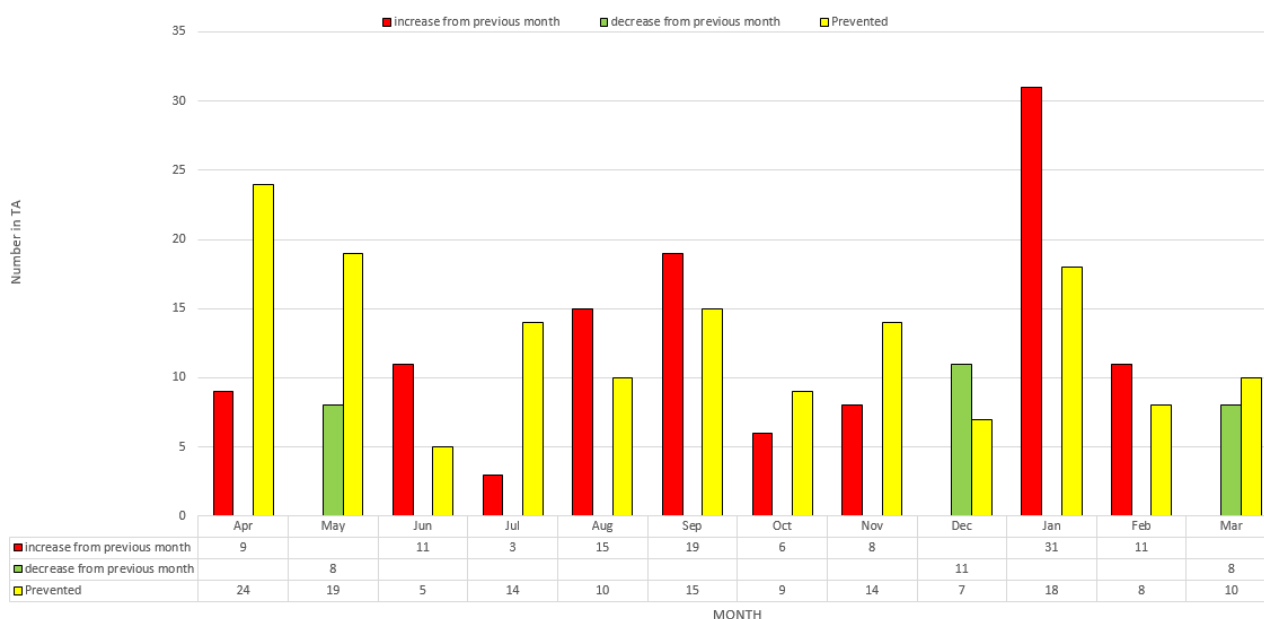
Housing and Built Environment

82. The service is showing an overspend of £2.997m against the 2022/23 budget.
83. Management & Admin cost Centre is showing an overspend of £29,727 mainly due to Additional cost of S184 Officer and Agency Staff.
84. Dangerous Structures work at Battle Road was expected to cost £522,500 to be funded from the General Reserve. £60,000 was remaining at the end of 2021/22 and requested to be carry forward. With this taken into account there is an adverse variance of £407,706 for the year.

85. Planning Management & Admin is showing a underspend of (£54,735), This arises from a in year staff vacancy (£10,000) and additional receipts (£44,000).
86. Development Management is showing an overspend of £125,506 against the original budget. This arises from two additional staff agreed mid-year by CMG at a cost of £53,000 each. In the financial year agency staff were being used to cover vacant posts costing £100,000. These overspend are offset in part by a number of small underspends including Legal Fees (£13,200) and Postage (£10,500). Employment of agency staff ended in this financial year.
87. The Homelessness budget is forecasting an overspend of £2,384,699. This is due to the rising costs of temporary housing coupled with the number of clients presenting as homeless increasing.
88. HBC Owned properties have cost £52,407 after allocation of homeless reduction grant, this is the first year of splitting these costs from the leased Social Lettings cost centre. Minor repairs cost £45,000.
89. Rough Sleepers cost an additional £147,795 due to the continuation of the "off the street" discretionary placements offer.
90. The first graph below demonstrates the growth in the number of Temporary Accommodation clients over the current year and past two years. The second graph shows successful preventions from entering Temporary Accommodation and the increase/ decrease from the previous month figure.



Number of TA Clients



91. Household Support Fund is underspent by (£90,830). This is the administration element the council is allowed to keep to offset the costs of implementing the scheme.
92. The remaining balance is made up from various other minor variances which are shown in Appendix 1.

Debt Repayment Costs

93. Table 3 below shows the debt repayment costs position. A underspend of £1,787,633 has been achieved. This is comprised of a number of items which are discussed below.

Table 3: Debt Repayment Costs Position

Net Interest (Earnings) / Payments	Original Budget 2022/23	Draft Outturn 2022/23	Draft Year End Variance
Gross Interest Payable	2,137,124	1,862,230	(274,894)
Gross Interest Received	(503,366)	(1,140,936)	(637,570)
Net Investment Properties Income	(64,000)	(68,470)	(4,470)
Fees	10,000	10,250	250
Net Interest (Earnings) / Payments	1,579,758	663,074	(916,684)
Provision for the Repayment of Principal (MRP)	1,741,200	870,251	(870,949)
Total Debt Repayment Costs	3,320,958	1,533,325	(1,787,633)

Gross Interest Payable

94. The Council currently has 22 separate loans with the Public Works Loan Board (PWLB). These loans are a combination of maturity and annuity loans and are all at fixed rates, so the council is protected from any rises in interest rates.
95. When setting the budget for 2022/23 a certain amount of borrowing was assumed to fund the capital programme. Due to delays from Covid-19 and changes to plans the Council borrowed less than anticipated. This has resulted in an underspend of £274,894 on expenditure on interest repayments. This is a decrease of £15,030 since the February budget monitoring.

Gross Interest Receivable

96. The Council currently has c£30m in investments. At the time of setting the budget interest rates were low and forecast investment returns were minimal. Since the budget was set in February 2022 the Bank of England base rate has increased from 0.5% to 4.25% (as at 23rd March 2023) and further increases are forecast. These increases in rates, and hence investment returns, have led to an additional £637,570 in income. This is an increase of £147,936 since the February forecast. The income has kept rising as investments mature and are reinvested at higher rates.

Net Investment Properties Income

97. The Council has a few properties categorised as investment properties. These do not include the various industrial units and retail parks that the Council owns which are categorised as operational assets. The net income (i.e. income after all costs have been deducted) from Investment properties is £68,4700 which is above the budget by £4,470. This is due to lower than anticipated deductible expenses.

Fees

98. The £10,250 expenditure on fees is in relation to the fees we pay our treasury management advisors for the advice they give us. This includes guidance on investment and borrowing strategies, interest rate forecasts, counter party risk analysis and many other technically complex areas. A minor overspend of £250 against the £10,000 budget has been incurred.

Provision for the Repayment of Principle (MRP)

99. The Council is required to make a Minimum Revenue Provision (MRP) payment in respect of its borrowing – to ensure the debt liability is repaid over an appropriate period.
100. As identified earlier in the report the Council engaged its treasury management advisors to undertake a review for our MRP policy. The review has now been concluded and a new method of calculating MRP has been identified which is not only considered more prudent, fairer to taxpayers and inline with suggested practice from CIPFA but also produces savings in the early years of adoption. The

MRP calculation for 2022/23 has been completed and a total saving of £870,949 has been achieved compared to the budget.

101. As the actual level of borrowing in 2021/22 was less than forecast and this resulted in a savings of £34,200 on the MRP payments that need to be made for 2022/23. The remainder of the saving (£836,749) has come from the MRP policy change.

Capital Programme

102. The revised Capital Budget for 2022/23 is £13,958,000 once carry forwards and budget revisions amounting to (£7,788,000) have been allowed for.
103. As Table 4 below shows, the spend to the end of March was £9.661m resulting in an underspend of £4.297m.
104. Further details are included in Appendix 2.

Table 4: Capital Programme (Gross expenditure)

Directorate	Original Budget 2022/23	Carry forwards & adjustments	Adjusted Budget	Draft Outturn	Variance to Adjusted Budget
	£'000	£'000	£'000	£'000	£'000
Operational Services	9,457	79	9,536	6,025	(3,511)
Corporate Resources	12,289	(7,867)	4,422	3,636	(786)
Total	21,746	(7,788)	13,958	9,661	(4,297)

105. The main variances against the adjusted budget are discussed below:
- Disabled Facilities Grant (£603k underspend). This is a demand led service and if fully financed by government grant. Any underspend will be transfer to the DFG earmarked reserve for use in future years where demand is greater than that years grant allocation.
 - Road at Pelham Arcade (£603k underspend). No expenditure has occurred in this year.
 - Harbour Arms & New Groynes (£234k underspend). Only minimal expenditure of £32k has occurred this financial year. The underspend will need to be carried forward into the new financial year.
 - Playgrounds upgrade programme (£44k underspend). Expenditure of £36k has been incurred on children's play equipment.
 - Energy Generation (£638k underspend). No expenditure has occurred in this year. The underspend will need to be carried forward into the new financial year.
 - Buckshole and Shornden Reservoirs Statutory Protection Works (£81k underspend). Expenditure of £910k has occurred this financial year.

- Priory Street Works (£41k underspend). No expenditure has occurred in this year.
- Next Steps Accommodation Pathway (£745k underspend). Expenditure of £969k has occurred in the year. The underspent budget will be carried forward into the next financial year to continue the programme of purchases. This scheme is 100% grant funded.
- Bexhill Road South (£1,075k underspend). No expenditure has occurred in this year.
- MUGA Refurbishments (£49k underspend). Expenditure of £31k has been incurred on two refurbishments.
- Towns Fund Projects (£360k overspend). Some projects do not have budgets in this year but have still incurred expenditure and others have overspent on their budgets. At this stage all expenditure is grant funded.
- Cliff Railways (£226k overspend). The budget for this project is in 2023/24 however some initial costs have been incurred early. The 2023/24 budget will be underspent due to this early expenditure.
- Conversion of 12/13 York Buildings (£47k overspend). Although all work is now completed, we are still receiving retention payments requests from suppliers. Some of the payments were not expected until 2023/24 so the budget sits in that year.
- Priory Meadow - Contribution to capital works (£250k underspent). No request for contributions to capital expenditure have been received for this year.
- Churchfields Business Centre (£359k underspend). Expenditure of £3,021k has been incurred in this financial year. The unspent budget will be carried forward to the next financial year to complete the project.
- Development / Refurbishment of Lacuna Place (£114k underspend). Expenditure of £27k was made during the year).
- Cornwallis Street Development (£42k underspend). Expenditure of £238k has occurred during the year. The unspent budget will be carried forward to the next financial year to continue the project.
- Castleham Industrial Units roofing repairs (£204k underspend). Expenditure of £121k has been incurred for the year. The unspent budget will be carried forward to the next financial year to continue the project.
- Hastings Retail Park (£158k overspend). Expenditure has been incurred but there was no budget. Part of these costs can be reclaimed from the tenants.

Reserves

106. The forecast movement on reserves is shown in the table below:

	Balance at 1 April 2022 £'000	Movement 2022-23 £'000	Balance at 31 March 2023 £'000
General Reserve	(9,698)	2,099	(7,599)
Capital Reserve	(150)	0	(150)
Renewal and Repairs Reserve	(1,471)	(185)	(1,656)
Risk Management Reserve	(315)	0	(315)
Information Technology Reserve	(206)	(68)	(274)
On-Street Car Parking Surplus Reserve	(40)	0	(40)
Section 106 Reserve (Revenue)	(418)	(8)	(426)
Revenues & Benefits Reserve	(394)	139	(255)
Local Authority Parks Improvement	(6)	6	0
Countryside Stewardship Reserve	(21)	(7)	(28)
Monuments in perpetuity	(46)	0	(46)
Ore Valley Reserve	(250)	0	(250)
Invest to save and efficiency Reserve	(127)	40	(87)
Resilience and Stability Reserve	(1,000)	100	(900)
Redundancy Reserve	(665)	100	(565)
Safer Hastings Partnership Reserve	(100)	2	(98)
Carry-forwards	(933)	933	0
Revenue Hardship Fund	(80)	80	0
Disabled Facilities Grant	(1,374)	0	(1,374)
Syrian Resettlement Programme	(17)	17	0
Selective Licensing Reserve	(144)	144	0
Housing Licensing reserve	(390)	113	(277)
Community Housing Reserve	(55)	44	(11)
Controlling Migration	(116)	0	(116)
Towns Fund	(236)	0	(236)
Section 31 - Grant Reserve	(12,354)	6,018	(6,336)
Rounding	2	(2)	0
Total	(30,604)	9,565	(21,039)

107. Most reserve movements have now been agreed and finalised however as work on closing the accounts is still ongoing the balance on the General Reserve is likely to change but the most accurate estimate possible has been given at this stage.

108. The 2022/23 yearend forecast use of the General Reserve is £2.1m. This is £1.16m less than the £3.26m forecast outturn used in the 2023/24 budget papers agreed by Council in February. This is a result of Total Service Expenditure being £981,000 below the £17.2m forecast outturn in the budget papers and also the transfer of some unnecessary reserve balances to the General Reserve.

Review of PIER savings

109. In the 2016/17 Audit Completion Report from BDO the then external auditors observed that PIER savings are planned in detail within the council's annual budget process reports and savings identified are removed from the budgets once approved by Cabinet. They commented that there is opportunity to enhance reporting to Cabinet further by stating actual savings achieved compared to the original estimate.
110. It was recommended that management include the actual savings achieved against each PIER scheme following their implementation when reporting the outturn variance. This recommendation was accepted by the Council and Appendix 3 details the achievement of the savings in 2022/23.
111. The 2022/23 budget identified PIER savings of £1,368,580 and it has been calculated that £1,066,110 of savings or 78% were achieved within the year. The variance is an underachievement of £302,470 (22%) of the targeted savings. This is a similar situation to 2021/22 where an underachievement of savings of 17% (£83,000) occurred, however this was against a smaller savings target of £484,000.
112. Some of the savings can be hard to quantify and for these accountants have provided commentary to help in the understanding of the figures. The savings have also been colour coded (Red, Amber, Green) to enable quick identification of where savings were not fully achieved. Appendix 3 only considers the PIER savings and does not look at other savings generated within the year or identify any non-related overspends.

Conclusion and Management Action

113. The revenue outturn is that an additional £1,289,708 has been spent compared to the budget this financial year. All service managers, but in particular those predicting year end overspends were asked to identify savings to offset the variances where possible. This has reduced the level of the overspend that would have been incurred had remedial work not taken place. Further savings were achieved by a recruitment freeze that led to only essential posts being filled when they became vacant. The overspend will need to be financed using reserves.
114. The rise of inflation, particularly in relation to energy costs, is a cause for concern for the council and has had a significant impact on the year end outturn position. However, future risk of any increase has been mitigated by a new energy contract which will lead to fixed rates to allow better stability in forecasts and mitigate price changes.
115. The recent Finance Peer Review by the LGA in March has provided additional support and advice for dealing with the current financial position. It should be noted that piece of work was completed before the final financial position for 2022/23 was finalised, but the SLT (Senior Leadership Team) have already started implementing a number of key action areas.
116. The monitoring position has been greatly helped by the change in the MRP policy which has generated a in year saving of £787,000.

117. A number of unidentified under and overspend have materialised in the last month of the year which could have been foreseen earlier. Greater scrutiny of budgets will need to be undertaken to ensure variances are reported at the earliest possible opportunity.
118. As part of the commitment to greater budget awareness and the roles of different committees, all staff and Councillors will have training on a number of crucial areas including budget management, Risk & Audit, Treasury Management and Scrutiny.
119. If it wasn't for the overspend on Homelessness (£2.384m) the council would be reporting an underspend of £1.095m for the year. The council has setup the Homelessness Taskforce to cross departmental boundaries and identify and implement solutions to reducing the spiralling costs. This is recognised as a key corporate objective and work continues in this area.
120. If the position is not immediately addressed and the costs continue to grow at the current rate for Temporary Accommodation and the Council is not able to control this area and stay within budget whilst also achieving the savings identified as part of the budget setting process then the impact on the MTFP will be greater use of reserves than forecast and the CFO (Chief Finance Officer) will have no option other than to issue a Section 114 notice.
121. Whilst Appendix 4 provides an update to the MTFP (Medium Term Financial Plan), this is based on the original figures used as part of budget setting and updated with the latest outturn figures from 2022/23 included in this report along with some key additional updates at the time of writing. Further updates to the plan will be provided in the next and future monthly financial reports, which will also include Savings (in year) progress as well as the crucial indicator of Quarter one forecasts, in particular Housing.
122. Capital is underspent by £4.297m. Expenditure on many of the schemes will still be incurred but will slip into the next financial year. Slippage on the capital programme will result in interest and MRP charges being pushed out into future years.
123. The further use of reserves to balance the budget reduces the potential to use reserves to fund future expenditure and will necessitate greater cuts to services and staff in future financial years to achieve a balanced budget and keep reserves at or above minimum recommended levels. There is a review of Reserves currently underway and the results and recommendations will be shared in a future report in more detail when the work is completed.

Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Continued monthly and	Each financial	Relevant CAP	Deputy Chief

quarterly monitoring	quarter	meetings	Finance Officer
Production of 2023/24 outturn Report	Financial year end (31/03/2024)	July 2024	Chief Finance Officer / Deputy Chief Finance Officer

Wards Affected

None

Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes
Local People's Views	No
Anti-Poverty	No

Additional Information

Appendix 1 Operational Services and Corporate Resources – Revenue Summary P12
Appendix 2 Operational Services and Corporate Resources – Capital Summary P12
Appendix 3 PIER Proposals 2022/23 - Achieved/ Not Achieved
Appendix 4 – MTFP Update

Officers to Contact

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GENERAL FUND REVENUE MONITORING

General Fund Activities	Cost Centre	Original Budget excl. Recharges £'s	Actuals £'s	Total Full year Variance excl. Recharges (Original) £'s	Transfer to / from reserves including carry forwards	Total Full year Variance on General Fund £'s
Estates Services	20104	244,090	243,794	(296)	0	(296)
Managing Director	20101	201,400	202,437	1,037	0	1,037
Internal Audit Services	20107	251,800	260,624	8,824	0	8,824
Accountancy & Exchequer Services	20109	863,930	823,111	(40,819)	0	(40,819)
Revenues and Benefits Service	20110	1,391,690	1,656,521	264,831	0	264,831
Fraud Joint Working Initiative	20108	2,300	2,660	360	0	360
Corporate Expenses	20120	444,700	523,560	78,860	0	78,860
Employment Areas	20130	(409,020)	(431,517)	(22,497)	0	(22,497)
Unit Factories	20131	(1,616,870)	(1,651,173)	(34,303)	0	(34,303)
Properties & Estates	20132	(3,380,830)	(3,308,632)	72,198	0	72,198
St.Mary-in-the-Castle	20133	11,820	26,070	14,250	0	14,250
Housing Benefit Payments	20126	(116,590)	337,558	454,148	0	454,148
Fin.Serv.-Other Expend.& Income	20135	171,720	(141,890)	(313,610)	99,276	(214,334)
Corporate Management Costs	20124	126,200	257,571	131,371	0	131,371
Corp. Man. Non-distributed Costs	20125	653,600	635,294	(18,306)	0	(18,306)
Tax Collection Costs	20129	(244,170)	(250,205)	(6,035)	0	(6,035)
Personnel and Business Support	20111	489,420	444,519	(44,901)	0	(44,901)
Corporate Policy and Partnerships	20102	187,310	167,034	(20,276)	0	(20,276)
Election Services	20103	142,720	146,951	4,231	0	4,231

GENERAL FUND REVENUE MONITORING

General Fund Activities	Cost Centre	Original Budget excl. Recharges £'s	Actuals £'s	Total Full year Variance excl. Recharges (Original) £'s	Transfer to / from reserves including carry forwards	Total Full year Variance on General Fund £'s
Legal Services	20106	465,710	431,344	(34,366)	0	(34,366)
Transformation Team	20115	115,370	168,338	52,968	0	52,968
Corporate POD Expenses	20112	124,520	157,678	33,158	0	33,158
Admin.Bldgs.-Town Hall	20116	25,630	(5,562)	(31,192)	24,724	(6,469)
Admin.Bldgs.- Murial Matters House	20117	251,330	154,521	(96,809)	18,250	(78,559)
Admin.Bldgs.-General Expenses	20118	56,000	32,639	(23,361)	16,097	(7,264)
Registration Of Electors	20136	76,430	80,100	3,670	0	3,670
Cost Of Democratic Processes	20138	382,060	377,445	(4,615)	0	(4,615)
Borough Council Election Expenses	20139	75,000	96,092	21,092	0	21,092
Contact Centre	20113	528,250	523,917	(4,333)	0	(4,333)
Building Surveyors	20105	143,730	149,680	5,950	0	5,950
Shelters and Seats (Highway)	20148	39,730	34,113	(5,617)	(7,459)	(13,076)
Naming and Numbering Streets	20149	10,320	7,639	(2,681)	0	(2,681)
Decorative Lighting	20150	77,580	146,210	68,630	(44,280)	24,350
Information Technology	20121	540,850	561,154	20,304	0	20,304
IT Reserve Expenditure	20122	214,000	121,065	(92,935)	92,935	0
Land & Property Systems-GIS	20123	29,540	29,484	(56)	0	(56)
Communications and Design	20324	121,270	120,509	(761)	0	(761)
Foreshore Trust	Various	(58,230)	(58,230)	0	0	0
Directorate Total		2,634,310	3,072,422	438,112	199,543	637,654

GENERAL FUND REVENUE MONITORING

General Fund Activities	Cost Centre	2022/23 Original Budget excl. Recharges	Actuals	2022/23 Total Full year Variance excl. Recharges	Transfer to / from reserves including carry forwards	2022/23 Total Full year Variance on General Fund
Environment Management & admin	20169	617,990	646,580	28,590	(41,290)	(12,700)
Food Safety	20276	18,970	17,347	(1,623)	0	(1,623)
Health & Safety Enforcement	20277	(2,160)	(238)	1,922	0	1,922
Environmental protection	20279	9,890	11,384	1,494	0	1,494
Health & Safety Corporate	20278	22,800	23,841	1,041	0	1,041
Pest Control	20280	44,620	47,741	3,121	0	3,121
Local Licensing	20281	(47,400)	(66,709)	(19,309)	0	(19,309)
Scrap Metal Licensing	20282	(380)	(501)	(121)	0	(121)
Liquor Licensing	20283	(84,400)	(80,722)	3,678	0	3,678
Gambling Licensing	20284	(17,500)	(11,975)	5,525	0	5,525
Neighbourhood Safety	20299	86,050	81,466	(4,584)	0	(4,584)
Safer Hastings Partnership	20300	0	1,907	1,907	(1,907)	0
Emergency Planning	20286	50,630	52,994	2,364	0	2,364
Environmental Health Total		699,110	723,115	24,005	(43,197)	(19,192)
Parking and Enforcement Team	20317	499,460	483,560	(15,900)	0	(15,900)
Off Street Car Parking	20287	(1,315,320)	(1,216,458)	98,862	(14,598)	84,264
Hornbye Car Park	20288	(3,360)	(3,206)	154	0	154
CCTV Control Room	20290	70,000	82,716	12,716	0	12,716
Stray Dog Service	20285	35,560	35,160	(400)	0	(400)
Waste and Environmental Enforcement Team	20297	(20,000)	(985)	19,015	0	19,015
Abandoned Vehicles	20289	2,630	3,614	984	0	984
Parking Services Total		(731,030)	(615,600)	115,430	(14,598)	100,833

GENERAL FUND REVENUE MONITORING

General Fund Activities	Cost Centre	2022/23 Original Budget excl. Recharges	Actuals	2022/23 Total Full year Variance excl. Recharges	Transfer to / from reserves including carry forwards	2022/23 Total Full year Variance on General Fund
Waste Services Management and Administration	20316	290,760	307,189	16,429	0	16,429
Administrative Buildings - DSO Operational Building	20119	38,960	26,213	(12,747)	0	(12,747)
Public Conveniences	20315	340,380	249,984	(90,396)	0	(90,396)
Refuse Collection	20293	1,146,970	1,190,286	43,316	0	43,316
Street Cleansing	20295	11,740	(30)	(11,770)	0	(11,770)
Street Cleansing - DSO	20323	1,316,920	1,259,047	(57,873)	0	(57,873)
Recycling	20294	956,380	942,706	(13,674)	0	(13,674)
Greenwaste	20296	(315,230)	(367,798)	(52,568)	0	(52,568)
Together Action	20298	19,000	13,555	(5,445)	0	(5,445)
Building Cleaning	20347	0	115,185	115,185	0	115,185
Waste Services Total		3,805,880	3,736,337	(69,543)	0	(69,543)
Open Space Management	20170	239,190	227,785	(11,405)	0	(11,405)
Hastings Country Park - Parking	20312	(50,130)	(56,418)	(6,288)	0	(6,288)
Watercourses	20302	13,700	14,180	480	(480)	0
ESCC Highway Tree Maintenance	20291	(3,000)	1,202	4,202	(5,000)	(798)
Cemetery & Crematorium	20303	(683,960)	(749,034)	(65,074)	49,664	(15,410)
Welfare Funerals	20304	8,240	25,178	16,938	0	16,938
Travellers Costs	20305	18,640	19,767	1,127	0	1,127
Town Centre	20306	12,200	8,469	(3,731)	0	(3,731)
Allotments	20307	(23,930)	(24,284)	(354)	0	(354)
Ecology	20308	7,000	2,000	(5,000)	5,000	0
Arboriculture	20309	132,530	157,673	25,143	(15,250)	9,893
Parks & Gardens	20310	1,093,620	1,054,507	(39,113)	60,108	20,995
Hastings Country Park	20313	85,240	102,767	17,527	(28,146)	(10,619)
Countryside Stewardship	20314	24,000	12,709	(11,291)	11,291	0

GENERAL FUND REVENUE MONITORING

General Fund Activities	Cost Centre	2022/23 Original Budget excl. Recharges	Actuals	2022/23 Total Full year Variance excl. Recharges	Transfer to / from reserves including carry forwards	2022/23 Total Full year Variance on General Fund
Local Parks Improvement Funding Grant	20330	0	5,700	5,700	(5,700)	0
Hastings Country Park Visitor Centre	20339	20,000	23,910	3,910	0	3,910
Amenities Services Total		893,340	826,113	(67,227)	71,487	4,259
Marketing & Comms.Division	20178	214,130	218,930	4,800	0	4,800
Meteorological Expenses	20239	1,420	2,992	1,572	0	1,572
Civic & Ceremonial Expenses	20240	14,400	14,557	157	0	157
Community Awareness	20226	1,900	(10,853)	(12,753)	0	(12,753)
100% Country Campaign	20222	96,640	142,618	45,978	(45,978)	0
Tourist Information Centre	20225	40,850	32,906	(7,944)	0	(7,944)
R.T.P. - Hastings Week	20230	1,500	177	(1,323)	0	(1,323)
Jack-in-the-Green	20231	10,000	7,933	(2,067)	0	(2,067)
Old Town Carnival	20232	4,130	3,749	(381)	0	(381)
Events - Chess/ St Leonards Festival	20233	18,000	18,060	60	0	60
Trolley Bus	20234	2,000	0	(2,000)	0	(2,000)
Town Crier Competition	20235	1,960	2,636	676	0	676
Filming	20241	(10,000)	(19,198)	(9,198)	0	(9,198)
Midsummer Fish Festival	20237	6,090	14,943	8,853	0	8,853
Seafood and Wine	20228	3,410	4,480	1,070	0	1,070
Marketing and Major Projects Total		406,430	433,931	27,501	(45,978)	(18,477)

GENERAL FUND REVENUE MONITORING

General Fund Activities	Cost Centre	2022/23 Original Budget excl. Recharges	Actuals	2022/23 Total Full year Variance excl. Recharges	Transfer to / from reserves including carry forwards	2022/23 Total Full year Variance on General Fund
Regeneration Management & Admin	20177	121,170	122,710	1,540	0	1,540
Regeneration Activity	20208	168,860	310,164	141,304	(141,470)	(166)
Planning Policy	20211	201,270	179,902	(21,368)	0	(21,368)
Local Plan	20341	201,820	313,101	111,281	(111,287)	(6)
Cultural Activities	20212	71,530	53,889	(17,641)	0	(17,641)
External Funding Initiatives	20214	77,400	67,898	(9,502)	0	(9,502)
Community Cohesion	20215	27,310	27,310	(0)	0	(0)
Youth Activities	20221	5,000	5,000	0	0	0
Renewable Energy Solutions	20321	104,710	42,061	(62,649)	0	(62,649)
Externally Funded:						
Towns Fund	20166	28,000	27,995	(5)	0	(5)
CHART CLLD	20269	67,000	67,000	0	0	0
Wayfinding	20335	0	(9,561)	(9,561)	0	(9,561)
CHART Churchfields	20333	0	3,147	3,147	0	3,147
UK Shared Prosperity Fund	20354	0	(20,000)	(20,000)	0	(20,000)
Regeneration Total		1,074,070	1,190,614	116,544	(252,757)	(136,213)
Leisure & Cultural Dev. Div.	20175	118,900	123,004	4,104	0	4,104
Play Pathfinder	20267	3,000	2,654	(346)	0	(346)
Falaise Hall	20258	38,230	34,347	(3,883)	0	(3,883)
Sports Centres	20259	(6,430)	(2,660)	3,770	0	3,770
Active Hastings	20264	(4,320)	8,820	13,140	0	13,140
Leisure Services Total		149,380	166,165	16,785	0	16,785

GENERAL FUND REVENUE MONITORING

General Fund Activities	Cost Centre	2022/23 Original Budget excl. Recharges	Actuals	2022/23 Total Full year Variance excl. Recharges	Transfer to / from reserves including carry forwards	2022/23 Total Full year Variance on General Fund
Resort Services Management and Admin	20176	55,390	57,057	1,667	0	1,667
Sports Management	20257	(13,910)	(42,889)	(28,979)	0	(28,979)
Cliff Railways	20245	(150,660)	(213,077)	(62,417)	0	(62,417)
Seafront	20250	102,190	78,680	(23,510)	0	(23,510)
Chalets & Private Hut Sites	20248	(278,600)	(289,384)	(10,784)	0	(10,784)
Coast Protection Sea Defences	20242	7,000	7,849	849	0	849
Navigational Aids	20243	1,380	2,641	1,261	0	1,261
Environmental Schemes (Net Huts)	20244	12,070	25,187	13,117	(5,000)	8,117
Hastings Castle	20246	(23,970)	(23,385)	585	0	585
St Clements Caves	20247	(10,000)	(10,000)	0	0	0
White Rock Theatre	20249	245,330	286,390	41,060	(14,500)	26,560
Museums & Art Galleries	20251	378,580	302,324	(76,256)	20,000	(56,256)
Fisherman's Museum	20252	2,450	3,876	1,426	0	1,426
Museums & Schools Project	20327	0	4,884	4,884	0	4,884
Resort Services Total		327,250	190,152	(137,098)	500	(136,598)

GENERAL FUND REVENUE MONITORING

General Fund Activities	Cost Centre	2022/23 Original Budget excl. Recharges	Actuals	2022/23 Total Full year Variance excl. Recharges	Transfer to / from reserves including carry forwards	2022/23 Total Full year Variance on General Fund
Housing Management & admin	20172	500,010	563,407	63,397	(33,670)	29,727
Local Land Property Gazetteer & Admin	20173	40,200	(14,535)	(54,735)	0	(54,735)
Local Land Charges Register	20181	(138,090)	(148,333)	(10,243)	0	(10,243)
Development Management	20180	434,680	560,186	125,506	0	125,506
Homelessness	20182	2,712,970	5,097,669	2,384,699	0	2,384,699
SWEP (Severe weather Emergency Protocol)	20358	0	8,751	8,751	0	8,751
Housing Register	20186	11,500	12,500	1,000	0	1,000
Youth Homelessness	20188	13,810	8,322	(5,488)	0	(5,488)
Social Lettings	20184	78,420	78,420	0	0	0
Homelessness Strategy	20185	59,330	44,766	(14,564)	0	(14,564)
Deposits funded by ESCC and Discretionary Housing payments	20187	(45,700)	(45,700)	0	0	0
Building Control	20179	69,610	69,610	0	0	0
Housing Solution Services	20197	(5,170)	(5,170)	0	0	0
Housing Renewal	20191	214,950	166,196	(48,754)	0	(48,754)
Housing Licensing Team	20196	143,980	65,287	(78,693)	78,693	0
Dangerous Structures	20200	2,500	470,891	468,391	(60,685)	407,706
Housing Company	20322	0	110	110	0	110
HBC Owned TA	20351	0	52,407	52,407	0	52,407
EXTERNAL FUNDED						
Controlling Migration Fund	20193	0	158	158	0	158
Flexible Housing Support Grant	20183	9,500	9,484	(16)	0	(16)
Rough Sleepers Prevention	20207	0	147,795	147,795	0	147,795
Syrian Resettlement Programme	20206	(82,640)	(82,640)	(0)	0	(0)
Afghan Resettlement Programme	20344	(47,020)	(45,350)	1,670	0	1,670
Housing Development Projects	20350	0	62,918	62,918	0	62,918
CHART - Live work Thrive	20334	0	14	14	0	14
Household Support Fund	20346	0	(90,830)	(90,830)	0	(90,830)
Housing and Built Environment		3,972,840	6,986,333	3,013,493	(15,662)	2,997,831
OPERATIONAL SERVICES DIRECTORATE TOTAL		10,597,270	13,637,160	3,039,891	(300,205)	2,739,685
DIRECT SERVICE EXPENDITURE TOTAL (CORPORATE AND OPERATIONAL COMBINED)		13,231,580	16,709,582	3,478,002	(100,662)	3,377,340

Operational Services and Corporate Resources
Capital Summary - 2022/23 Period 12 (1st April 2022 to 31st March 2023)

Appendix 2

Cost Centre	Description Of Scheme	Service Area	Original Budget	Carry forwards & adjustments	Revised Gross Budget	Draft Outturn	Forecast Variance to Adjusted Gross Budget
			£000's	£000's	£000's	£000's	£000's
71227	Private Sector Renewal Loans	Housing	0	6	6	13	7
71228	Disabled Facilities Grant (DFG)	Housing	2,056	(125)	1,931	1,328	(603)
71229	Empty Homes Strategy	Housing	50	(50)	0	0	0
71231	Restoration of Pelham Crescent and Arcade	Housing	33	(33)	0	0	0
71232	Road at Pelham Arcade	Housing	561	42	603	0	(603)
71241	Harbour Arms & New Groynes	Regeneration	265	1	266	32	(234)
71242	Further Sea Defence works	Regeneration	34	0	34	36	2
71249	Playgrounds upgrade programme	Environment	38	45	83	38	(44)
71256	Energy Generation	Regeneration	538	100	638	0	(638)
71258	Buckshole and Shornden Reservoirs Statutory Protection Works	Environment	666	325	991	910	(81)
71271	Lower Bexhill Road	Housing	3,061	(3,060)	1	0	(1)
71279	Electric Vehicle Infrastructure	Environment	0	0	0	8	8
71280	Priory Street Works	Environment	0	41	41	0	(41)
71281	Castleham Car Park resurfacing	Environment	0	0	0	1	1
71284	Next Steps Accommodation Pathway	Housing	0	1,714	1,714	969	(745)
71288	Bexhill Road South (Housing & Car Park)	Housing	1,075	0	1,075	0	(1,075)
71289	Mayfield E (Housing)	Housing	1,000	(1,000)	0	0	0
71290	MUGA Refurbishments	Environment	80	0	80	31	(49)
71291	Town Fund - Enterprise & employment infrastructure	Regeneration	0	117	117	117	(0)
71292	TFC - Green low carbon skills & economy	Regeneration	0	0	0	96	96
71293	Town Fund - Hastings Castle world heritage destination	Regeneration	0	111	111	111	0
71294	Town Fund - Town to sea creative quarter	Regeneration	0	959	959	1,055	96
71295	Town Fund - Town centre core	Regeneration	0	737	737	840	103
71296	Town Fund - Town centre public realm & green connections	Regeneration	0	66	66	66	(0)
71297	Town Fund - Town living	Regeneration	0	39	39	39	(0)
71298	Town Fund - Source/Courtyard Lift (Town Deal)	Regeneration	0	0	0	65	65
71299	Rough Sleeper Initiative Mobile Health Unit	Housing	0	44	44	44	0
71303	Cliff Railways	Regeneration	0	0	0	226	226
Operational Services			9,457	79	9,536	6,025	(3,511)
71253	Conversion of 12/13 York Buildings budget approved Cabinet 3 April 2017	Estates	0	16	16	63	47
71259	Priory Meadow - Contribution to capital works £250,000	Estates	250	0	250	0	(250)
71272	Churchfields Business Centre	Estates	3,310	70	3,380	3,021	(359)
71273	Development / Furbishment of Lacuna Place	Estates	141	0	141	27	(114)
71275	Cornwallis Street Development	Estates	6,835	(6,555)	280	238	(42)
71276	Harold Place Restaurant Devt	Estates	1,613	(1,583)	30	9	(21)
71285	Castleham Industrial Units	Estates	140	185	325	121	(204)
71305	Hastings Retail Park	Estates	0	0	0	158	158
Corporate Resources			12,289	(7,867)	4,422	3,636	(786)
Grand Total			21,746	(7,788)	13,958	9,661	(4,297)

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Priority Income and Expenditure Review Proposals 2022/23 - Achieved/ Not Achieved

KEY
Saving Achieved
Partially Achieved
Not Achieved

PIER Savings identified for 2022/23	Projected Savings (£) 2022/23	Saving Achieved (£) 2022/23	Achieved / Not Achieved Comment
PIER Savings identified in previous years for 2022/23			
Senior Management Restructure (remainder - £260k p.a.in total when completed)	£54,000	£54,000	Achieved - Assistant Director for Environment and Place
Theatre - Reduced Contribution	£100,000	£100,000	Achieved - Contribution reduced
Land sales - Interest generated by proceeds from land sales/Use of capital receipts	£75,000	£75,000+	Achieved - Sale of Harrow Lane site led to large capital receipt which has generated additional investment returns initially and then used to finance the capital programme reducing MRP and borrowing costs.
Rental Space - Muriel Matters House	£13,000	£13,000+	Achieved - Rental of 2nd floor means additional income.
	£242,000	£242,000	
PIER Savings identified for 2021/22 onwards following review of 2020/21 final accounts and 2021/22 budgets			
Off Street Car Parking - Business Rates Appeal - Priory St	£26,000	£26,000	Achieved - Refund in 2021-22, bills now reduced
Off Street Car Parking - Premises Insurance	£10,570	£10,570	Achieved - Budget reduced as too high
Off Street Car Parking - cash collection contract	£5,000	£5,000	Achieved - there were further savings but these are cancelled out by increases on fees for Chip and Pin and Ringo.
Hastings Country Park - Parking Charges - volume increase	£6,800	£6,800	Achieved - Income has steadily been increasing
Cemetery & Crematorium - premises Insurance	£3,320	£3,120	Achieved - Only £200 over new budget
Refuse Collection - fees and charges - volume	£10,000	£3,000	Partially Achieved - Bulky Waste Collection budget
Audit - Supplies and services	£12,730	£12,730	Achieved - Joint funded Fraud post with Rother stopped
DSO - Waste and Cleansing service - Equipment and materials	£20,010	£20,010	Achieved - Budget reduced and saving achieved
Greenwaste - additional income - volume increase	£35,000	£35,000	Achieved - Actually came in £50k over budget due to increased customer base.
Parks & Gardens - Routine Mtce - s106 profiling	£20,000	£20,000	Achieved - Budget went £7k over but this was due to a £10k higher than budgeted indexation increase which covers November to March.
Parks & Gardens - Premises Insurance	£5,250	£5,250	Achieved - Budget reduced as too high
Parks & Gardens - IT link to Alexandra park removed	£2,200	£2,200	Achieved
Building Surveyors - Revised Budget	£5,000	£5,000	Achieved - Salary correction, pay increase means overspend but original saving achieved
Administrative Buildings - Muriel Matters House - Business Rate Appeal	£8,000	£8,000	Achieved - Refund in 2021-22, bills now reduced
Non-distributed Costs - unfunded pension costs - decrease	£102,400	£102,400	Achieved - Budget reduced as too high
Hastings Contact Centre - Team leader post	£39,000	£39,000	Achieved - Reduction in Team Leaders from three to two, vacant post removed.
Housing Management & admin - reduced insurance, postage & systems costs	£8,000	£8,000	Achieved - Budget savings for postage & systems
Renewable Energy Solutions - hired and contracted services	£50,000	£50,000	Achieved - Budget saving
	£369,280	£362,080	
Savings - including Selected Expenditure Freeze in 2021/22 (Nov 2021 - March 2022)			
Hastings Contact Centre - Reduced hours by a staff member	£10,000	£10,000	Achieved - Vacant post removed
Admin Bldgs - Town Hall - including £500 pwk/ Rental of Rooms	£24,000	£24,000	Achieved - Additional rentals
Transformation team - End of two fixed term posts	£62,000	£62,000	Achieved
Corporate Personnel Expenses - revised training budget	£20,000	£20,000	Achieved - Budget reduced and saving achieved
Revenues And Benefits - (Including, Doc Mail £15k, legal Services £6k)	£15,000	£15,000	Achieved - On these items but over on salaries
Waste and Environmental Enforcement Team - Wardens - recruitment of 2 posts postponed one to be filled	£25,000	£25,000	Achieved - Further savings from salary slippage on vacant post
Housing - new external funding of rental deposits	£50,000	£50,000	Achieved - External funding scheme
White Rock Area Development - supplies and services	£30,000	£30,000	Achieved - Scheme finished
	£236,000	£236,000	
New PIER Savings for 2022/23 Budget			
Civic and ceremonial - Transport	£1,000	£1,000	Achieved
Filming - additional Income (HBC Share)	£6,000	£6,000	Achieved
White Rock Area Development - Staffing - covered by external grants (staff transferred)	£35,000	£35,000	Achieved - Scheme finished
Cultural Activities - Stade Saturdays - funded by external grant in 2021/22 - then ends	£5,000	£0	Not Achieved - Activity continued
External funding initiatives (salaries met by Towns Fund)	£25,000	£25,000	Achieved - Staff member moved to new external funded project

PIER Savings identified for 2022/23	Projected Savings (£) 2022/23	Saving Achieved (£) 2022/23	Achieved / Not Achieved Comment
Regeneration Activity - Locate East Sussex - end in 2023/24 unless funding secured	£10,000	£10,000	Achieved - Contribution reduced
Marketing & Communications Post - transfer to regeneration - (Town Fund)	£32,000	£0	Not Achieved - offset by growth on Manager position in Communications Team
Admin buildings - MMH - Shred it - Less often/ Water bottles/ Audio Visual / Cleaning	£4,000	£4,000	Achieved
Street cleaning DSO - No annual hire of Mechanical Sweeper	£10,000	£10,000	Achieved
Regeneration Manager Secondment -Post partially backfilled	£24,000	£0	Not Achieved - Additional work required around future external funding Bids
Revenues And Benefits - reorganisation 2022/23 - Incl Agency Staff reduction	£175,000	£0	Not Achieved - Restructure delayed until 2023-24
Youth Activities (Young Persons Council) £5k to £3k	£2,000	£0	Not Achieved - Activity continued
	£329,000	£91,000	
Asset Sales: Revenue implications			
Harrow Lane - Use of Capital receipt in place of new borrowing vs investment (£5.5m)	£75,000	£75,000+	Achieved - Sale of Harrow Lane site led to large capital receipt which has generated additional investment returns initially and then used to finance the capital programme reducing MRP and borrowing costs.
Remove groyne refurbishment works (HBC funded) in 2022/23 and all carry forwards (£105k)	£6,300	£6,300	Achieved
Civic Silver/regalia - limited sale - receipt	£30,000	£0	Not Achieved
Hometrack - Housing Prices information - Supplies and services	£4,000	£1,730	Partially Achieved
Information Technology Reserve - temporarily reduce annual contributions- hardware /software	£25,000	£0	Not Achieved - May reduce in future years
R&R contributions - end of vehicle contributions (now leasing)	£8,000	£8,000	Achieved - Contribution reduced
Public Convenience Cleaning contract	£36,000	£36,000	Achieved - Additional savings found
Grounds Mtce - end flower towers in Wellington Square	£8,000	£8,000	Achieved - Budget went £7k over but this was due to a £10k higher than budgeted indexation increase which covers November to March.
	£192,300	£135,030	
TOTAL PIER SAVING	£1,368,580	£1,066,110	

Report To: Cabinet

Date of Meeting: 3 July 2023

Report Title: Appendix 4 – MTFP Update

Report By: Kit Wheeler
Chief Finance Officer

Key Decision: No

Classification: Open

Purpose of Report

To update Cabinet on the impact on the Medium Term Financial Plan (MTFP) after the latest Financial Outturn Position for 2022/23.

Introduction

1. The Medium Term Financial Plan (MTFP) seeks to identify the financial risks that will impact the annual budgets for each of the next 3 years, and the anticipated resources that will be available to the Council.
2. It should be aligned to the latest Corporate Plans and objectives and will need to be updated regularly as latest information becomes available. Given the financial position of the Council, a regular updated MTFP will be included as a separate Appendix in all future financial reports to aid future budget discussions and provide a consistency and information flow from these reports to others that are produced throughout the year.
3. Since the budget was agreed back in February 2023 there have been a number of changes which will have a significant impact on the reserve position and financial future of the Council which were estimates at the time of producing the original MTFP and budget. These include the final outturn position at the end of the 2022/23 financial year.
4. The previous MTFP was included as part of the Budget papers agreed by Council in February 2023.

Changes from previous MTFP Forecast (2022/23)

5. Table A below is an extract from Appendix G – Revenue Budget Forward Plan which was included in the 2023/24 Budget papers agreed by Council.

Table A

Revenue Budget Forward Plan	2022-23 Projection £000's	2023-24 Projection £000's	2024-25 Projection £000's	2025-26 Projection £000's	2026-27 Projection £000's
Direct Service Expenditure (Net)	17,217	14,527	13,219	11,517	10,747
Funding Commitments:-					
Reimbursement of Election Costs (bi-annually)		0	(70)	0	0
Fees and Charges		0	(367)	(587)	(734)
Other:					
Contingency Provision	0	300	300	300	300
Interest (net of Fees) & other Adjustments	985	1,933	3,009	2,994	3,103
Minimum Revenue Provision (excl. Inc Gen Adj)	920	995	1,397	1,760	1,760
Contribution to Reserves	689	689	689	689	689
Net Use of Earmarked Reserves	(3,082)	(1,916)	(1,916)	(1,916)	(1,916)
Net Council Expenditure	16,729	16,528	16,261	14,757	13,949
Funding					
Contribution To General Fund	(13,369)	(13,997)	(14,742)	(15,068)	(15,403)
Funding Shortfall / (Surplus)	3,360	2,531	1,518	(311)	(1,454)
(Use of) / Trf to General Reserve	(3,260)	(1,631)	(1,518)	311	1,454
Use of Resilience and Stability Reserve	(100)	(900)	0	0	0
Net Funding Shortfall / (Surplus)	0	0	0	0	0
General Reserve Balance (31st March)	6,438	4,807	3,289	3,600	5,053

6. As can be seen from table A above, we were originally forecasting that there would be a Net Direct Service Expenditure at the end of 2022/23 of **£17.217m**. However, from the latest finance report (Table 1) we can see that this figure was **£16.608m**. This represents a financial improvement of **£609k** compared to budget forecast.
7. Table A also shows that we were originally forecasting that there would be net Interest Expenditure of **£985k** in total at the end of 2022/23 financial year. However, from the latest finance report (Table 1) we can see that this figure was **£663k**. This represents a financial improvement of **£322k** compared to budget forecast.

8. Table A also includes MRP forecast costs of **£920k** for the financial year 2022/23. The actual MRP (Minimum Revenue Provision) was **£870k** for the financial year of 2022/23. This represents a financial improvement of **£50k** compared to budget forecasts.
9. Therefore, in total, there were positive financial outcomes in total of **£981k** for 2022/23 financial year compared to revenue budget forecasts.

Earmarked and General Reserve Changes from previous MTFP Forecast (2022/23)

10. The General Fund Balance is the only reserve that is in effect not earmarked for a specific purpose. It is set at a level recommended by the Chief Financial Officer and currently as part of the Reserves policy for Hastings Borough Council this is set as a minimum recommended level of £6m. It represents a working balance of resources that could be used at very short notice in the event of a major financial issue.
11. As part of the Reserve Review piece of work, this level of recommended minimum balance will be reviewed along with all Earmarked Reserves based on the latest Risks and pressures facing the Council.
12. The estimated remaining balance of the General Reserve at the end of 2022/23 financial year was expected to be **£6.438m**. The actual balance is **£7.599m**. This represents a financial improvement of **£1.161m**.
13. Earmarked Reserves are those that have been set aside for a specific purpose e.g. DFG (Disabled Facilities Grant) and should only be used for specific intended purposes only. Effectively everything else other than the General Reserve.
14. The estimated Earmarked Reserves balance at the end of 2022/23 financial year was **£12.787m**. The Actual balance is **£13.440m**. This represents a financial increase of **£653k**. However, unlike the General Reserve and the revenue budget position, this change relates to a number of different specifically identified areas and does not mean that any underspend will lead to a reduced spend in those areas. It could be slippage of spend from one financial year to the next, or income received in advance of spend.
15. A full Reserves review process will cover the use of, and the number of, Earmarked Reserves to ensure that we are fully mitigating the risks to the Council.
16. It should be noted that the Council has still not had an Audit opinion on its 2020/21, 2021/22 and now 2022/23 accounts, so these figures could potentially change and are therefore considered draft until those opinions are provided by our External Auditors Grant Thornton.

Changes from previous MTFP Forecast (2023/24 onwards)

17. The end of 2022/23 provided some welcome improvements in the areas mentioned within this report. However, there are a number of unwanted financial pressures that were previously not included in the MTFP that we are anticipating for 2023/24 onwards.
18. Since the budget was set in February, ongoing negotiations between unions and the LGA are continuing around the level of staff pay increases. With no confirmed figure being agreed we are still having to use best estimates at this stage.
19. This has come at the same time as Pension contribution rates and the way they are calculated by actuaries and accounted for by the Employers mean the employer contribution rates have increased. This added to the best estimate for staffing pay awards would mean an additional charge of **£458k**.
20. There are also a number of other areas of concern and pressures for future years additional costs or loss of income which have not been identified or included, such as proposed legislation changes around Food Waste collection and Garden Waste charging, of which details are still not fully known.
21. There is also the ongoing concern around the Temporary Accommodation costs continuing to increase and threat of numbers of people presenting as homeless not decreasing in the way we would have hoped, resulting in savings needing to be increased in other areas to respond to this.
22. The SLT (Senior Leadership Team) have met to discuss the £1m savings in the budget, including options for the Capital Programme which will be presented to Lead Officers in due course. Some of which could potentially lead to savings in Capital Borrowing costs and MRP assumptions, but until we have more detailed information and conversations and the Asset Management Plan is in place the figures wont be updated at this stage. They will however, be updated as we progress throughout the financial year.
23. The Quarter 1 Finance report will provide a much needed and anticipated update around forecasts and outturn predictions for not just Service area spend but also tracking of identified savings targets. Again, this Appendix will be updated accordingly when those reports are presented so that they are all consistent but no changes have been made at this time.
24. Income forecasts for Fees and Charges, Council Tax, Grant funding and any others will be updated when those areas have more detailed work behind them to feed into this update.

25. Table B below shows the revised MTFP based on the currently known figures and any subsequent changes being documented within this report for transparency purposes.

Table B

Revenue Budget Forward Plan	2022-23 DRAFT Actual £000's	2023-24 Projection £000's	2024-25 Projection £000's	2025-26 Projection £000's	2026-27 Projection £000's
Direct Service Expenditure (Net)	16,608	14,985	13,677	11,975	11,205
Funding Commitments:-					
Reimbursement of Election Costs (bi-annually)		0	(70)	0	0
Fees and Charges		0	(367)	(587)	(734)
Other:					
Contingency Provision	0	300	300	300	300
Interest (net of Fees) & other Adjustments	663	1,933	3,009	2,994	3,103
Minimum Revenue Provision (excl. Inc Gen Adj)	870	995	1,397	1,760	1,760
Contribution to Reserves	689	689	689	689	689
Net Use of Earmarked Reserves	(1,348)	(1,916)	(1,916)	(1,916)	(1,916)
Net Council Expenditure	17,482	16,986	16,719	15,215	14,407
Funding					
Contribution To General Fund	(15,283)	(13,997)	(14,742)	(15,068)	(15,403)
Funding Shortfall / (Surplus)	2,199	2,989	1,976	147	(996)
(Use of) / Trf to General Reserve	(2,099)	(2,089)	(1,976)	(147)	996
Use of Resilience and Stability Reserve	(100)	(900)	0	0	0
Net Funding Shortfall / (Surplus)	0	0	0	0	0
General Reserve Balance (31st March)	7,599	5,510	3,533	3,386	4,382

26. As can be seen from Table B above, the General Reserve balance has improved for 2022/23, but due to the estimated staffing award and pension increases the general reserve balance is now showing £4.382m at the end of 2026/27 compared to originally showing £5.053m. This represents a negative change of £671k overall.

Section 151 Officer - Conclusion

27. The current financial position is still incredibly precarious. There will always be unexpected cost pressures that cannot be predicted, and that is what the General Reserve is effectively there to mitigate against the risk of.
28. The General reserve balance is currently predicted to fall below the current minimum recommended level within the next financial year and stay there for the length of this MTFP. That should be addressed as quickly as possible.
29. However, as stated previously there are a number of discussions ongoing at present that could well lead to significant savings above those already identified which would have a positive impact on the MTFP.
30. Therefore, I expect future balances to potentially look healthier as decisions are confirmed and numbers changed accordingly including around Capital Programme and Assets.
31. One such example which hasn't been included yet would be the contract agreement for Energy costs which could save the Council £400k over the next few years which we are currently waiting to be confirmed. Once the numbers are confirmed then the MTFP will be updated accordingly.
32. This is all set against the backdrop of the current year's forecasts remaining in line with budget expectations and the Council staying within its approved budget. Any deviation to those budgets and savings targets will have further negative impact.
33. For example, in the last two financial years the savings targets have a **78%** success rate in 2022/23 and **82%** success rate in 2021/22. If the savings identified as part of budget setting for 2023/24 achieve **c.80%** in the 2023/24 financial year, then additional in year savings of **c.£300k** would need to be found to remain in line with the forecasts contained in Table B above.
34. A **90%** achievement against target would mean additional in year savings of **c.£150k** are required. However, lower savings achieved compared to target in 2023/24 such as **75%**, would mean additional in year savings of **c.£350k**. This outlines just how important it is to monitor our savings progress as part of the monthly finance reports and to take corrective action if needed as soon as possible.

Wards Affected

All

Policy Implications

Equalities and Community Cohesiveness No

Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues & Climate Change	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes
Local People's Views	No
Anti-Poverty	No
Legal	No

Additional Information

None

Officer to Contact

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