

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 01 July 2024

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|------------------------------|---|
| Portfolio: | Policy and Resources |
| Subject: | General Fund and Housing Revenue Account Outturn 2023/24 |
| Report of: | Assistant Director (Finance & ICT) |
| Corporate Priorities: | Responsive, Inclusive and Innovative Council |

Purpose:

This report provides the Executive with details of the actual revenue expenditure for 2023/24 for the General Fund and Housing Revenue and Repairs Account.

Executive summary:

The revised budget set by the Executive for the **General Fund** in February was predicting a small underspend of £58,800. Although budget monitoring had been indicating some pressure points during the year the outturn position is still an underspend, of £35,841, which will be added to the Council's reserves.

The main reasons for this was some unexpected income in some areas, such as leisure centre grant income, recycling credits and the garden waste service where the take up of the services continues to remain high. However, there have still been pressures on the budgets in the year, in particular for bed and breakfast expenses for the homelessness service and also vehicle costs for the waste collection and street cleansing services.

This small contribution to reserves will help protect the council's financial position going forward. Some trends in increased expenditure such as fuel prices and materials costs have continued during 2023/24 and the levels of Government's financial support remain uncertain with a further delay to the Fair Funding Review. There also remains uncertainty to income generated by council services as in 2023/24 we have seen reductions in planning income and the town centre parking income is still well below the pre-covid levels. The Council's underlying financial position remains a concern as was highlighted in the Medium-Term Finance Strategy, albeit actions taken in the year have delayed the problem by a year. The new Opportunities Plan will continue to attempt to identify areas where spending can be reduced or where additional income can be generated to help bridge the forecasted funding gap in 2026/27.

There are a number of pressures on the **Housing Revenue and Repairs Account (HRA)**. This is due to the responsive repairs costs remaining high as well as the planned maintenance and other capital costs. The account has also been impacted

by the government cap on rents. The Council has therefore made use of favourable loan rates to increase the borrowing for the HRA by £3.254 million and protect the HRA reserves position which have now increased by £0.096 million. Work is also underway to implement an Opportunities Plan specifically for the HRA.

Recommendation/Recommended Option:

It is recommended that the Executive notes the contents of the report.

Reason:

To understand the impact that the 2023/4 year has had on the Councils finances, to ensure that the balances on the Housing Revenue and Repairs Accounts as at 31 March 2024 will be available in future years and that 2024/25 budgets are sufficient to meet the level of work programmed.

Cost of proposals:

There are no additional costs relating to the recommendations.

Appendices: **A:** Actual General Fund Service Expenditure to 31 March 2024

B: Detailed Housing Revenue and Repairs Account to 31 March 2024

Background papers: None

Reference papers: Report to Executive 9 January 2023 Finance Strategy, Revenue Budget and Council Tax 2023/24 (included a revised revenue budget for 2022/23).

Report to the Executive 6 February 2023 Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2023/24 (included a revised revenue budget for 2022/23).

Report to the Executive 6 February 2023 Housing Revenue Account Budgets and Capital Plans 2023/24 (included a revised revenue budget for 2022/23)

Report to the Executive 9 October 2023 Facilitating the use of the Local Authority Housing Fund

Report to Executive 8 January 2024 Finance Strategy, Revenue Budget and Council Tax 2024/25 (included a revised revenue budget for 2023/24).

Report to the Executive 5 February 2024 Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2024/25 (included a revised revenue budget for 2023/24).

Report to the Executive 5 February 2024 Housing Revenue
Account Budgets and Capital Plans 2024/25(included a
revised revenue budget for 2023/24).

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

| | |
|---------------------|--|
| Date: | 01 July 2024 |
| Subject: | General Fund and Housing Revenue Account Outturn 2023/24 |
| Briefing by: | Assistant Director (Finance & ICT) |
| Portfolio: | Policy and Resources |

INTRODUCTION

1. This report brings together the outturn position for the General Fund along with the Housing Revenue and Repairs Accounts for the financial year 2023/24.
2. This has been a difficult year for the Council's finances due to local and national impacts, including the impacts of the cost-of-living crisis. Particular financial pressures have included:
 - A continued recovery in the amount of revenue income collected in some areas.
 - Additional costs incurred in delivering day to day services such as fuel and utilities.
 - An unstable economy that is changing demand for certain services.
 - Reduced Government one-off funding to offset the impact of national pressures, such as New Burdens Grants and discretionary housing grants.
 - A national prescribed rent cap for HRA properties, resulting in income levels at odds with inflationary cost increases for running the service.
3. This report details the resulting end of year position for both the General Fund and Housing Revenue and Repairs Accounts and compares the actual spend against the revised budgets.

EMPLOYEE EXPENDITURE 2023/24

4. The total 'cost of employment' budgets set for the General Fund and Housing Revenue Account for 2023/24 was £22,182,700. The actual expenditure for 2023/24 was £21,884,650 giving an underspend for the year of £298,050 or 1.30% when compared to the final budget.
5. There was an underspend from salaries and associated costs of £554,498 which has arisen from vacancies that have occurred during the year. These have been slightly offset

by an increase in agency payments, severance payments and other employee related expenses (training and medical related) that have been made during the year.

THE GENERAL FUND OUTTURN POSITION 2023/24

6. The General Fund actual net revenue expenditure for 2023/24 totalled £11,894,775 which is £481,325 less than the budget approved by the Executive in February 2024. This reflects both an increase in the Council's service income as well as reduced expenditure in some service areas.
7. The overall position for the General Fund shows an underspend of £35,841 against the revised budget once the financing element is brought in. This sum will be added to the General Fund Reserves and is just under the anticipated transfer to reserves of £58,800 that was agreed by the executive in February 2024
8. The following table summarises the position:-

| ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2024 | | | |
|--|---|---------------------------------|------------------------|
| | Revised Budget 2023/24 £ | Actual 2023/24 £ | Variation £ |
| Committees | | | |
| Licensing & Regulatory Affairs | 495,700 | 463,996 | -31,704 |
| Planning | 580,400 | 534,602 | -45,798 |
| Executive - Portfolio | | | |
| - Health and Public Protection | 352,600 | 295,120 | -57,480 |
| - Housing | 3,394,800 | 3,378,182 | -16,618 |
| - Leisure and Community | -260,400 | -436,788 | -176,388 |
| - Planning and Development | 1,084,000 | 930,897 | -153,103 |
| - Policy and Resources | -368,700 | -847,866 | -479,166 |
| - Streetscene | 6,174,000 | 6,196,620 | 22,620 |
| Total Service Budgets | 11,452,400 | 10,514,764 | -937,636 |
| Accounting Adjustments | 3,766,400 | 13,203,520 | 9,437,120 |
| Other Budgets | -2,842,700 | -11,823,508 | -8,980,808 |
| Net Budget | 12,376,100 | 11,894,775 | -481,325 |
| Financing | -12,376,100 | -11,930,616 | 445,484 |
| Net Total | 0 | -35,841 | -35,841 |
| | | | |
| Contribution to Reserves | | | -35,841 |

9. The table above shows accounting adjustments totalling over £13million. This line will include adjustments for pension valuations, annual leave calculations, depreciation

charges, increases or decreases in asset valuations and adjustments for grants and income received in advance. The majority of these items do not impact on the final figure due to reversals in the other budgets line.

10. The other budgets line contains depreciation reversal, revenue contributions to capital spending, other capital adjustments, increase in bad debt provision, a contribution from Portchester Crematorium, government grants for New Homes Bonus and New Burdens Funding, interest receivable from council investments and contribution from reserves to fund spend in the services.
11. The financing line contains government grant funding for services, income from Fareham's share of business rate and Council tax.
12. The detailed position on each service is set out in Appendix A. The main reasons for the variations for key council services are set out in the later paragraphs of this report.

OUTTURN POSITION FOR THE KEY COUNCIL SERVICES

13. The Council has a number of services that would be considered as major or demand led services as they have a large impact on the council tax and any major variation in these budgets could lead to unacceptable rises in council tax. The outturn details for these services are shown in the following table:-

| Service | Revised Budget 2023/24 £ | Actual 2023/24 £ | Variation £ | |
|--|-----------------------------|---------------------|----------------|---|
| Interest on Balances | -430,200 | -701,320 | -271,120 | 😊 |
| Leisure Centres | -859,400 | -1,091,704 | -232,304 | 😊 |
| Parks, Open Spaces and Grounds Maintenance | 2,283,600 | 2,079,981 | -203,619 | 😊 |
| Planning Appeals | 159,700 | 19,055 | -140,645 | 😊 |
| Local Plan | 845,300 | 712,694 | -132,606 | 😊 |
| Investment Properties | -2,375,800 | -2,500,701 | -124,901 | 😊 |
| Local Tax Collection | 1,066,900 | 1,007,855 | -59,045 | 😊 |
| Local Land Charges | -23,200 | -53,746 | -30,546 | 😊 |
| Solent Airport and Daedalus | -493,000 | -521,814 | -28,814 | 😊 |
| Waste & Recycling Total | 1,859,400 | 1,853,045 | -6,355 | 😊 |
| Homelessness | 1,887,200 | 1,881,634 | -5,566 | 😊 |
| Housing Benefit Payments | 45,500 | 43,109 | -2,391 | 😊 |
| Commercial Estates | -1,107,100 | -1,099,935 | 7,165 | 😐 |
| Parking Services | -720,700 | -695,618 | 25,082 | 😐 |

| Service | Revised Budget 2023/24 £ | Actual 2023/24 £ | Variation £ | |
|-----------------------|-----------------------------|---------------------|----------------|----|
| Tree Management | 466,400 | 507,590 | 41,190 | ☹️ |
| Trade Waste | -112,100 | -53,604 | 58,496 | ☹️ |
| Planning Applications | 104,900 | 226,670 | 121,770 | ☹️ |
| Street Cleansing | 1,103,100 | 1,266,325 | 163,225 | ☹️ |

14. The main variations in the key services are detailed as follows:-

- (a) **Interest on balances** is showing £271,120 more than the budget for the year. Interest rates during 2023/24 have been steadily increasing during the year to finish at a high of 5.25% which has meant that the Council has received more interest on its investments. There has also been a higher balance for the general fund which has resulted in a larger share of the interest available.
- (b) **Leisure Centres** is showing an underspend of £232,304. There was additional income received during the year where indexing was backdated and along with higher inflation figures meant that the amount due to the council was higher than expected. There was also a saving on utilities costs where FBC have responsibility to pay some of the contractor's cost.
- (c) **Parks, Open Spaces and Ground Maintenance** is showing an underspend of £204,000 mainly due to staff costs being below budget due to vacant posts and also less need for agency staff resulting in a saving against budget. There have also been savings under supplies and services as well as additional income to the service. These underspends have been offset by an increase in the cost of repairing and maintaining the aging vehicle and plant fleet required to undertake the work and increased fuel costs.
- (d) **Planning Appeals** during the year have shown an underspend of £141,000 against the revised budget. In the last year the number of appeals has greatly reduced resulting in lower spend during the year on consultants and legal fees. There has also been additional income where a planning appeal was withdrawn by the appellant resulting in costs of £80,000 being awarded to the council.
- (e) The **Local Plan** service has seen an underspend of £132,000. The plan was adopted on 5 April 2023 and the budgeted costs mainly for use of consultants weren't needed resulting in a saving of £88,000. The council also received some unbudgeted income of over £26,000 for the Biodiversity Net Gain project and for works undertaken on behalf of the Partnership for South Hampshire.
- (f) **Investment Properties** was £125,000 above budgeted income. The rents received from the properties was £146,000 over the budgeted income mainly due to backdated rent reviews. Spend on property repairs was £18,000 below the budget although this was offset by additional spend on consultant fees.
- (g) **Local tax collection** is showing an underspend for the year of just under £59,000

which is mainly due to variations in income received from summons costs and government grants that were £40,000 above the budget. There were savings in employees costs due to vacancies within the team.

- (h) **Local Land Charges** is showing a £31,000 underspend against the revised budget. Income for the year was £20,000 over the budget for the year, and legal costs associated with providing the service were £11,000 less than budgeted.
- (i) **Solent Airport and Daedalus** is showing additional net income of £29,000 for the financial year. There was an increase in income due to a new site becoming available during the year and also some additional income to pay for consultants for the road layout project. The spend on the consultants for this project along with the income was not budgeted for. There was also some saving on premises in respect of utilities costs and business rates costs.
- (j) The **Waste, Recycling and Garden Waste Service** is showing an underspend for the year of £6,000. There has been a mix of underspends and overspends for these services. The main reason for the overspends was around the vehicles used for the services that was showing an increase of £352,000 over the budget mainly due to repair and maintenance of vehicles due to an aging fleet along with additional fuel and hire costs. There was also an increase over budget of over £119,000 for employee expenses including agency staff and overtime. This has all been offset to some extent by increased income of £152,000 from the Garden Waste service. There was also additional recycling income of £174,000 that came in during the year but related to the 2022/23 financial year. Also the income from glass recycling was £150,000 over the budget as prices and volumes increased during the year.
- (k) The **Homelessness** service is showing an underspend of £6,000. The service continues to experience extremely high levels of demand and continues to rely on bed and breakfast emergency accommodation. This area was overspent by £139,000 against revised budget which had already been increased to reflect the level of emergency accommodation being provided in this way. The overspend has been offset by reduced spending on employees and fewer grants were given out during the year which has resulted in the small underspend in the service. There have been changes to the services during the latter part of the year that is seeing a reduction in the use of bed and breakfast accommodation. It is anticipated that this trend will continue into 2024/25 which will result in a reduction to the budget during the next financial year. Some of the grant income that has been received will be carried over to the current financial year as it has not been spent during 2023/24. This is mainly for the Homes for Ukraine programme.
- (l) **Housing benefits payments** were £2,000 under the budget for the year. The amount paid out in benefits was less than anticipated by £662,000 which was offset by reduced income from grant received with a small amount due for prior year adjustments giving reduced income against budget of £566,000. There was also additional income from money owed due to overpaid benefits and there was a reduction in the bad debts provision for doubtful debts totalling £98,000.
- (m) **Commercial Estates** showed an overspend of £7,000 which is mainly due to reduced income in the year but this has been offset by savings on repairs and maintenance of buildings along with savings on the use of consultants during the year.

- (n) **Parking Services** is showing as being £25,000 overspent compared to the budget for the year. The income budget has been adjusted to reflect the actual level of income received for coastal and town centre parking as the service continues to see increased income as more coastal car parks started to charge during the year. Overall the income from the service was £7,000 over the budget for the year with income figures reaching over £2.1m during the year. However, employee, Premises and Supplies & Services costs were all over budget for the year by a combined figure of £32,000.
- (o) **Tree Management** is showing an overspend for the year of just over £41,000. This is mainly due to the Ash Dieback tree programme that commenced in January 2022 with £26,000 being spent during the financial year. These works will continue to be an issue in future years as the majority of Ash trees in the borough will be affected. The Council has earmarked reserves for this expenditure should this cause a pressure on the budget, but this has not been needed this year. The rest of the tree works in the borough came in on budget. Several insurance claims were settled during the year at a cost of just under £3,000.
- (p) **Trade Waste** is showing a £59,000 increase in spend compared to budget for the year. The income budget was slightly under the budget by £19,000 but there has also been additional spend in relation to vehicles including repairs and fuel costs along with increased use of agency staff for the service.
- (q) **Planning Applications** net expenditure was an increase against the budget of just under £122,000. The income from planning applications was £89,000 under the budget as the number of applications decreased during the financial year but this was offset by an increase in the income from the Welborne application of over £67,000. The service has seen additional spend on employees' costs of £52,000. There was also additional spend on consultants, legal fees for advice on some larger applications and also on advertising totalling £48,000.
- (r) **Street Cleansing** is showing an overspend for the year of £163,000. The main reason for the overspend in this service area has been around the vehicles used to provide the service. Routine repairs and fuel have both seen an increase in spending during the year and this has been made worse by the requirement to hire vehicles to continue to provide the service when regular vehicles are not usable.

THE COUNCIL'S FUNDAMENTAL PARTNERSHIPS

15. The table below shows the end of financial year performance relating to the Council's element of each of the fundamental partnerships:-

| Service | Revised Budget 2023/24 £ | Actual 2023/24 £ | Variation £ | |
|-------------------------------------|-----------------------------|---------------------|----------------|---|
| Building Control Partnership | 1,696,400 | 1,633,574 | -62,826 | 😊 |
| Community Safety & CCTV Partnership | 203,400 | 190,605 | -12,795 | 😊 |
| Coastal Partnership | 66,600 | 66,560 | -40 | 😊 |

| Service | Revised Budget 2023/24 £ | Actual 2023/24 £ | Variation £ | |
|---|--------------------------|------------------|-------------|---|
| Portchester Crematorium Joint Committee | -100,000 | -100,000 | 0 | 😊 |
| Environmental Health Partnership | 1,657,500 | 1,593,621 | -63,879 | 😊 |

16. There are no particular causes for concern within the Council's fundamental partnerships.

OTHER BUDGETS

17. These budgets are used where spend or income cannot be shown against a specific service. Most are accounting entries that ensure that items such as depreciation or other capital charges do not have an impact on the council tax or where a service provided is funded from reserves.

HOUSING REVENUE AND REPAIRS ACCOUNT

Revenue Account

18. On 6 February 2023, the Executive approved the 2023/24 base budgets for the Housing Revenue and Repairs Account (HRA). The revised budget was subsequently approved by the Executive on 5 February 2024. These budgets reflected the national prescribed rent cap for HRA properties. Also, at this time the revenue budget for property repairs and maintenance and materials were increased, along with the Revenue Contribution to Capital programme to fund the higher value of revenue and capital improvement works and former council homes being acquired in 2023/24. The higher value of acquisitions was in order to achieve the Local Authority Housing Fund (LAHF) commitments to deliver four homes, three for use by Afghan refugees and one for temporary accommodation, approved by the Executive in October 2023. In order for the HRA budget to break even for the 2023/24 financial year the original set aside of reserves for the repayment of debt was removed.
19. During the 2023/24 financial year the property maintenance and capital improvement spend (covering responsive and planned maintenance) has continued to exceed the budget provision to the point where financing this expenditure from reserves would have meant a depletion of those reserves. This will require increased scrutiny and potential intervention moving forward. Although income levels have exceeded the expenses and charges made to the HRA, and a surplus of £74,586 has been achieved and added to the HRA Revenue Reserve this has been achieved through borrowing for some capital improvement spend the cost of which is reflected in the higher Management and Finance figure. Other Reserves have increased by £0.096 million. This is shown in the table below and detailed in Appendix B.
20. The end of year position is that actual rent income was higher than the revised budget figure, and the 2022/23 actual. The number of void properties has stabilised but remains at a high level with council tax charges being higher than budgeted. An internal review of the void process during 2023/24 is starting to show a positive downward shift to the average period of time that properties are void and thereby when Council Tax is payable.

Rent arrears have decreased as at 31 March 2024 which has meant that the bad debt figure has been slightly reduced rather than having to be increased. Budgets were also reduced to take account of lower utility costs within the HRA. However, overall Management and Finance expenditure was higher than the revised budget.

21. Revenue repairs expenditure has risen during the year and was higher than the revised budget figure. This is partly due to cost inflation borne by the Fareham Housing team and the network of contractors used, and partly due to increased need and demand for works.
22. Capital Improvements are higher than budgeted overall with actual spend of works to homes being higher than the proportion of this budget allocated to that purpose. This has meant that when financing these capital programme schemes this year the sources have been met from the specific allocated fund for this purpose, the Major Repairs Reserve, which has been reduced to a nil balance. The additional capital financing has been through increased borrowing to the HRA, rather than Revenue Contribution to Capital Outlay which in the table below, excludes the borrowed amount from the Revenue Surplus / Deficit.
23. The HRA has recorded a surplus for 2023/24 of £74,586 as shown in the table below and in more detail at Appendix B. The surplus of £74,586 has replenished the HRA Revenue Reserve, and other Reserves have also increased by £0.096 million. However, HRA borrowing has increased by £3.226 million.
24. In order to strengthen the sustainability of the HRA for future years, work is underway to put together a housing specific Opportunities Plan, recognising the links between General Fund housing and Housing Revenue Account duties, roles and responsibilities. There will be a focus on maximising income and prioritisation and management of expenditure to match the budget resources.

| | Actual 2022/23 £'000 | Revised Budget 2023/24 £'000 | Actual 2023/24 £'000 |
|---|-------------------------------------|---|-------------------------------------|
| Income | -13,819 | -14,393 | -14,681 |
| Management and Finance | 5,826 | 6,391 | 6,515 |
| Revenue Repairs | 3,553 | 3,637 | 4,837 |
| Capital Improvements | 3,582 | 4,365 | 3,243 |
| Surplus(-)/Deficit | -858 | 0 | -86 |
| | | | |
| Transfer from Capital Development Fund | -545 | 0 | 0 |
| Transfer to Debt Repayment Fund | 1,140 | 0 | 0 |
| Transfer to Leaseholder and Capital Receipts Reserves | 136 | 0 | 11 |
| | | | |

| | | | |
|---|-------------|----------|-----------|
| Transfer of Balance to(-) /from(+) Revenue Reserve | -127 | 0 | 75 |
|---|-------------|----------|-----------|

HRA Capital Programme

25. The table below summarises the capital spend in the year against the revised budget which shows a higher spend than anticipated on HRA Capital Improvements. This area of spend will be reviewed again over the coming year as the next detailed programme of works is compiled. The underspend budgets against Improvements and Modernisation and New Builds are proposed to be carried forward.
26. Expenditure classified as Acquisitions was for four former council homes acquired from private ownership this financial year to deliver the LAHF programme commitments.
27. The new build schemes at Queens Road and Sir Randal Cremer House were fully completed during the year. Construction work commenced at Ophelia Court and at land adjacent to 51 Bellfield. Works to enable the approved re-development scheme at Assheton Court have also progressed during the year with demolition taking place and a tender process being undertaken for the design and build of the scheme.
28. 130 to 136 West Street (Birks furniture shop, the Bridal Suite Snuffles Dog grooming, etc.) was acquired, providing an excellent opportunity to positively contribute to the regeneration of this part of the town centre, whilst providing much needed housing solutions, which in turn could help reduce medium/long term spend by the Council on Bed and Breakfast and other emergency accommodation.

| CAPITAL PROGRAMME | Budget 2023/24 £'000 | Actual 2023/24 £'000 | Carry over to 2024/25 £'000 |
|-------------------------------------|-------------------------------------|-------------------------------------|--|
| HRA Improvements and Modernisations | 4,000 | 5,105 | 1,105 |
| New Builds | 2,270 | 2,040 | -230 |
| Acquisitions | 1,400 | 1,232 | -168 |
| Vehicles | 130 | 0 | -130 |
| CAPITAL PROGRAMME - TOTAL | 7,800 | 8,377 | 577 |

This spend has been funded as follows:

| | £'000 |
|--|--------------|
| Use of Major Repairs Reserve to fund capital expenditure on HRA assets | 3,254 |
| Capital spend not increasing the asset value funded by the HRA Revenue Reserve | 146 |
| Homes England Grant funding to meet development costs | 908 |
| S106 Developer Contributions | 694 |
| 1:4:1 Capital Receipts to meet development costs | 108 |
| Other Housing Capital Receipts | 41 |
| Borrowing | 3,226 |
| Total funding | 8,377 |

HRA Reserves

29. A summary of reserves held by the HRA at the end of the year is set out below. HRA reserves have increased overall by £0.096 million.

| Reserve | Purpose of Reserve | 2022/23 Closing Balance £'000 | 2023/24 Transfers In £'000 | 2023/24 Transfers Out £'000 | 2023/24 Closing Balance £'000 |
|---------------------------------|---|--|-------------------------------------|--------------------------------------|--|
| HRA Revenue Reserve | To fund unexpected operating costs | 1,337 | 75 | 0 | 1,412 |
| Exceptional Expenditure Reserve | To fund any exceptional demands upon expenditure | 1,500 | 4,837 | -4,837 | 1,500 |
| Major Repairs Reserve | To fund capital expenditure on HRA assets | 157 | 3,097 | -3,254 | 0 |
| Debt Repayment Fund | To repay debt | 6,840 | 0 | 0 | 6,840 |
| Leaseholder Reserve | To fund major repairs on blocks containing leasehold properties | 621 | 192 | -257 | 556 |
| 1:4:1 Receipts | To fund 40% of costs of new acquisitions and new build Sir Randal Cremer House scheme | 1,703 | 351 | -108 | 1,946 |
| Total Reserves | | 12,158 | 8,552 | -8,456 | 12,254 |

¹The transfer in of £3,096,570 is the in-year depreciation charge

30. The combined balance on all Housing Revenue Account reserves is £12,254 million.

RISK ASSESSMENT

31. An assessment of the risks and opportunities associated with this decision has been carried out and it is considered that there are no significant risks. However, the report does highlight there remain areas of concern within the Council's financial position in future years.

ENVIRONMENTAL CONSIDERATIONS/CARBON IMPACT ASSESSMENT

32. The subject matter of this report is not anticipated to have an impact on the Council's carbon footprint, nor is it expected to have a detrimental or beneficial impact to the wider environment.

CONCLUSION

33. This report outlines the financial position during 2023/24 for the General Fund and the Housing Revenue and Repairs Account including effects of the cost-of-living crisis and how this could continue to influence spending in future financial years.

34. The General Fund is showing that there is a contribution to reserves of £35,841 against the revised budget contribution of just over £58,800. However, it is important not to underestimate the effect that the cost-of-living crisis and spending pressures will continue to have on services during the 2024/25 financial year as well as future years.
35. With this in mind the reserves balance after the 2023/24 increase will continue to be closely monitored and the effect of this will be reviewed in the Medium-Term Finance Strategy later in 2024.
36. The combined balance on all Housing Revenue Account reserves is £12.154 million which is an increase of £0.096m.
37. Members are asked to note the contents of the report in the context of the funding gap highlighted in the last Medium term Finance Strategy.

Enquiries:

For further information on this report please contact Neil Wood. (Tel 01329 824506)

APPENDIX A

ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2024

| | Budget 2023/24 £ | Actual 2023/24 £ | Variation 2023/24 £ |
|---|---------------------------------|---------------------------------|------------------------------------|
| Licensing & Regulatory Affairs Committee | | | |
| Hackney Carriage & Private Hire Vehicles | 0 | 3,472 | 3,472 |
| Licensing | 3,500 | -1,552 | -5,052 |
| Health and Safety | 154,700 | 135,800 | -18,900 |
| Election Services | 337,500 | 326,276 | -11,224 |
| | 495,700 | 463,996 | -31,704 |
| Accounting Adjustments in service | 0 | 4,389 | 4,389 |
| | 495,700 | 468,385 | -27,316 |
| Planning Committee | | | |
| Processing Applications | 104,900 | 226,670 | 121,770 |
| Planning Advice | 191,600 | 135,513 | -56,087 |
| Enforcement of Planning control | 124,200 | 153,364 | 29,164 |
| Appeals | 159,700 | 19,055 | -140,645 |
| | 580,400 | 534,602 | -45,798 |
| Accounting Adjustments in service | 0 | 20,988 | 20,988 |
| | 580,400 | 555,591 | -24,809 |
| Health and Public Protection | | | |
| Pest Control | 66,900 | 65,271 | -1,629 |
| Food Safety | 148,100 | 142,451 | -5,649 |
| Air Quality and Pollution | 177,800 | 71,714 | -106,086 |
| Community Safety | 203,400 | 202,236 | -1,164 |
| Emergency Planning | 61,300 | 59,945 | -1,355 |
| Clean Borough Enforcement | 302,900 | 296,184 | -6,716 |
| Off-Street Parking | -720,700 | -695,618 | 25,082 |
| Cemeteries | -68,300 | -67,638 | 662 |
| Building Control | 181,200 | 220,574 | 39,374 |
| | 352,600 | 295,120 | -57,480 |
| Accounting Adjustments in service | 93,400 | 377,361 | 283,961 |
| | 446,000 | 672,480 | 226,480 |

| | Budget 2023/24 £ | Actual 2023/24 £ | Variation 2023/24 £ |
|---------------------------------------|---------------------------------|---------------------------------|------------------------------------|
| Housing | | | |
| Housing Grants and Home Improvements | 2,800 | -26,617 | -29,417 |
| Housing Options | 45,100 | 33,731 | -11,369 |
| Housing Benefit Payments | 45,500 | 43,109 | -2,391 |
| Housing Benefit Administration | 436,300 | 486,322 | 50,022 |
| Homelessness | 1,887,200 | 1,881,634 | -5,566 |
| Housing Advice | 830,400 | 834,702 | 4,302 |
| Housing Strategy | 170,700 | 179,047 | 8,347 |
| Local Land Charges | -23,200 | -53,746 | -30,546 |
| | 3,394,800 | 3,378,182 | -16,618 |
| Accounting Adjustments in service | 45,500 | 545,340 | 499,840 |
| | 3,440,300 | 3,923,523 | 483,223 |
| Leisure and Community | | | |
| Community Grants | 253,100 | 193,153 | -59,947 |
| Community Development | 164,900 | 284,054 | 119,154 |
| Fareham Live | 46,400 | 36,186 | -10,214 |
| Leisure Centres | -859,400 | -1,091,704 | -232,304 |
| Community Centres | 134,600 | 141,523 | 6,923 |
| | -260,400 | -436,788 | -176,388 |
| Accounting Adjustments in service | 2,060,100 | 2,064,575 | 4,475 |
| | 1,799,700 | 1,627,787 | -171,913 |
| Planning and Development | | | |
| Flooding and Coastal Management | 95,500 | 104,743 | 9,243 |
| Public Transport | 33,500 | 33,493 | -7 |
| Conservation & Listed Building Policy | 65,800 | 65,804 | 4 |
| Sustainability & Biodiversity | 43,900 | 14,163 | -29,737 |
| Local Plan | 845,300 | 712,694 | -132,606 |
| | 1,084,000 | 930,897 | -153,103 |
| Accounting Adjustments in service | 213,300 | 103,995 | -109,305 |
| | 1,297,300 | 1,034,892 | -262,408 |

| | Budget 2023/24 £ | Actual 2023/24 £ | Variation 2023/24 £ |
|---|---------------------------------|---------------------------------|------------------------------------|
| Policy and Resources | | | |
| Democratic Representation and Management | 1,179,100 | 1,215,182 | 36,082 |
| Commercial Estates | -1,107,100 | -1,099,935 | 7,165 |
| Investment Properties | -2,375,800 | -2,500,701 | -124,901 |
| Solent Airport and Daedalus | -493,000 | -521,158 | -28,814 |
| Fareham Shopping Centre | -539,500 | -527,158 | 12,342 |
| Public Relations, Comms and Consultation | 675,600 | 630,715 | -44,885 |
| Corporate Management | 922,500 | 747,344 | -175,156 |
| Economic Development | 153,600 | 141,732 | -11,868 |
| Regeneration | 149,000 | 58,913 | -90,087 |
| Local Tax Collection | 1,066,900 | 1,007,855 | -59,045 |
| | -368,700 | -847,866 | -479,166 |
| Accounting Adjustments in service | 598,600 | 9,044,599 | 8,445,999 |
| | 229,900 | 8,196,733 | 7,966,833 |
| Streetscene | | | |
| Parks, Open Spaces and Grounds Maintenance | 2,283,600 | 2,079,981 | -203,619 |
| Countryside Management | 208,900 | 149,985 | -58,915 |
| Street Cleansing | 1,103,100 | 1,266,325 | 163,225 |
| Public Conveniences | 289,100 | 301,609 | 12,509 |
| Household Waste | 1,239,900 | 1,371,347 | 131,447 |
| Trade Refuse | -112,100 | -53,604 | 58,496 |
| Recycling | 1,142,100 | 923,480 | -218,620 |
| Garden Waste Collection | -522,600 | -441,783 | 80,817 |
| Tree Management | 466,400 | 507,590 | 41,190 |
| Street Furniture | 75,600 | 91,689 | 16,089 |
| | 6,174,000 | 6,196,620 | 22,620 |
| Accounting Adjustments in service | 755,500 | 1,042,273 | 286,773 |
| | 6,929,500 | 7,238,894 | 309,394 |
| TOTAL - Before adjustments | 11,452,400 | 10,514,764 | -937,636 |
| Total Adjustments | 3,766,400 | 13,203,520 | 9,437,120 |
| TOTAL - After adjustments | 15,218,800 | 23,718,283 | 8,499,483 |
| Other Budgets | -2,842,700 | -11,823,508 | -8,980,808 |
| TOTAL including Other Budgets | 12,376,100 | 11,894,775 | -481,325 |

DETAILED HOUSING REVENUE AND REPAIRS ACCOUNT to 31 MARCH 2024

| | Actual 2022/23 £'000 | Revised Budget 2023/24 £'000 | Actual 2023/24 £'000 |
|---|----------------------------|------------------------------------|----------------------------|
| Income | | | |
| Rents - Dwellings | -12,027 | -12,430 | -12,509 |
| Rents – Garages | -375 | -388 | -390 |
| Rents – Other | -6 | -5 | -6 |
| Service Charges (Wardens, Extra Assistance, Heating) | -666 | -815 | -822 |
| Cleaning | -175 | -198 | -200 |
| Grounds Maintenance | -144 | -137 | -140 |
| Other Fees and Charges | -38 | -37 | -30 |
| Leaseholder Service Charges and Insurance | -67 | -73 | -76 |
| Service Charges Repairs | -213 | -300 | -303 |
| Other income | -108 | -11 | -205 |
| | -13,819 | -14,393 | -14,681 |
| Management and Finance | | | |
| General Administrative Expenses | 2,864 | 2,601 | 2,654 |
| Sheltered Housing Service | 559 | 613 | 713 |
| Grounds Maintenance | 277 | 310 | 304 |
| Communal Cleaning | 201 | 269 | 220 |
| Communal Heating Services | 214 | 270 | 244 |
| Communal Lighting | 61 | 80 | 84 |
| Rents, Rates and Other Taxes | 252 | 254 | 293 |
| Corporate and Democratic Core | 79 | 90 | 74 |
| Corporate Management | 67 | 75 | 68 |
| Unapportioned Overhead | 12 | 10 | -45 |
| Bad Debts Provision | 128 | 100 | 128 |
| Bad Debts Written off | 0 | 35 | 0 |
| Debt Management Expenses | 35 | 35 | 33 |
| Interest Payable and Similar Charges | 1,902 | 1,900 | 2,042 |
| Interest Earned on Internal Balances | -205 | -250 | -135 |
| Pension Fund Adjustments and Holiday Accrual | -620 | 0 | -32 |
| | 5,826 | 6,391 | 6,515 |
| Revenue Repairs | 3,553 | 3,637 | 4,837 |
| Capital Improvements | | | |
| Depreciation | 2,919 | 3,130 | 3,097 |
| Revenue Contribution to Capital | 663 | 1,235 | 147 |
| Transfer to Debt Repayment Fund | 1,140 | 0 | 0 |
| Transfer to Leaseholder Reserve | 136 | 0 | -65 |
| Transfer to Capital Receipts Reserve | 0 | 0 | 76 |
| Contribution from Capital Development Fund | -545 | 0 | 0 |
| Surplus(-)/Deficit for Year | -127 | 0 | -75 |