POLICY AND PERFORMANCE SCRUTINY PANEL  
Tuesday, 22 October 2019  

CABINET  
Thursday, 24 July 2019  

QUARTERLY PERFORMANCE AND FINANCIAL MONITORING REPORT (Q2 2019/20)  
Report of the Head of Performance and Governance and  
Head of Finance

Recommendations

For Policy and Performance:

It is recommended that the Policy and Performance Scrutiny Panel note the performance of the Council for the first half of the year and the financial position of the Council (including the forecast for the year) making any necessary recommendations to Cabinet based on this data and information.

For Cabinet:

It is recommended that Cabinet note the performance of the Council for the first half of the year and the Council’s financial position including the forecast for the year and consider any recommendations from Policy and Performance Scrutiny Panel.

Summary

This report presents the Council’s financial and performance position up to the second quarter (Q2) of 2019/20 and highlights significant and emerging financial and performance issues. Key Performance Indicators (KPIs) for service areas are outlined in Appendix 1 of the report.

It is pleasing to report that all services, both statutory and discretionary, are being delivered to customers; although there is always opportunity to improve efficiency. The Financial Monitoring demonstrates a forecast saving on services of £133,000 for 2019/20 with investment in the Community Investment Programme continuing to deliver a number of regeneration and housing schemes within the Borough.
Strategic implications

1. This report concerns all of the Council’s ten Corporate Plan objectives showing levels of progress towards achieving those objectives and highlights emerging performance and financial issues and variances.

Introduction

The performance of the Council is assessed in two main ways:

- How the Council is performing in relation to the achievement of its corporate aims and objectives (as outlined in the Corporate Action Plan) and how the Council is delivering services for its customers and the health of those operational service areas

- How the Council is performing in terms of its overall budget position

The report gives an outline of cumulative performance since the start of the financial year, as well as more specific insight into performance within the Q2 period. Suggested solutions to performance concerns are included where appropriate.

This approach to combined financial and performance reporting follows the Council’s aspirations to be more data and performance-led and results in quarterly reporting to Policy and Performance Scrutiny Panel and Cabinet. The report provides performance information by theme (broken down into portfolio responsibilities). There is also a corporate section which considers performance issues which span more than one portfolio, or are Council wide issues. Information contained within this report has been reviewed by Management Team and relevant information sent to portfolio leads.

Appendix 1 shows the Council’s Key Performance Indicators (KPIs) at operational (service) level, with data from Q2.

Appendix 2 is the summary financial monitoring summary forecast for the year.

Appendix 3 is forecast Community Investment Programme summary for the year.


Appendix 5 gives an overview of the recent Residents’ Survey.
Executive summary

2. The financial performance for Q2 of 2019/20 is projecting a net favourable variance on services totalling £133,000. The overall forecast position for the General Fund of £996,000 (Appendix 2) includes forecast transfers to the Interest Reserve in recognition of surplus funds in the General Fund at the end of 2019/20 in order to maintain the 10% target surplus.

3. The Council is continuing to deliver all of its statutory services to its customers. However some areas of the Council would benefit from process improvement and service redesign work to improve service delivery and better manage demand. A new Continuous Improvement Strategy has set key priorities which are detailed in the Medium Term Financial Plan (MTFP) (elsewhere on the Cabinet agenda) and will be launched alongside the budget in February.

Q2 performance summary

Economy (including the Skills and Business portfolio)

4. The Council’s Local Plan underpins economic as well as residential development in the Borough to 2036 and the plan has made further progress this quarter in preparation for examination hearings starting in November. Planned activity to support skills and business has been completed and the Council has coordinated strategic discussions with parties to increase employment on the Riverside site east of Eastleigh town centre.

5. The Council has funded, provided or supported a range of summer events in Eastleigh Town centre which all play a part in maintaining an attractive offer for residents, visitors and businesses. Vacancy rates in Eastleigh town remain well below regional (8.2%) and national rates (10.3%) at 5.4% and statutory services in relation to businesses are working well. Encouragingly, the Swan Centre has also seen evening footfall increase in the leisure complex. The performance of the Council’s Business Centre (Wessex House) remains stable with occupancy rates averaging around 84% and Wessex House recently achieving a market rental for the former TecHub space. A backlog in Council Tax administration within this theme is being actively addressed (see below).

6. The financial performance for this theme is forecasting a break-even position for 2019/20. Key performance issues, including financial implications, are detailed in the paragraphs below.

7. **Council tax:** As reported in the First Quarter (Q1), this service has experienced some processing delays resulting in a high backlog of work (approx. 6,000 items at the start of the financial year). This issue was recognised and additional resource was allocated to the Service Delivery Case Management team to enable additional staffing and training to ensure that this demand could be managed proactively. As a result, performance in Q2, after this investment in additional resource, saw a reduction in the backlog of work reducing to 3,700. Workloads are being monitored on an ongoing
basis and this will continue until the backlog has been addressed. The timeframe for complete removal of the backlog is by March 2020, in time for the next round of annual billing. The Service is confident they will clear the backlog by the end of the financial year given the number of planned process improvements, together with the current increased number of staff. However there are risks (including maintaining head count and speed of benefits being realised from process improvements) which will be constantly monitored by the Service Delivery Case Management team.

**Greener Borough (including Environment and Transport portfolios)**

8. Q2 has seen progress on a range of strategic actions. Recycling rates overall are improved due to take-up of food waste collections. The Council has invested in air quality equipment and launched a borough-wide consultation for a new Air Quality Action Plan. Capacity issues in this theme have been assessed and plans prepared for resolving performance issues (with provision made in the MTFP – see details below). The Council’s adoption of a Climate Change Emergency motion signals a renewal of a raft of measures for the Council and the Borough’s communities to meet future targets set by Council. The effect of successful delivery of new dwellings on key waste and recycling services is discussed below. There has been an increased number of visitors to the country parks, which helps to support Health and Wellbeing strategic objectives. The financial performance for this theme is forecasting an adverse position of £293,000 for 2019/20. Key performance issues and explanations for significant financial variances against budget are detailed in the paragraphs below.

9. **Direct services**: Performance and financial monitoring concerns were raised in Q1 in relation to a number of areas including overspends in the vehicle fleet budget, volume of missed bins, complaints going outside of service level agreement and difficulties in coping with waste and recycling demand.

10. Hampshire County Council’s decision as part of their T21 savings to remove recycling credits, retain all of the income from the sale of recycling collected by district councils, as well as charging districts for the disposal of contamination will come into effect from April 2021. This will have a significant budget impact for the Council with the projected overall cost of over £560,000. Funding has been allocated to deal with this shortfall in the Medium Term Financial Plan.

11. Q2 has continued to be a challenging period for Direct Services. However, plans are being implemented which will tackle a number of infrastructure and operational issues. One improvement is the introduction of an additional waste collection round to address the increase in demand (3,200 additional properties built in the last 4 years). This additional collection round is estimated to cost an additional £100,000 in 2019/20 and will give capacity to better deal with current demands on the service. This is included as an overspend in the financial monitoring and forecast as an ongoing pressure within the Medium Term Financial Plan elsewhere on this agenda. A review of waste and recycling services will commence in March 2020. Business analyst work is planned and funding allocated for key improvements (listed below) which will future-proof the service and maximise efficiency. A route
optimisation project will also aim to rebalance workloads evenly across rounds (to be implemented in 2020).

- Review of the fleet management system
- Review of the Waste and Recycling system
- Review of the Garden Waste system
- Review of the tree management and the potential replacement of the tree management system.

12. The Direct Service’s tree team is currently carrying a vacancy and this post is being advertised. The filling of this post will ensure essential tree work continues and further funding has been allocated in the MTFP to enable additional resourcing in this area moving forward. Focus is also being given to ensuring an up to date Tree Risk Management plan is in place for all countryside sites and a complete audit of all countryside sites (including smaller nature reserves) is undertaken with countryside site inspections programmed in and recorded regularly to ensure safety. The tree works budget is reporting £20,000 additional necessary spend due to maintenance work that has been identified by the team.

13. There is a forecast £65,000 additional spend relating to the forthcoming bulky waste campaign. This will seek to save materials in a sustainable way and improve the environment whilst reducing instances of fly tipping. The associated costs have been included within the MTFP elsewhere on the Cabinet agenda.

14. **Combined heat and power and renewable energy** is reporting £25,000 unfavourable forecast variance over budget which reflects the current loss on charging gas/heat to Places Leisure Eastleigh. The maintenance of the plant and equipment has now been brought in-house and the performance and functionality of the engine is being reviewed. It is hoped that once further data for the demand from the new Hendy site is known, this shortfall will decrease. The impact of this unfavourable position includes a favourable variance on Solar PV installations. In particular, as Places Leisure Centre now directly consumes the energy rather than being exported to the grid, this makes an increased level of return for the Council.

15. **Specialist Services - Environment:** The Specialists delivering Ecology and Pollution Control services and activities have highlighted performance concerns this quarter at a time of year where there is an increased demand in dealing with nuisance cases (which make up a significant percentage of the overall workload) and where there is a steady demand for processing planning applications. Current staffing levels have resulted in slower response times and this is having an impact on managing demand (specifically responding to planning application deadlines and discharge of planning conditions).

16. Both service areas are statutory consultees in the planning process. In July and August 60% of ecology responses to planning application deadlines were
late due to insufficient resources in this area due to competing demands for processing planning applications against the need for ecological expertise in the delivery of conservation management and management of the Biodiversity Action Plan (BAP). Statutory consultees also now face a reduced 14 day consultation period in which to respond. However, difficulty with meeting this deadline is not delaying the full statutory planning decision period (8 – 13 weeks) for planning applications. A statutory decision period can also be formally extended by a Planning Performance Extension (PPE) in agreement with the applicant.

17. The Council is addressing these concerns by increasing headcount for the remainder of this financial year in these areas. The MTFP includes the proposal to permanently increase Ecology and Pollution resource and this will enable the Council to also have a greater focus on the delivery of a new Biodiversity Action Plan by the end of this financial year.

18. **Itchen Valley and Lakeside Country Parks** are forecasting a net unfavourable variance of £61,000 for 2019/20. There has been growth in visitor numbers over recent months leading to a favourable increase in car parking revenue, however this is offset by staffing and purchasing costs in the Café at Itchen Valley. To mitigate this work is being carried out to improve profit margins within the Café. There will also be a number of initiatives over the Halloween and Christmas periods to attract further visitors to the parks. Anti-social behaviour issues, particularly at Lakeside Country Park, remain an issue and automated number plate recognition technology is being explored and could address issues at the site.

19. **Other - Highways Agency Services** are forecasting under-recovery of income of £19,000 as a result of a reduction in work for the Engineering Team from HCC Highways. Recent discussions with HCC may deliver additional income in the future with the potential that the Council could deliver minor works relating to local authority CIL funded projects. To mitigate the loss of income, vacancies are not being filled and agency staff only being used as and when there is work. The previous backlog of permanent Traffic Regulation Orders (TROs) is now being addressed through the use of a contractor.

20. **Decriminalised parking and car parking** are forecasting a shortfall of £40,000 in income mainly due to reduced enforcement as a result of vacant posts. This is offset currently by savings from staff vacancies of £100,000 as detailed in paragraph 45. It is anticipated that income will increase with full establishment in place (where resources will be able to meet the requirements of the on-street enforcement agency agreement with Hampshire County Council). Increased TROs throughout the Borough also need enforcement officers to meet the growing demand.

21. **Food waste campaign:** Efforts to increase recycling across the Borough through a coordinated, multi-channel, food waste campaign is achieving real results. In August the Council collected the highest amount of food waste since January 2011 with a 37% (110 tonnes) increase in July and August compared to May/June (pre-campaign) and a 30% increase on the amount of food waste collected in the same period last year.
22. **Roadside verges and roundabout displays**: The Council’s social media channels were buzzing with positive feedback about our beautiful roadside wildflower displays in Q2 and we are already planning to increase the number of areas that will be planted with wildflower seeds for 2020.

23. **Green flag for Itchen Valley Country Park**: The Council received an impressive 11th annual Green Flag award in July; beginning a second decade of success in the scheme which is a nationally recognised mark of quality. Green Flag Awards are run by the Keep Britain Tidy charity: a green flag flying from a pole is a sign to visitors that the space boasts the highest possible environmental standards, is beautifully maintained and has excellent visitor facilities.

24. **Borough to be carbon neutral by 2030**: At a meeting of Full Council in July a cross-party motion was approved outlining our aim to be carbon neutral by 2025 and to support communities and businesses across the Borough to achieve carbon neutrality by 2030. The push for carbon neutrality is the focus of the Council’s new cross-party working group and we are already ahead of the Government’s 2050 target on greenhouse gas emissions.

**Health and wellbeing (including Health and Social Policy portfolios)**

25. The Council’s strategy includes outward-facing partnership work as well as our own health-promoting services and facilities. The Eastleigh Health and Wellbeing Board has developed a set of partnership actions this quarter including more facilities now promoting the ‘Passport to Leisure’ discount card. A new wellness café will open in 2020 following refurbishment by Hedge End Town Council and the Council is tackling physical inactivity through a new “Step up for you” campaign. Although slightly down on target, over 90,000 people are now visiting Places Leisure Eastleigh each month and there has been an increase in people benefitting from Accessible Cinema at The Point.

26. Council spending in relation to this theme is in excess of budget with the theme forecasting an adverse position of £109,000 for 2019/20. However, these overspends are either one-off items that could not be planned for, or are being actively addressed. The Council’s service planning process will help improve financial planning and control and alignment to strategic objectives. Key performance issues and explanations for significant financial variances against budget are detailed in the paragraphs below.

27. **Arts and Culture**: As outlined in Q1, the service is reporting a forecast net overspend of £60,000 related to staffing. However, additional income from grant applications, fees and other income will fund the over spend. A business case was submitted for the proposal of a new staffing structure to complement the emerging business plan, creating resilience and stability to core and casual staff over the lifetime of the business plan. The new structure will not be fully staffed until December 2019 and therefore existing pressures will continue through the transitional period. The Arts and Culture Manager is reviewing all areas of the business in order to determine impact/output and financial success.
28. Housing Benefit and Council Tax Support is forecasting a favourable variance of £80,000. This is due primarily to the lower take-up of Universal Credit which means that the Housing Benefit caseload is currently static. This will continue to be regularly monitored by the service lead. The service has also looked at methods of recovery of outstanding Housing Benefit debt due to the difficulty and uncertainty of the recovery of these monies once the debtors transfer across to Universal Credit. As a result of this proactive work the current recovery rates are slightly higher than initially predicted.

29. The Licensing Service is forecasting an under spend of £23,000 for 2019/20. The service is supported by a chargeable advice service from Southampton City Council and as there as likely to be fewer calls for this advice, the costs for 2019/20 will be lower.

30. There is a potential overspend of £156,000 on Places Leisure Eastleigh relating to rating costs. This is a one-off cost which is due to the increased rateable value of the new leisure centre. The contract with the leisure centre operator has been renegotiated to ensure that this overspend does not recur. It is anticipated that this additional cost will be offset by profit share income however, as this cannot be guaranteed, it is prudent to inform Councillors.

Housing and Development (including Planning and Property portfolios)

31. The Council, as the Local Planning Authority, continues to perform well against statutory targets, ensuring a good supply of permissions for sustainable development; not least with the new challenge of nutrient budgeting which has delayed or stopped permissions being issued elsewhere (see paragraph 39). Specialist internal consultee capacity is now being addressed with resourcing through the MTFP (see below).

32. The financial performance for this theme of the corporate plan is forecasting a favourable position of £535,000 for 2019/20. Key performance issues and explanations for significant financial variances against budget are detailed in the paragraphs below.

33. The Council’s housing programme has reported a positive position for Q2. The programme currently consists of eleven housing sites and the Council’s financial assistance and investment through its Aspect housing company is supporting the delivery of 3,183 dwellings. The housing stock now held in the Aspect Building Communities vehicle totals 281 dwellings of Private Rented Sector (PRS) stock. Data from August 2019 shows 148 units were completed at North Stoneham Park, The Willows and Leah Gardens. Marketing and letting of these units reported some difficulties (e.g. some void periods) following handover and this can be attributed to initial market saturation in Eastleigh and the accelerated pace of construction and handover speeds. However, despite these market influences, Leah Gardens (Woodside Avenue) were fully let in August with all market rented homes occupied.

34. Vivid are appointed as the marketing, letting and development agent for North Stoneham Park. In October, VIVID reported that 40% of the completed PRS stock at North Stoneham remained unoccupied (void), and in response an
external agency has now been appointed to market these properties. As a result take up of these rented units has now improved and pleasingly some of the homes handed over in August 2019 are taking less than two weeks to let.

35. At Q2, two of the sites in the housing programme are complete and occupied; three are under construction and demolition is due to start on land at Romsey Road by the end of 2019. Contracts are under negotiation to bring forward the other four sites including three EBC-owned assets to be transferred to VIVID for the delivery of 16 social rented town centre homes.

36. The Development Management service is forecasting £56,000 additional income for 2019/20 in excess of the budget (due to a continued increase in the number of applications).

37. **Asset Management**: The Corporation Estates budget is forecast to exceed its income target by £160,000 in 2019/20. This positive position is predominantly due to the team’s renewed focus on prioritising lease events (including rent reviews). This income is partly offset by additional expenditure being forecast (including an increase in rents payable on ‘leased in’ properties following rent reviews), as well as external specialist consultant fees for reviewing rates assessments within the Council’s property portfolio.

### Other corporate performance and emerging financial issues

38. **Democratic Services**: Performance concerns were reported in Q1 in relation to loss of specialist/technical, knowledge in this area having an impact on meeting Key Performance Indicators and disruption to service standards. It is pleasing to report that following the appointment of a new Democratic Services Officer into the Performance and Governance team and four new Case Management Officers in Support Services, the service is now performing in excess of its targets.

39. **Nitrate**: Since April 2019, a challenge for the Council, along with a number of neighbouring authorities, is ensuring each new dwelling or development with overnight accommodation does not increase nitrate levels within the Solent. Each development must demonstrate how nitrate neutrality is achieved and this is predominantly being delivered through ceasing agricultural use of selected land and eliminating nitrates associated with agricultural practices from draining to the Solent. This will offset the impact of new development and helps to achieve nitrate neutrality. To enable planning permissions still to be issued, the Council has developed an interim strategy using its own land holdings to mitigate the increase in nitrates associated with new development. A long term and permanent strategy needs to be developed through water companies and government agencies working in partnership, the absence of which currently places responsibility and significant pressure on local authorities to ensure new housing and overnight accommodation development can still be delivered. To continue our proactive approach in resolving the issue locally, a Council working group has been set up to identify potential solutions and a report will be taken to Cabinet in March 2020.
40. **Strategic Planning** is reporting a net favourable position of £102,000. Staffing within this area is reporting a £33,000 underspend due to a reduction in staff hours. In addition to this, as previously approved, the Council’s contribution to parish precepts has further reduced in 2019/20 leading to a saving of £69,000.

41. **Internal services** is reporting £157,000 favourable variance; primarily due to the restructuring of £300m of borrowing from short term to long term. This is due to brokerage charges from the PWLB (long term) being cheaper than brokerage costs from the money markets (short term). This budget also contains variances relating to insurance, pension costs, audit fees and the staffing vacancy factor which overall come to a net breakeven position.

42. **Health and Safety**: In Q2 the Council’s Health and Safety team reported some concerns in relation to delays in reporting of health and safety incidents in some of the council’s services and delays in investigations being completed in a timely manner by line managers. There is also an emerging concern in relation to the increase in the number of RIDDOR incidents/accidents/injuries compared to previous years with 7 RIDDOR incidents year to date (5 in Direct Services and 2 in Countryside). In 2018/19 there were 2 RIDDOR reportable incidents. The Council is actively involved in investigating incidents with the aim of supporting and providing additional guidance to service managers. It has been recognised that additional training in investigation reporting needs to be increased and this is being sourced through the Institute of Occupational Safety and Health (IOSH). In addition, a three year action plan has been designed which will focus on the Council’s highest risk areas with an emphasis on culture, management training, assessing risk and implementing robust controls.

43. **Support Services** is forecasting a £29,000 underspend in 2019/20 predominantly due to staff vacancies. This is currently under review with vacancies due to be filled and is not materially impacting performance.

44. **Service Delivery Case Management**: As reported in paragraph 7, whilst performance has improved, this has had a direct impact on the Case Management team (who provides operational support for the council tax service). A delay in being able to appoint to vacancies within the team has led to the use of more expensive agency staff and currently the team are forecasting a staffing overspend of £57,000 for the full year. The Case Services Manager is currently on a recruitment drive to bring in permanent staff with the necessary skill set to cross cover the variety of case management staffing requirements, as well as to see a reduction in agency staff which, if successful, should reduce this overspend.

45. **Local Area Services (parking)**: The service is reporting a £100,000 underspend due to Civil Enforcement Officer vacancies. The first phase of a recruitment drive has been undertaken to fill the vacant posts. Another recruitment process will be undertaken in October/November to fill the remaining roles. Good use of resources has meant that this has not yet had an adverse effect on decriminalised parking and car parking but this is not sustainable in the medium-long term due to commitment to the revised on-street enforcement agency agreement with Hampshire County Council.
Additional TROs are now being implemented throughout the Borough due to an increase in resources in Traffic and Engineering and these restrictions need to be enforced.

46. **FOI requests:** The Council has developed an FOI system within the Salesforce IT platform which is proving to be far more efficient. The Council is also publishing more open data and information across its website and this increase in the amount of open data has led to a >25% increase in the number of FOI requests being redirected to information already available on our website and is resulting in significant savings in officer time. Since the FOI process has moved into Salesforce it has proven much quicker to deal with the enquiry. It offers the ability to add in target dates, send to multiple users and view all correspondence relating to the case in one place. This is especially helpful when the FOI concerns multiple service areas and is far more efficient compared to the old manual process.

47. Despite the successful redirecting of enquires through the publication of extensive open data, improvement does need to be made in terms of service areas responding to the FOI and EIR requests they receive, within statutory timescales. The KPI for this area is currently showing red.

**Residents Survey**

48. The Council undertook a short survey in January/February 2019. The results are summarised in Appendix 5. For most indicators most respondents were fairly or very satisfied. Satisfaction was highest in relation to respondents’ local area and lowest in relation to the Council acting on residents’ concerns. The appendix examines the reliability of the data and the survey provides a baseline for future surveys and an improved approach to using customer insight.

**Additional performance considerations**

49. **Brexit:** Last year the Council set up a Cabinet and Senior Manager BREXIT working group to discuss political developments and manage the various risks and opportunities relating to the UK Exiting the EU. Alongside maintaining and responding to the BREXIT risk register, the group has overseen a range of communication activity and information. There has been some notable success in relation to the Council raising awareness of Settlement Scheme registration. June’s Home Office data indicates that around 40% of Non UK EU Nationals in our Borough had registered; significantly higher than other local authority areas in Hampshire.

50. **European Accessibility Act:** New EU legislation came into effect in September 2018 for public sector bodies and makes specific reference to ensuring all websites and mobile applications are made accessible for everyone. This is likely to have council-wide impact and affect a range of service areas. Fortunately, the new website was designed using accessibility guidelines from gov.uk and work to the main site is likely to be minimal. However, the legislation is likely to affect some of the forms and documents that are uploaded to the site.
51. The Council has asked its web development company to review our website to see if it complies with new legislation and will be discussing with them what improvements may be required. Further research to ensure we meet accessibility standards is also being carried out.

52. The 2018 regulations build on existing obligations to people who have a disability under the Equality Act 2010 (or the Disability Discrimination Act 1995 in Northern Ireland). These say that all UK service providers must consider “reasonable adjustments” for disabled people.

**Financial Performance**

53. There have been significant improvements in the way engagement with managers has taken place during 2019/20 enabling a more open culture of performance monitoring. This, along with the continuation of the successful financial monitoring process, means the Council is projecting net favourable service variances for the full year totalling £133,000. The reasons for these variances are detailed in the paragraphs above. The table below gives a summary of the variances by service:

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<td><strong>Economy:</strong></td>
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<td>Tree Works</td>
<td>(20)</td>
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<td>Combined Heat and Power and Renewable Energy</td>
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<tr>
<td>The Point</td>
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<td>Housing Benefit and Council Tax Support</td>
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<tr>
<td>Service Delivery Case Management</td>
<td>(57)</td>
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<td>Strategic Planning</td>
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<td>Internal Services</td>
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<td>Local Area Services</td>
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<tr>
<td>Other</td>
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Eastleigh Borough Council
Area Committees

Position of Services 133
Non Service Related Items (964)
Total (831)

54. Overall financial performance also includes non service related items and these are forecasting a net adverse variance of £964,000 for 2019/20 leading to a net overall adverse position against the budget of £831,000. The key variances included within this figure are detailed below.

- An increase in interest payable of circa £1.433m due to the restructuring of £300m of borrowing from short term variable rate borrowing to long term fixed rate borrowing. This increased cost is to be offset by reduced costs in future years, as short term variable rates are currently forecast to increase above the long term fixed rates achieved in April 2019.

- Net transfers to reserves is forecast to be £339,000 lower for 2019/20 which recognises the General Fund surplus transferring to the Interest Reserve and additional transfers from reserves to fund service and local area initiatives.

- Decrease in MRP of £278,000 is due to an updated reflection on the timing on completion of spend on projects. This does not have an effect on the total amount of debt repaid over the 50 year life of these assets.

Continuous Improvement Strategy

55. The 2018/19 Financial Outturn Report approved the allocation of £524,000 from the General Fund, as well as the continued use of capital receipts into 2019/20 which will be used to support Service Delivery Case Management to release some staff to focus on process redesign work. This work will drive out process efficiencies to address Council tax backlogs and relieve existing pressures. The support to the Case Management team is the biggest staff-based improvement project at the current time, but there are also a number of smaller process improvement projects underway as part of the Council’s approach to continuous improvement.

56. In addition to the funding highlighted above, further service redesign has been supported by use of capital receipts throughout the Council’s continuing transformation programme. The MTFP process has identified a requirement for additional resources (specifically to support the successful implementation of a case management approach across the Council). A number of key roles will be appointed to seek to implement this Strategy. A Continuous Improvement Strategy will be drafted for approval in February 2020 which will realise the £2.5m savings and implement the Case Management Systems
over five years as detailed in the MTFP. The Strategy will support improved commercial approaches and financial management; more efficient processes (and the case management approach) together with a review of services to ensure that all activity is strategically aligned and having maximum positive impact to support communities and improve lives of people in the Borough.

Community Investment Programme

57. The Community Investment Programme (CIP) has a rolling budget of £68.7m for 2019/20. The budget has reduced by £8.2m since originally set which is primarily due to slippage on schemes that are now no longer due to complete in 2019/20 including Upper Northam Road, Romsey Road, and some works on the former Civic Site.

58. As at 6 October 2019, £11.18m had been spent representing 17% of the total budget. The progress of CIP schemes are reported as part of the highlight reports completed by Project Managers monthly and reported back to the relevant boards. As with revenue budgets, project managers are asked to identify forecast spend for the year in order that total CIP budgets can be monitored effectively and also profiled into the most appropriate financial year. This is an iterative process with adjustments to budgets between financial years being made as and when reported to the relevant boards.

Chief Financial Officer’s Statement

59. As the Council’s Statutory Finance Officer, the Chief Financial Officer is required to advise the Council on all pertinent financial matters including the level of balances and, in particular, to alert Councillors to any concerns she may have regarding the financial well-being of the Council.

60. The financial monitoring process is a very important element of the Council’s financial arrangement as it assesses how effective the day to day management of budgets has been throughout the year. Any unforeseen overspends and underspends can distort the Council’s financial position and financial planning process.

61. A key element of the financial process is accurate budgeting and forecasting. Historically there are underspends in revenue budgets and it is important that these are identified by service managers as soon as they are foreseen. There are continued efforts to improve identification of budget variances and ensure these are reflected within the rolling budget (as can be seen within the detail of this report). The financial position is reassuring and the Council continues to move forward with service provision and an extensive housing and capital programme with financial security.

Risk assessment

62. The purpose of this monitoring process is to give Councillors the assurance that the Council is performing broadly in line with the Budget. This report is also integral to the risk management process in respect of the Council’s
finances. Appendix 4 contains the current performance and financial risk assessment.

Equality and diversity implications

63. The Equality Act is not relevant to the decision in this report as the decision does not relate to eliminating discrimination, advancing equality of opportunity, or fostering good relations between different people. An Equality Impact Assessment has not been carried out.

Conclusion

64. This performance report, as well as providing a comprehensive snapshot of the Council’s finances, provides the opportunity to advise Councillors of significant financial issues that may impact on the Council’s service performance. Financial performance continues to be positive. The Council continues to effectively deliver a dynamic range of services however there are some performance areas needing attention and rectification of these issues is important in ensuring the Council is continuing to meet customer need.

GAETANA WISEMAN
HEAD OF PERFORMANCE AND GOVERNANCE

Date: 14 October 2019
Contact Officer: Gaetana Wiseman & Emma Pearce
e-mail: gaetana.wiseman@eastleigh.gov.uk
emma.pearce@eastleigh.gov.uk
Appendices Attached: 5

LOCAL GOVERNMENT ACT 1972 - SECTION 100D

The following is a list of documents which disclose facts or matters on which this report or an important part of it is based and have been relied upon to a material extent in the preparation of this report. This list does not include any published works or documents which would disclose exempt or confidential information.

List Background Papers: None.