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1. The Council is projecting net favourable variances of £263,000. The table below gives a summary of variances by service, with reasons for these variances detailed in paragraphs 2 - 43. It should be noted that explanations for variances were written prior to the announcement of the new lockdown measures announced at the end of October.

	Variance £000's () = unfavourable
Skills & Business	
Eastleigh Business Centre - para 2	(433)
Economic Development para – 3	24
Council Tax – para 4	(158)
NNDR – para 5	(19)
Open Air Markets – para 6	(11)
Business Regulation - para 7	(37)
Environment	
Countryside Management – para 8	(55)
Countryside Land Management – para 9	(25)
Streetscene – para 10	(91)
Trade Refuse – para 11	(181)
Trade Waste – para 12	(161)
Green Garden Waste – para 13	142
Recycling – para 14	(53)
Cemeteries – para 15	(11)
Combined Heat and Power – para 16	36
Renewable Energy – para 17	27
Other	(2)
Health	
Health and Wellbeing – para 18	22
Places Leisure – para 19	(554)
Arts and Culture – para 20	(372)
Other	4
Planning and Property	
Development Management – para 21	(171)
Land Charges – para 22	(129)
Building Control – para 23	70

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Elections – para 24	103
Housing Delivery – para 25	866
Service Delivery Case Management – para 26	(87)
Civic Events – para 27	21
Corporation Estates para 28	(1,000)
Local Plan – para 29	400
Accommodation – para 30	101
Internal Services – para 31	581
Local area services – para 32	115
Service Delivery Specialist Team – para 33	(118)
Direct Services – para 34	29
Communications – para 35	13
Social Policy	
Customer Services – para 36	47
Housing Benefit – para 37	(431)
Housing Advice – para 38	134
Other	(5)
Transport	
Transport Policy – para 39	60
Car Parks – para 40	(975)
Decrim Parking – para 41	(282)
Technical Services – para 42	(79)
Other	9
Non-Service-Related Items – para 43	(782)
Government Funding (COVID-19)	3,681
Net Position	263

2. Eastleigh Business Centre is forecasting a net £433,000 adverse variance largely due to lower than budgeted income levels. The building was closed between 30th March - 31st August which impacted rents. The office space is now re-open and operating at an occupancy rate of 69%. The income forecast is based on current occupancy rates as with COVID-19 safe working restrictions in place the maximum occupancy rate is around 70%.
3. Economic Development is forecasting a saving of £24,000. The Recreate Project (the affordable workspace for businesses in the creative sector) is forecast a £22,000 adverse variance partly relating to under recovery of income due to the closure of the building from April – July as well as a decrease in the number of artists using the service. In addition to this there has been an increase in costs of cleaning the premises since the space has reopened. This loss of income is offset by a saving of £46,000 reduction in spend for the business conference due to COVID-19.

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4. Council Tax is forecasting a £159,000 adverse variance. This is largely reflective of the court cost income which will be under recovered in 2020/21 due to fewer court cases, although this is partly offset by a reduction in court expenditure.
5. NNDR is reporting a £19,000 adverse variance due to court cost income that, similar to Council Tax, will be under recovered in 2020/21 due to fewer court cases.
6. Open Air Markets are reporting a £11,000 under recovery of income as Eastleigh Town Centre Market and Car Boot sale has remained closed for this financial year due to COVID-19.
7. Business Regulation is forecasting a £37,000 overspend. This is due to the Health and Safety budget which includes estimated costs to fund new equipment to support employees who are primarily working at home due to COVID-19.
8. Countryside management is forecasting a £55,000 unfavourable variance. Itchen Valley County Park (IVCP) café is forecasting a net loss of £29,000 due to being closed during lock down. In addition to this, the park has incurred additional costs of £29,000 for security which allowed the park to be fully accessible for the public to enjoy despite the lockdown restrictions. Lakeside is forecasting a loss of income due to reduced conference room hire. Both sites have incurred additional costs of £9,000 due to additional cleaning required to ensure compliance with the new rules. This is offset by additional car parking income of £14,000 predicted at IVCP.
9. Countryside Land Management is forecasting additional expenditure of £25,000. £10,000 relates to contractor expenditure being incurred as a result of not being able to use volunteers to undertake maintenance work at sites due to COVID-19. The remaining £15,000 relates to additional expenditure on sites that are being funded from the grant reserves.
10. Streetscene is reporting a £91,000 overspend. There is a forecast loss of income of £42,000 in relation to income generating events being cancelled this financial year due to COVID-19 which are usually supported by the Streetscene team. The remaining £49,000 is forecast spend due to the delayed Fly Tipping project that was approved in 2019/20 MTFP.
11. Refuse collection is forecasting a £181,000 adverse variance. The Council's food waste collection service was stopped in April of this year, in order to ensure residual waste, mixed dry recyclables (DMR), glass and garden waste could continue as normal, and to ensure the safety of staff in response to the spread of Covid -19. The Covid-19 pandemic has resulted in many more residents working from home resulting in an 11% increase in the residual waste (including food) collected since April 2020. In accordance with Waste Industrial Safety and Health (WISH) Forum guidance, the service has implemented social distancing and operates with only two crew members in the cab at any one time with the third meeting out on site. The re-start of food waste collection is forecast to incur additional costs of £82,000 due to additional hire costs and temporary staff. The hire vehicles only require two

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crew members (driver and loader) and allow better social distancing to be maintained. This method of collection will be implemented as part of the pilot scheme which commenced on the 9th November. In order to deliver the new Ways with waste programme, project costs of £77,000 will be incurred and fully funded from the recycling reserve. In addition, there have been costs for staffing for one off payments equating to £20,000.

12. Trade Waste is forecasting £161,000 under recovery of income. This is a worse-case scenario based upon the evolving impact COVID-19 is having on business's needs. It is worth noting that disposal costs could increase based on historic trends and fees increasing from Hampshire County Council (HCC). Future financial monitoring will identify any growth in disposal costs.
13. The Garden Waste service is forecasting a net £142,000 favourable variance. Additional income of £162,000 has been achieved due to increased customer demand. This is offset by £20,000 additional staffing costs needed to provide the service to the increase in customers. £54,000 of the additional income will be transferred to capital budgets to fund additional garden waste Bins.
14. Recycling is forecasting an adverse variance of £53,000. There has been a reduction in the value of recycling items to the sum of £71,000 due to recycling income from HCC, which will be funded by the Project integra reserves. This is offset by a saving of £19,000 due to the recycling of glass which has shown a steep increase due to bottle banks being closed and the resulting increase in kerbside collection.
15. The Cemeteries service has seen a reduction in Memorials resulting in a net loss of £11,000.
16. The Combined Heat and Power (CHP) service is forecasting a saving of £36,000 based on September 2020 usage which generates a net return to the Council. These income levels could change significantly should the leisure centre have to close in the future.
17. Renewable Energy is forecasting a net favourable variance of £27,000. Additional income of £43,000 due to favourable Feed In Tariff income is offset by additional spend on maintenance of £16,000 to ensure the solar panels continue to perform at maximum efficiency.
18. Health and Wellbeing is reporting a £22,000 favourable variance. The service has realised a £6,000 saving due to reducing non-essential spend and a number of initiatives unable to run due to COVID-19. In addition, there are the following transfers in/(out) of reserves for grant funded schemes as shown in the table below:

Initiative	Transfer In/(out) £
Sport Funding	1,547
Mum & Baby Cycling Scheme	6,000
Friday Night Football	6,354

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Park Sport	8,834
Health Works	(6,989)
Total	12,652

19. Places Leisure Eastleigh is reporting a £554,000 adverse variance. There is a £109,000 saving on annual maintenance, however these funds are allocated to reserves for future major repair projects. There is an estimated loss of £713,000 in income as Places Leisure was closed due to Government restrictions. Included within this forecast is an estimated contribution to the Management fees from Places Leisure of £268,000 and the annual average income adjustment of £33,000. There is a £50,000 saving in contracted services costs offsetting this cost and it is forecast that £663,000 will be claimed back from Government as part of the Fees & Charges reimbursement.
20. Arts & Culture is forecasting a net £372,000 adverse variance. The Point was closed until mid-September and The Berry theatre remains closed, therefore a significant reduction in income is currently projected (£632,000). This is partly offset by a decrease in programme spend of £183,000 and a further £81,000 funding following a successful Arts Council England (ACE) funding bid. Programmes are now starting to run, and the bar has re-opened. Along with this there is funding expected from the COVID-19 fees and charges loss of income grant from Central Government and the Furlough scheme which will offset a substantial amount of the losses. It is to be noted that service is currently undergoing a budget review to recognise the challenges the business is facing/reflect future of the service.
21. Development Management is reporting a £171,000 adverse variance. There is a forecast overspend on appeals of £86,000 of which £68,000 will be funded from BHH LAC and £18,000 will be funded from the Development Management Reserve. The remaining estimated shortfall on income in 2020/21 of £95,000 is due to reduced applications received during the COVID-19 lockdown period. This is partially offset by a saving of £10,000 in postage and advertising costs. It is anticipated that some of the remaining income shortfall will be met from the Fees and Charges COVID-19 claim.
22. Land Charges is reporting a £129,000 adverse variance due to reduced fee generating activity following COVID-19. It is anticipated that some of the shortfall will be met from the Fees and Charges COVID-19 claim. Any overspend on this service at the end of the financial year will be funded by a ring-fenced reserve.
23. Elections is forecasting a saving of £103,000. This is due to no Borough Council elections taking place in the current financial year. The elections have been postponed due to the current pandemic and they are expected to take place in May 2021.
24. Building control is forecasting a £70,000 favourable variance. The service is delivered through a partnership arrangement with Southampton City Council and latest forecast figures show an increased demand, though these figures

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are yet to be confirmed. The forecast savings of £70,000 will be transferred to the Building Control reserve as this is a ring-fenced service.

25. Housing Delivery is reporting £866,000 underspent. £930,000 saving from New Homes Bonus income transferred into reserve is offset by an overall estimated shortfall on Housing Grant income of £62,000. This predominantly relates to a shortfall at Stoneham due to timing of properties being completed and lettings taking longer than initially estimated. This is offset by improved performance at The Willows - Hatch Farm. This shortfall is funded from the Housing Reserve.
26. Service Delivery Case Management is forecasting a net £87,000 overspend. £14,000 of this overspend is due to extra work carried out on the business grants work due to Covid-19. The remainder is due to increased activity for council tax adjustments and Land Charges (due to reduced stamp duty). This increase in activity has meant that agency workers have had to continue to avoid a back log.
27. Civic Events is reporting a £21,000 forecast underspend due a reduction in events this year because of the Covid-19 pandemic.
28. Local plan is forecasting £400,000 non recurrent saving in 2020/21. The Local Plan budget provision for 20/21 was based on the demands of preceding years where a significant amount of technical work was required, and the possibility of legal challenge. A budget revision is now possible based on the outcome of the examination hearings that completed in January 2020 and were detailed in the Planning Inspector's letters since April this year, and the residual technical and legal work therefore required by the Planning Inspector ahead of submission of modifications which has now been completed (October 2020).
29. Corporation Estates is reporting an unfavourable variance of £1m. This is due to a predicted increase in bad debt provision for rental properties. This is to recognise the uncertainty on the rental market. An exempt report on the performance of the Councils property portfolio is on the agenda for the Audit and Resources committee in November 2020.
30. Accommodation is reporting a £101,000 favourable variance. Additional costs of £22,000 have been forecast in relation to the HC3S contract for the Eastleigh House cafe where HCC are charging additional contributions for losses incurred due to COVID-19. There are savings on electricity costs due to a contract review alongside savings on other utilities as a result of fewer employees being in the office. There is also an increase in rental income compared to the budget from external tenants within Eastleigh House of £123,000.
31. Internal Services is reporting a £581,000 underspend which is the result of savings of £1.4M on pension costs netted against budgets which are held in this area with the actual savings being realised across the services. These central budgets include a budget for staff turnover and the 2020/21 budget for

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efficiency targets. This is offset by a further £144,000 for Programme Project Team being unable to allocate the full cost of their time to capital projects due to the requirement to support revenue projects. This funding issue will be addressed in the upcoming budget process.

32. The Local Area Services team are reporting a £115,000 underspend. This is primarily due to vacant posts in 2020/21 although a recruitment process is underway with two posts expected to be filled by January 2021. There is also a reduction on administration costs of £11,000 due to a hold being placed on non-essential expenditure.
33. The Service Delivery staffing budget forecasting an overspend of £118,000. Additional staffing costs of £133,000 are forecast due to agency posts being over established from continuing high levels of demand and work on Horton Heath. In addition to this, income is forecast to be under recovered by £7,000 due to a reduction in capital recharges from the Engineering team due to reduced activity. This is offset by a favourable variance of £22,000 due to a reduction in non-essential expenditure.
34. Direct Services staffing costs are forecasting a £29,000 saving due to a delay in appointing vacant posts.
35. Communications is forecasting a £13,000 net underspend. £8,000 relates to staffing underspends due to some staff working reduced hours at present. The remaining £5,000 underspend is due to a reduction in non-essential spend.
36. The Customer Services Centre is reporting a £47,000 underspend primarily due to a number of vacancies this year contributing to £41,000 of the variance. In addition, a saving of £6,000 has been achieved through reductions in non-essential spend.
37. The Housing Benefit service is reporting a £431,000 unfavourable variance to budget. The "overspend" against budget reflects the increasing impact of Universal Credit and increased demand due to COVID-19. This budget can vary significantly with small changes in demand and as a result will be monitored monthly and addressed in the upcoming budget process.
38. The Housing Advice service is forecasting a £134,000 saving. There is a £10,000 saving on general Housing Advice administration costs as activity and spend has been limited to priority work only. However, this is offset by £23,000 increased bad debt provision for the Tenancy Start Up scheme to recognise historic trends and the current market. This net loss is entirely mitigated by a transfer of £37,000 from a historic revenue reserve no longer required creating a net positive revenue position of £24,000. In addition, the £147,000 unspent Homelessness Grant is being taken to the Homelessness Grant reserve to fund future initiatives.

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39. Transport policy is projecting a £60,000 favourable variance. As previously reported, there is a recurring underspend of £51,000 on the bus services subsidy budget however, it is anticipated that due to lower demand and poor bus services due to COVID-19 that additional funding will be required to support bus routes and therefore this underspend will be transferred to the grants and earmarked reserves. In addition to this, there has been a reduction in spend for the medical transport service of £9,000, and a further £10,000 underspend on various transport schemes. 2020/21 has seen additional expenditure of £10,000 due to implementation of Traffic Regulation Order schemes is to be funded from reserves.
40. Car parks are forecasting an adverse variance of £975,000 due to lower income across the service. Corporately it was decided that car parks would be free to use between April 20 - June 20 to help the community during the lockdown period. Since car parks have re-opened activity has remained lower than budgeted and activity is expected to remain lower for the remainder of the financial year.
41. Decriminalised parking is forecasting a loss of £282,000. This is due in part to lower income from penalty charge notices as HCC advised to use warning notices instead of issuing fines up to August 2020. Use of off street parking has also declined as Market Street and High Street will remain closed until April 2021. There has been a reduction in usage for Chestnut Avenue due to college students changing the way they learn, and in addition to this Stroudley Way parking is not being utilised. This shortfall is partly offset by underspends within the Civil Enforcement Team of £115,000 highlighted in paragraph 32. It is anticipated that some of the remaining income shortfall will be met from the Fees and Charges COVID-19 claim.
42. Technical services are reporting a £79,000 adverse variance due to the following:
 - MOTs are reporting a loss of £37,000. The service was paused from April to mid-August due to COVID-19 which impacted the income target by £29,000. In addition to this, to enable staff to undertake MOT's and ensure the safety of members of the public extra PPE has been required which has resulted in a forecast overspend of £3,000. Due to a staff vacancy there is staffing saving for transport of £5,000.
 - The Pest Control service was suspended for 2 weeks due to the Pest Control Officer being unable to safely enter properties. This has resulted in a shortfall in income of £12,000.
 - Construction is reporting a net loss of £30,000. Additional staffing resources of £47,000 have been required to undertake the work allocated to the team. Material costs have risen by £83,000 in order to undertake the work. This is partly offset by additional forecast income.

43. Non-Service-Related Items is reporting a net adverse position of £782,000 consisting of:
- Net transfers to reserves of £1,042,000 which are detailed throughout the service variances in previous paragraphs.
 - A forecast saving on interest payable of £282,000 compared to the original budget due to the Bank of England reducing interest rates due to the COVID-19. This has resulted in the Council's short-term variable borrowing requirement being funded at a much lower rate than originally forecast.
 - Interest and investment income shortfall of £52,000 compared to the original budget. This is due to the Council's investment in the CCLA property fund returning a lower dividend as income to the fund has been reduced during lockdown. The investment in the fund is still returning positive investment income of circa 3%.
 - Minimum Revenue Provision is forecasting a saving of £30,000 since the budget was originally set. This is due to a reduced level of capital expenditure in 2019/20 than forecast, resulting in a delay in the repayment of debt linked to this expenditure.