

OVERALL GENERAL REVENUE FUND FORECAST OUTTURN POSITION FOR
2020/21

Portfolio	Budget July 2020	BAU* Annual Forecast as at July 2020	BAU* Forecast Variance July 2020	COVID Forecast Pressures July 2020
	£M	£M	£M	£M
Children & Learning	48.85	53.01	4.16 A	3.97 A
Culture & Homes	8.87	8.97	0.10 A	2.01 A
Customer & Organisation	27.60	28.11	0.51 A	0.33 A
Finance & Income Generation	(3.59)	(3.66)	0.06 F	4.82 A
Green City & Place	23.07	24.27	1.20 A	5.09 A
Health & Adults	63.70	62.86	0.84 F	27.64 A
Stronger Communities	2.79	2.96	0.18 A	1.10 A
Total Portfolios	171.27	176.52	5.25 A	44.96 A
Levies & Contributions	0.09	0.09	0.00	0.00
Capital Asset Management	9.92	9.92	0.00	0.22 A
Other Expenditure & Income	9.54	5.75	3.78 F	16.36 F
Net Revenue Expenditure	190.82	192.28	1.46 A	28.83 A
Draw from Balances	0.00	0.00	0.00	0.00
Council Tax	(102.28)	(102.28)	0.00	0.00
Business Rates	(54.57)	(54.57)	0.00	0.00
Non-Specific Government Grants	(33.97)	(33.97)	0.00	0.00
Total Financing	(190.82)	(190.82)	0.00	0.00
(SURPLUS)/DEFICIT	0.00	1.46	1.46 A	28.83 A

NB Numbers are rounded

*Business as usual

EXPLANATIONS BY PORTFOLIO

1. CHILDREN & LEARNING PORTFOLIO

KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **overspend** by **£4.16M** at year-end on business as usual activities, which represents a percentage overspend against budget of **8.51%**. In addition, £3.97M of pressures arising from the COVID-19 pandemic are forecast for the year.

	BAU Forecast Variance July 2020 £M	July 2020 % of budget	COVID-19 Forecast Pressures July 2020 £M
Children & Learning	4.16 A	8.51	3.97 A

A summary of the Portfolio business as usual forecast variance is shown in the table below:

Service Area	BAU Forecast Variance July 2020 £M
Divisional Management and Legal	0.17 A
Looked After Children & Provision	3.18 A
Multi Agency Safeguarding Hub & Children In Need	0.68 A
Quality Assurance Business Unit	0.08 A
Other	0.06 A
Total	4.16 A
Dedicated Schools Grant (DSG)	8.35 A

The **SIGNIFICANT** business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance July 2020 £M	Explanation
Looked After Children Provision	3.18 A	The adverse variance reflects the current numbers of children in residential care and independent fostering agencies (IFA), adjusted for any children that are scheduled to leave care or move onto the Pathways Team.
Multi Agency Safeguarding Hub & Children In Need	0.68 A	The adverse variance relates to estimated additional agency staff requirement due to pressures within this service. The numbers of agency staff are constantly under review with a view to ending these agency contracts where possible

The SIGNIFICANT COVID-19 pressures for the Portfolio are:

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Education – Early Years and Asset Management	1.19 A	The adverse variance relates to additional costs for Home to School Transport social distancing measures in the main, including additional journeys and the need to employ more escorts for the autumn and spring terms. There are also pressures due to loss of income in the Educational Psychologists teams from cancelled courses and training of £0.03M.
Education – High Needs & Schools	0.22 A	The adverse variance is due to loss of £0.17M income from cancelled Music lessons and additional £0.05M costs of providing holiday period school places for vulnerable children and children of key workers.
Looked After Children Provision	1.96 A	The adverse variance reflects the forecast numbers of additional children that may be expected to enter residential care and independent fostering agencies (IFA). Savings of £0.13M will not be met this year due to the delayed development of a specialist foster care team.
Multi Agency Safeguarding Hub & Children In Need	0.46 A	The adverse variance relates to estimated additional agency staff requirement due to pressures within this service as a consequence of COVID-19.

NOTE: The DSG grant forecast includes an in-year forecast overspend from increasing High Needs demand of £1.45M mainly being driven by significant year on

year increases in Education Health Care Plans (EHCP's). The EHCP's are also becoming increasingly complex which is also impacting on the pressure. The other key significant activity impacting on the pressure is the increase in places for children with special needs being placed in expensive out of city independent settings. There is also a brought forward balance from 2019/20 of £7.42M providing a cumulative forecast pressure of £8.87M (including £0.52M COVID related). This will need to be addressed by the ring-fenced funding within schools and is therefore not a pressure for the General Fund.

DSG overspends in the area of High Needs is a national issue. A working party of key stakeholders exists to review activity across High Needs to identify strategic cost reduction measures to reduce the overspend over the next 3 years.

2. CULTURE & HOMES PORTFOLIO

KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **overspend** by **£0.10M** at year-end on business as usual activities, which represents a percentage overspend against budget of **1.17%**. In addition, £2.01M of pressures arising from the COVID-19 pandemic are forecast for the year.

	BAU Forecast Variance July 2020 £M	July 2020 % of budget	COVID-19 Forecast Pressures July 2020 £M
Culture & Homes	0.10 A	1.17	2.01 A

A summary of the Portfolio business as usual forecast variance is shown in the table below:

Service Area	BAU Forecast Variance July 2020 £M
Leisure Client	0.10 A
Total	0.10 A

There are no SIGNIFICANT business as usual issues for the Portfolio

The SIGNIFICANT COVID-19 pressures for the Portfolio are:

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Leisure Client	0.34 A	There is an overall adverse variance due to expected contractual issues.
Cultural Services	0.95 A	The temporary closure of the cultural venues such as Tudor House and SeaCity Museum has impacted on income generation. SeaCity has been reopened with appropriate social distancing measures in place, however these have reduced capacity. The opening of Tudor House is still under review to ensure it can open safely. The number of visitors is also expected to be impacted over the course of the year due to a reduced number of tourists in the city. The estimated adverse impact on the venues is £0.60M over the course of the financial year. Income loss from events unable to take place in the city is estimated at £0.15M. The overall adverse variance for libraries is £0.20M. This is made up of £0.13M loss of income following the temporary closure of the library service and £0.07M costs associated with reopening the libraries in July.
Housing Need	0.52 A	£0.32M of additional expenditure is anticipated around block booking of guest houses relating to rough sleepers. Also, £0.20M additional expenditure is forecast supporting single adults in relation to homelessness.
Private Sector Housing	0.20 A	Inspections of properties have been impacted by COVID-19. This has caused delays in issuing of licenses in the first half of the financial year and anticipated loss of income.

3. CUSTOMER & ORGANISATION PORTFOLIO

KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **overspend** by **£0.51M** at year-end on business as usual activities, which represents a percentage overspend against budget of **1.84%**. In addition, £0.33M of pressures arising from the COVID-19 pandemic are forecast for the year.

	BAU Forecast Variance July 2020 £M	July 2020 % of budget	COVID-19 Forecast Pressures July 2020 £M
Customer & Organisation	0.51 A	1.84	0.33 A

A summary of the Portfolio business as usual forecast variance is shown in the table below:

Service Area	BAU Forecast Variance July 2020 £M
Customer Services	0.13 F
IT Services	0.90 A
Projects, Policy & Change	0.29 F
Other	0.03 A
Total	0.51 A

The SIGNIFICANT business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance July 2020 £M	Explanation
IT Services	0.90 A	There is an adverse position forecast for a saving target on Major IT projects for which a plan is currently being drawn up to identify any potential savings for this financial year.
Projects Policy & Performance	0.29 F	There is an overall favourable variance due to a delay in recruitment to the cohort of new posts created as part of the 2020/21 budget.

There are no SIGNIFICANT COVID-19 pressures for the Portfolio.

4. FINANCE & INCOME GENERATION PORTFOLIO

KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **underspend** by **£0.06M** at year-end on business as usual activities, which represents **1.78%** as a percentage of the budget. In addition, £4.82M of pressures arising from the COVID-19 pandemic are forecast for the year.

	BAU Forecast Variance July 2020 £M	July 2020 % of budget	COVID-19 Forecast Pressures July 2020 £M
Finance & Income Generation	0.06 F	1.78	4.82 A

A summary of the Portfolio business as usual forecast variance is shown in the table below:

Service Area	BAU Forecast Variance July 2020 £M
Accounts Payable	0.15 F
Commercialisation	0.04 F
Corporate Planning	0.19 A
Other	0.07 F
Total	0.06 F

There are no SIGNIFICANT business as usual issues for the Portfolio.

The SIGNIFICANT COVID-19 pressures for the Portfolio are:

Service Area	COVID Forecast Pressures July 2020 £M	Explanation
Commercialisation	0.30 A	The adverse variance is due to the additional costs of purchasing PPE equipment across the authority whereby the costs are shown centrally.

Corporate Planning	2.81 A	The adverse variance relates to the Investment Property Fund £2.75M and non implementation of the revised charging policy £0.06M.
Local Taxation & Benefits Service	0.39 A	<p>There is £0.06M savings in the central legal budget due to a lower than expected call upon this budget for pursuing non-payment for council tax and business rates.</p> <p>These are offset with additional costs of £0.45M due to non-achievement of savings as a result of Covid-19 pressures. This is comprised of savings losses of £0.16M for increased debt recovery of council tax, due to a delay in implementing new software systems with increased email and text reminders; and savings of £0.29M due to the reduction of bad debt and cost of recovery from an improved recovery rate, as a result of a worsening economic forecast since lockdown began in March.</p>
Property Portfolio Management	1.29 A	The existing investment property portfolio has a significant number of tenants in the retail and hospitality sector that have had restrictions on their ability to trade under government COVID-19 mitigation measures. It is estimated that around £1.19M will not be receivable in the financial year from reduced income as part of profit share arrangements and some rental income not being collectable due to the financial pressures faced by tenants operating in these industries. There is also an adverse variance of £0.10M from an unachievable savings target associated with increasing rental income by disposing of low yielding properties and investing proceeds in properties that generate a higher return. Market conditions are making the achievement of the saving difficult in this financial year however work is being planned to determine how the saving could be achieved in the current climate.

5. GREEN CITY & PLACE PORTFOLIO

KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **overspend** by **£1.20M** at year-end on business as usual activities, which represents a percentage overspend against budget of **5.19%**. In addition, £5.09M of pressures arising from the COVID-19 pandemic are forecast for the year.

	BAU Forecast Variance July 2020 £M	July 2020 % of budget	COVID-19 Forecast Pressures July 2020 £M
Green City & Place	1.20 A	5.19	5.09 A

A summary of the Portfolio business as usual forecast variance is shown in the table below:

Service Area	BAU Forecast Variance July 2020 £M
City Services – Commercial Services	0.19 A
City Services – District Operating Areas	0.43 A
City Services – Waste Operations	0.49 A
Other	0.09 A
Total	1.20 A

The SIGNIFICANT business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance July 2020 £M	Explanation
City Services – District Operating Areas	0.43 A	Sickness and vacancies in the team have given rise to additional overtime and temporary staffing costs. There is also an adverse variance due to additional vehicle running costs for the ageing vehicle fleet.

City Services – Waste Operations	0.49 A	Recycling income for 2020/21 is expected to be significantly reduced since the resale market for recycling material has been indirectly impacted by COVID-19. Current estimate is an adverse variance of £0.22M. A further £0.26M adverse variance relates to, an increase in tonnage rate for tipping costs for commercial waste, additional bin storage costs pending move of bins to Red Lodge depot, reduction of income from bin sales and costs for damage and repair of vehicles.
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The SIGNIFICANT COVID-19 pressures for the Portfolio are:

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
City Services – District Operating Areas	0.33 A	The forecast variance represents the potential cost of additional cleansing over and above business as usual activities, as well as recognising an unachievable saving target due to the impact of COVID-19 on the rollout of compactor bins.
City Services – Waste Operations	0.30 A	There are income pressures in commercial waste collection, following the closure of non-essential businesses during lockdown, and reduced income following suspension of green waste in April. Costs associated with the restricted reopening of HWRCs and associated traffic management have been built into the forecast. These pressures have been partly relieved by an anticipated fall in disposal costs during the first quarter of 2020/21.
Transportation	0.26 A	The savings target of £0.25M for Council wide transport costs from a corporate review is forecast not to be achieved as the review has not been completed. Provision has been made in the budget for resources to develop the project in 2020/21 but COVID-19 is impacting on progress. The additional £0.01M is from staffing variances to help deal with the service response to COVID-19.

Parking & Itchen Bridge	3.93 A	Charging for Itchen bridge, and for parking facilities, was suspended during April and May 2020 in response to the COVID-19 pandemic. Charging was reintroduced from June but traffic volumes are expected to be lower over the rest of the financial year. The forecast adverse variance on Itchen Bridge for the financial year is £1.50M, and the overall variance across all streams of off-street parking income is £2.43M.
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6. HEALTH & ADULTS PORTFOLIO

KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **underspend** by **£0.84M** at year-end on business as usual activities, which represents a percentage underspend against budget of **1.32%**. In addition, £27.64M of pressures arising from the COVID-19 pandemic are forecast for the year.

	BAU Forecast Variance July 2020 £M	July 2020 % of budget	COVID-19 Forecast Pressures July 2020 £M
Health & Adults	0.84 F	(1.32)	27.64 A

A summary of the Portfolio business as usual forecast variance is shown in the table below:

Service Area	BAU Forecast Variance July 2020 £M
Long Term	0.46 F
Public Health	0.35 F
Provider Services	0.06 A
Safeguarding Adult Mental Health & Out of Hours	0.06 F
Other	0.03 F
Total	0.84 F

The SIGNIFICANT business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance July 2020 £M	Explanation
Long Term	0.46 F	There is a forecast £0.67M underspend due to a reduction of clients in Nursing and Residential care as well as direct payments partly due to hospital discharge costs being picked up by the NHS and partly due to COVID-19 excess deaths. There is also a net £0.20M overspend in Learning Disabilities in relation to increased care package costs and additional new clients.
Public Health	0.35 F	Net savings of £0.35M made due to interim arrangements prior to implementation of a new staffing structure. This is offsetting Public Health COVID-19 costs elsewhere (the funding is ring-fenced).

The SIGNIFICANT COVID-19 pressures for the Portfolio are:

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Integrated Commissioning Unit	0.75 A	Due to the COVID-19 outbreak a 10% Block contract uplift has been applied to appropriate provider care support contracts as well as the cost of additional COVID-19 staffing resource and Personal Protective Equipment.
Long Term	24.26 A	There are forecast to be additional client package costs and savings unachieved as a result of COVID-19. This includes additional contract uplift to providers, additional staffing cost and increased pressure upon the Adult Social Care system.
Public Health	0.35 A	The COVID-19 outbreak cost pressure of £0.35M has been offset in Public Health by savings from increased salary budgets resulting from a new proposed structure and funding in the reserve account identified for COVID-19 costs.

Provider Services	0.42 A	There is a forecast adverse variance due to additional remedial works and agency staff that are required for Holcroft House and Kentish Road.
Reablement & Hospital Discharge	0.98 A	There is a forecast adverse variance due to increased overtime, protective equipment and staffing required during the COVID-19 crisis.
Safeguarding Adult Mental Health & Out of Hours	0.88 A	There are forecast to be additional client package costs as a result of COVID-19. This Includes additional contract uplift to providers, additional staffing cost and increased pressure upon Adult Social Care system.

7. STRONGER COMMUNITIES PORTFOLIO

KEY REVENUE ISSUES – JULY 2020

The Portfolio is currently forecast to **overspend** by **£0.18M** at year-end on business as usual activities, which represents a percentage overspend against budget of **6.31%**. In addition, £1.10M of pressures arising from the COVID-19 pandemic are forecast for the year.

	BAU Forecast Variance July 2020 £M	July 2020 % of budget	COVID-19 Forecast Pressures July 2020 £M
Stronger Communities	0.18 A	6.31	1.10 A

A summary of the Portfolio business as usual forecast variance is shown in the table below:

Service Area	BAU Forecast Variance July 2020 £M
Bereavement Services	0.10 A
Port Health & Trading Standards	0.01 A
Registration Services	0.08 A
Total	0.18 A

There are no SIGNIFICANT business as usual issues for the Portfolio.

The SIGNIFICANT COVID-19 pressures for the Portfolio are:

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Bereavement Services	0.46 A	During March 2020, a decision was made to install temporary mortuary facilities to cope with expected additional mortality rates in Hampshire from COVID-19. £0.41M of the variance relates to Southampton City Council's share of the setup and running costs of the facility between April and June 2020. The forecast also includes the estimated impact of COVID-19 on Coroners costs of £0.05M.
Registration Services	0.45 A	Following the implementation of lockdown due to the COVID-19 pandemic, the number of services provided by Registration services has been extremely limited. The only income generating service during lockdown was registration of deaths, and latterly births. Wedding ceremonies have had to be postponed and, in some cases have been cancelled, which is likely to have an impact on income for the whole of 2020/21. In addition to the lost income, additional costs are being incurred to facilitate reopening of services with appropriate social distancing measures, including additional cleansing costs and security measures.

8. NON-PORTFOLIO EXPENDITURE & INCOME

KEY REVENUE ISSUES – JULY 2020

Non-Portfolio Expenditure & Income is currently forecast to **underspend** by **£3.78M** at year-end on business as usual activities, which represents a percentage underspend against budget of **39.7%**. In addition, a favourable variance of £16.14M is forecast to offset pressures arising from the Covid-19 pandemic.

	BAU Forecast Variance July 2020 £M	July 2020 % of budget	COVID-19 Forecast Pressures July 2020 £M
Non-Portfolio Expenditure & Income	3.78 F	(39.7)	16.14 F

The **SIGNIFICANT** business as usual issues for the Portfolio are:

Service Area	BAU Forecast Variance July 2020 £M	Explanation
Other Expenditure & Income	3.78 F	Release of revenue funding previously set aside for capital financing.

The **SIGNIFICANT COVID-19** pressures for the Portfolio are:

Service Area	COVID-19 Forecast Pressures July 2020 £M	Explanation
Capital Asset Management	0.22 A	Forecast loss of income from CCLA Property Fund.
Other Expenditure & Income	16.36 F	As at the end of July 2020 the Government had allocated 3 tranches of emergency funding to local authorities, £7.40M for tranche 1 at the end of March 2020, £7.00M for tranche 2 in May 2020 and £2.49M for tranche 3 in July 2020 (received in early August). £0.53M of tranche 1 was used to meet COVID-19 costs in 2019/20 and the remainder carried forward into 2020/21.