

**REVENUE BUDGET MONITORING & FORECASTING 2017/18  
POSITION AT MARCH 2018**

**SUMMARY AND RECOMMENDATIONS:**

**SUMMARY:**

This report informs Members of the latest forecast of the Council's Revenue budget for 2017/18, based on the monitoring exercise carried out during March.

**RECOMMENDATIONS:**

Members are requested to:

- (i) note the latest Revenue Budget monitoring position and associated risks
- (ii) note the latest forecasts for use of the Service Improvement Fund and the flexible use of capital receipts
- (iii) approve the approach to reserves and balances as set out in the report (subject to final outturn position).

**1. INTRODUCTION**

- 1.1 This report informs Members of the Council's anticipated financial position for 2017/18, based on the monitoring exercise carried out during March 2018.

**2. BACKGROUND**

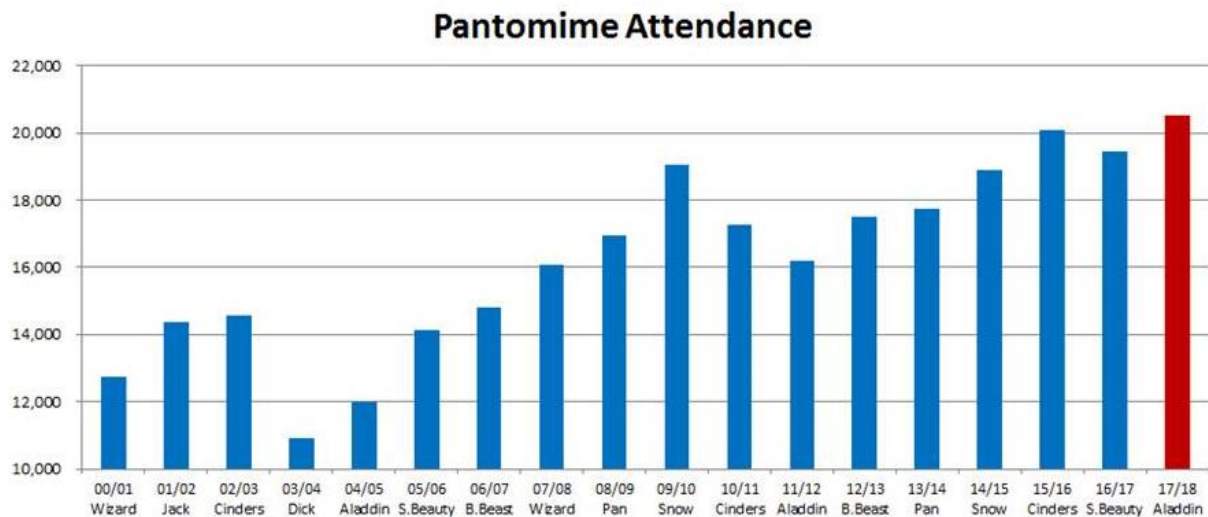
- 2.1 During March, budget officers carry out a regular budget monitoring exercise for their services, identifying any variations from the current approved budget that they anticipate will occur in the financial year. The current approved budget is the revised budget for 2017/18 as approved by Council on 22 February 2018 plus any subsequently approved supplementary estimates and virements.
- 2.2 Three supplementary estimates totalling £60,090 have been incorporated into the current approved budget, including £50,100 for support for the delivery of the Council's regeneration programme as approved by Cabinet at its meeting of 9<sup>th</sup> January 2018. This has in part been offset by a reduction in budgets of £16,000 due to re-allocation of staffing resources in Revenues and Benefits. A limited number of virements have also been actioned since the revised budget was approved, all of which simply move costs between detailed budget lines or between cost centres in order to improve budget management or utilise under-spends to facilitate one-off, essential expenditure, in line with the Council's financial regulations.
- 2.3 A salary monitoring exercise is carried out in order to identify any salary variances. The level of government grants, interest receivable from the Council's investments and any other corporate income and expenditure are reviewed and updated where necessary.

- 2.4 The original budget for 2017/18 identified the need for £550,000 of savings, in addition to £320,000 of expected staff turnover savings. Substantial savings, in excess of this target, were achieved during the first half of the year and have been incorporated into the revised budgets. A further £50,000 was expected to be achieved through turnover savings during the remainder of 2017/18. The latest monitoring exercise indicates that the Council will achieve additional savings for both salary and non-salary budgets.
- 2.5 The above information is consolidated to produce an updated forecast of the revenue position at the end of 2017/18, at Appendix A.

### **3 REPORTED VARIANCES**

- 3.1 Budget officers have identified a net underspend of approximately £904,000 against their non-salary budgets. A summary of the key variances is set out at Appendix B, with some of the key points being referenced in the following paragraphs.
- 3.1.1 Corporate Services portfolio continues to perform well with a significant reduction already having been made to net service costs due to the successful implementation of a strategy to acquire commercial property for investment income. A further £88,000 of savings have been reported in this portfolio with a large number of relatively small variances (each under £10,000) across various services.
- 3.1.2 Environment and Service Delivery portfolio contains a number of the largest expenditure and income streams for the Council, such as expenditure on major contracts for Recycling and Street Cleansing, parking provision in the Borough and the production of the Council's Local Plan. £223,500 net savings have been identified in this area, which is the second largest portfolio by net spend. £79,000 of this variance is in respect of the inspection of the Local Plan, which will now take place in May 2018 while £61,000 is on respect of support to the Council's regeneration programme, both of which are likely to be subject to requests to carry forward the budget for use in 2018/19. Further cost reductions have arisen for waste collection, recycling and street cleansing as part of the transition from the previous contract arrangements.
- 3.1.3 Concessions and Community Portfolio has a small number of budget variances totalling £59,000, the bulk of which is in relation to electoral registration costs. Again, a carry forward request is expected, to support a review of Individual Electoral Registration in 2108/19.
- 3.1.4 Business, Safety and Regulation portfolio reports £267,500 net savings largely due to fluctuations in major income streams such as Bereavement Services (£14,000) and planning applications (£166,000) , which were not foreseen during the revised budget setting exercise. It is anticipated that future budgets for planning application fees will be adjusted upwards. The variance also includes £37,500 additional income from increased planning fees, which is ring-fenced for use within the planning service.  
*(Further detail on changes to planning fee income can be found in Report No: PLN1809 elsewhere on the agenda for Cabinet at its April meeting).*

3.1.5 Leisure and Youth is the largest portfolio by net spend containing budgets for Leisure facilities, the Princes Hall theatre and for the Council's Grounds Maintenance contract. £250,700 of net savings have been identified in this portfolio with £40,000 additional income being achieved from pantomime sales at the Princes Hall, over and above increases already factored into the revised budget. Some pantomime titles do not traditionally perform as well as others and an estimate of around 18,000 ticket sales for Aladdin was reasonable. Every additional 1,000 attendees however, brings in around £20,000 of income and with bookings being taken right up to the close of the show in January, the final sales figures can vary significantly from that estimated when the revised budgets are assembled.



3.1.6 Leisure and Youth also contains £31,000 favourable variation due to reduction in anticipated spend on non-routine grounds maintenance works and £131,500 additional income towards the upkeep of Suitable Alternative Natural Green Space (SANGS)

3.2 A sizeable proportion of the overall variance is due to changes in income that are either ring-fenced for use outside of the general fund or have been received in advance for future years' funding. These amounts are not available for spending on general activities and will be transferred to various reserves as follows:

- £131,500 additional income in respect of s106 developers' contributions for Suitable Alternative Natural Green Space (SANGS) which is ring-fenced for spending on SANGS provision and maintenance at Southwood Woodlands and Rowhill Nature Reserve.
- £81,000 income in respect of changes to amounts drawn from prior year grants
- £37,500 additional planning fee income to be transferred to an earmarked reserve as set out in paragraph 3.1.4
- A reduction of £20,500 in income required to be ring-fenced as part of the Civil Parking Enforcement (CPE) surplus

This results in a net change to transfers to or from reserves of £229,500

3.3 The staff monitoring exercise has identified a net projected underspend of £164,575 from salary savings, which exceeds the £50,000 expected to be

delivered against the revised budget. This is largely due to a number of vacancies across the following services IT (£51k), Town Centres (£13.2k), Community Development (£18.5k), Licensing (£25.6k), Private Sector Housing (£15.7k), Customer Services (£15.3k) and an apprentice post (£12k). A number of these posts are now undergoing recruitment. All vacancies are now considered at Corporate Leadership Team before recruitment commences in order to provide a robust challenge mechanism to the request to fill the vacancy and to consider any alternative delivery options.

- 3.4 Estimates for interest receivable have been reduced due to the overstatement of the rate of return for one of the Council's pooled funds in the revised budget figures. This does not affect budgeted income for 2018/19 as the fund in question has since been sold and replaced with a better performing fund. Interest payable on borrowing has also reduced due to a reduction in our borrowing requirement (largely due to slippage in the capital programme) and the exceptionally low interest rates the Council has been able to access for short-term borrowing from other Local Authorities. This combination has resulted in a favourable variance of £20,000.
- 3.5 As a result of the variations referred to above, the general fund forecast shows a projected year-end balance of £2.226m before reviewing the level of transfers to or from major reserves such as the Stability & Resilience Reserve or the Service Improvement Fund or allowing for any budgets to be carried forward to 2018/19.
- 3.6 A summary of the movement is set out in table 1:

Table 1:	£000
<b>Forecast balances as at 31 March 2018 at revised budget setting</b>	<b>1,462</b>
Less:	
Supplementary Estimates (additional budget provision)	(60)
Reduction in interest receivable	(46)
Additional net transfer to Earmarked Reserves	(230)
Plus:	
Non-salary variances identified by services	904
Additional salary savings	114
Reduction in borrowing costs (interest payable)	66
Change in staff resource (budget reduction)	16
<b>Current forecast balances for end of 2017/18</b>	<b>2,226</b>

- 3.7 Included in the figures above are a number of underspent budget headings where works that have not been concluded in the current year, but will still be required during 2018/19. It is therefore likely that a carry-forward request will be made for these items. Carry-forwards will however be kept to a minimum due to the pressures on spending over the medium-term. The current estimate for carry-forwards to be met from general fund reserves is £146,900, which, if approved, would reduce the general fund balance from £2.226m to £2.079m. A further £89,390 is estimated to be requested for carry forward as part of the final outturn process but these sums are to be met from other earmarked reserves and will therefore have no effect on the general fund balance.

## 4 LEVEL OF RESERVES

- 4.1 The level of balances shown for the General fund is in excess of the approved range of £1 million - £2 million but is likely to sit close to the top of the range once expenditure items have been considered for carry-forward to 2018/19.
- 4.2 Consideration should be given to balances across the three main working reserves – the General Fund, the Stability and Resilience Reserve and the Service Improvement Fund – to determine the appropriate levels to hold in each in accordance with the Financial Strategy.
- 4.3 The Stability and Resilience Reserve was set up to allow the Council to weather fluctuations in its net expenditure while consideration is given to longer-term plans for meeting any funding gap. This means that actions are thought-through and well-considered rather than relying on quick fix, unsustainable solutions. Given the volatility in our income streams, especially around the operation of the Business Rates Retention Scheme, it is prudent to hold a reasonable reserve for this purpose. This is particularly relevant as we move into a round of consultations on the future funding of local government (Fair Funding Review) which will review the funding allocations between local authorities from 2020/21.
- 4.4 The balance on the fund at the close of 2017/18 is estimated at £3.85 million. It would be prudent to increase this reserve (if balances allow) as in previous years the Council has had to draw up to £2.4 million from the reserve to cover short-term fluctuations in income due to the operation of the Business Rates Retention Scheme, for example.
- 4.5 The Service Improvement Fund is held to support key projects such as invest-to-save schemes, which underpin the Council's plan for a sustainable organisation. Table 2 below shows the use of the Fund as approved in the revised budget alongside the latest estimates of expenditure for both the current and future years.

Table 2:

	2017/18 Revised Budget	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast
<b>SERVICE IMPROVEMENT FUND</b>				
Opening balance on Fund	608,956	608,956	518,819	407,079
Digital & Customer Workstream	30,000	24,817	0	0
HR Policy	59,680	55,920	9,950	0
Finance Improvement Projects	3,470	2,300	10,810	2,970
Legal Compliance	8,000	1,950	6,050	0
Temporary Property Assistant	5,150	5,150	24,930	8,390
Regeneration Support	15,000	0	60,000	60,000
Expenditure in year	121,300	90,137	111,740	71,360
<b>Closing balance</b>	<b>487,656</b>	<b>518,819</b>	<b>407,079</b>	<b>335,719</b>

- 4.6 The Service Improvement Fund was replenished at the end of 2016/17 by £481,040 in order to leave the General Fund balance at £2 million. This was a vital injection of funds to support key projects such as invest-to-save schemes, which underpin the Council's plan for a sustainable organisation. If additional

resourcing had not been allocated, the Service Improvement Fund would have been nearly depleted by the end of 2017/18. However, given the additional resources, further projects have been approved to be funded by the Service Improvement Fund including work to ensure the compliance with the upcoming General Data Protection Regulations and a temporary resource to support property acquisitions, one of the key priorities of the Council.

- 4.7 The Council also has the flexibility to use some of its Capital Receipts to support revenue spending in the pursuit of efficiency and service transformation.
- 4.8 The strategy for the Flexible Use of Capital Receipts 2017/18 was approved by Council on 20 April 2017. An update on the 2017/18 Strategy was provided on 22 February 2018, when the strategy for 2018/19 was also agreed. The Strategy set aside a total of £980,000 for a period of 3 years, which commenced on 1 April 2016, for projects designed to generate ongoing revenue savings or for income generation. Table 3 details the projects that were included in the Strategy and shows a forecast position following the latest budget monitoring. A summary of the main variances are as follows:
- 4.9 To support the delivery of the Housing and Regeneration Programme:- £15,000 was included in the revised 2017/18 budget for feasibility and design work associated with the Games Hub, however this work is included in the main cost for shaping the regeneration project. The remaining underspend for 2017/18 is a result of there being a delay in the Council requiring professional advice on the best delivery vehicle to support the Housing element of the programme.
- 4.10 To explore new ways of delivering services while maintaining or improving service standards and reducing costs:- A conditions survey of Farnborough Leisure Centre and Aldershot Pools Complex is to be carried out before the end of 2017/18 but the remainder of the Leisure Contract Procurement is to slip to 2018/19.
- 4.11 To understand sales trends, price demand and ticket buying behaviour:- The initial work on the procurement of the pantomime pricing review has been commenced but the actual review will need to tie in with when pantomime's take place and will therefore not be carried out until 2018/19.
- 4.12 Review the functional and organisational arrangements of the Council, identifying a range of possible options for the design of the organisation (Phase 2):- Under phase 2 of the review into the functional and organisational arrangements of the Council, no budget was included in 2017/18. However, due to timing, there are some monies to be paid out under the Mutually Acceptable Redundancy Scheme (MARS) in 2017/18. This will be a partial pre-spend of the 2018/19 budget.
- 4.13 Feasibility and implementation of an expanded customer hub model:- The extensive customer diagnostic work which has been carried out is more costly than expected and therefore there will be a partial pre-spend of the 2018/19 budget.
- 4.14 As can be seen from table 3 the funding of £980,000 has been fully allocated for use by the end of 2018/19. In the 2018/19 strategy approved by Council, a further receipt of £380,000 received in 2017/18 was identified for potential use to support organisational redesign if the previously allocated funding proves insufficient.

Table 3: Flexible Use of Capital Receipts

Project	Actuals 2016/17	Revised 2017/18 Budget	Forecast Spend 2017/18	Variance	Slippage/ (Pre- Spend) to 2018/19	Original Budget 2018/19	Total Budget 2018/19	Completed (C)
<b>Opening Balance</b>	<b>500,000</b>	<b>338,224</b>	<b>818,224</b>			<b>484,873</b>	<b>500,273</b>	
<b>Additional Capital Receipt</b>		<b>480,000</b>						
<b>Income Generation &amp; Commercial</b>								
Creation of new income generating assets	24,225	-	-	-	-	-	-	C
To support the delivery of the Housing and Regeneration Programme	-	83,495	60,095	- 23,400	23,400	13,765	37,165	
To invest in property, diversifying the asset portfolio and securing greater returns	10,000	20,000	20,000	-	-	-	-	C
To explore new ways of delivering services while maintaining or improving service standards and reducing costs	-	35,000	10,000	- 25,000	25,000	45,000	70,000	
Making better use of existing assets by utilising land for advertising hoardings in order to maximise revenue return.	6,500	-	-	-	-	-	-	C
Making better use of existing assets by utilising land for advertising hoardings in order to maximise revenue return (Phase 2)	-	-	-	-	-	33,500	33,500	
To understand sales trends, price demand and ticket buying behaviour	-	12,000	-	- 12,000	12,000	-	12,000	
<b>Organisational Development</b>								
Review the functional and organisational arrangements of the Council, identifying a range of possible options for the design of the organisation and the implications of future ways of working	98,200	23,470	23,470	- 0	-	-	-	C
Review the functional and organisational arrangements of the Council, identifying a range of possible options for the design of the organisation (Phase 2)	-	-	32,000	32,000	- 32,000	289,305	257,305	
<b>Customer &amp; Digital</b>								
A comprehensive IT approach to integrate the client and contractor systems	-	52,465	52,465	-	-	32,535	32,535	
Feasibility and implementation of an expanded customer hub model	-	40,000	53,000	13,000	- 13,000	67,740	54,740	
Setting up new governance arrangements and project management support to overall transformation programme	16,852	5,900	5,900	-	-	-	-	C
To successfully implement the new waste contract	6,000	61,020	61,020	-	-	2,980	2,980	
<b>Total Expenditure</b>	<b>161,776</b>	<b>333,351</b>	<b>317,950</b>	<b>- 15,400</b>	<b>15,400</b>	<b>484,825</b>	<b>500,225</b>	
<b>Closing Balance</b>	<b>338,224</b>	<b>484,873</b>	<b>500,273</b>			<b>48</b>	<b>49</b>	

4.15 The overall effect on the main working balances will be as follows:

<b>Revenue Balances</b>	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
General Fund Balance	2,000	2,000	2,000	2,000
Stability & Resilience Reserve	3,808	3,808	3,808	3,808
Service Improvement Fund	519	407	336	226
<b>Estimated Balances at 31 March</b>	<b>6,327</b>	<b>6,215</b>	<b>6,144</b>	<b>6,034</b>
	7.91%	7.77%	7.60%	7.54%

4.16 The savings targets for the medium-term, updated in Report No: FIN1808 and reported to Cabinet 6 February 2018, were £1.55m, £2.8m and £3.785m for the years 2018/19, 2019/20 and 2020/21 respectively. Maintaining the general fund balance at £2m (rather than the previous estimate of £1.462m) means that the savings requirement could be reduced by £240,000 in 2018/19, £280,000 in 2019/20 and £10,000 in 2020/21.

4.17 As the deadline for the production of the Statement of Accounts for 2017/18 has been brought forward one month to the 31<sup>st</sup> May, the closedown process is already underway and a provisional outturn report will be presented to Cabinet during May 2018. Historically, the final outturn position has often contained additional, favourable variances above that reported in the March monitoring report. It is proposed that should the final outturn position show a general fund balance that is above the £2m upper limit set in the financial strategy, the balance should be transferred to the Stability and Resilience Reserve. If additional funding is required for the Service Improvement Fund in the future, this can be transferred from the Stability and Resilience Reserve at a later date.

## 5 RISKS

5.1 Due to the level of known financial risk, flexibility has been built into the Council's financial plans by setting aside reserves to be used to manage fluctuations in expenditure or income, to mitigate against other known risks and to support key projects such as invest-to-save schemes, which underpin the Council's plan for a sustainable organisation.

5.2 Considerable progress has been made in the implementation of income generation plans such as those from commercial property acquisition and further acquisitions are currently planned. Other significant projects to deliver efficiencies will come forward as part of the Council's Modernisation and Improvement report set out in a separate report on the Cabinet agenda for this meeting.

5.3 When considering delivery of the Council plan and the projects that will contribute to the considerable savings target required over the medium-term, due consideration should be given to the resources required to complete the projects and achieve the savings in a timely manner. This is supported by both the Service Improvement Fund and the flexible use of capital receipts, as set out in this report.

5.4 Continued fluctuations in business rate income and the potential changes to the



system coming forward as part of the 75% retention scheme and the Fair Funding Review underline the need for reasonable levels of reserves to mitigate against the risk of sudden downturns in major income streams. This also protects the Council from some of the risk around borrowing costs, enabling it to continue with major capital projects such as regeneration schemes, while it undergoes its transformation programme (Rushmoor 2020). Modernisation and improvement of the Council's core services should improve the customer experience as well as generating additional income and/or reducing costs through efficiencies.

#### 5.5 Other risks that should be considered are:

- Non-delivery, or delayed delivery, of key projects (Regeneration/Housing) that impact on residents, town centres and on the Council's financial position
- The playing out of the consequences of the UK's decision to leave the European Union. This may include implications for pension schemes and the Council's future contributions to the Hampshire Scheme, the value of properties including those recently purchased, the interest earned on the Council's investments or payable on its borrowings
- Deterioration in income streams due to the economic climate including planning fees, parking income, markets and car boot sales and rents
- Pressure on services from demographic change
- Pressure on services due to legislative changes, such as Welfare reform, Housing and Planning Act, Homelessness Reduction Act
- Financial restrictions from regulatory changes to the Prudential framework (e.g. Cipfa's Prudential Code and Treasury Management Code, MHCLG's Investment guidance)
- Maintaining the balance between new priorities and achieving savings targets
- The effect of decisions made by other external institutions to reduce or cease funding that may affect the financing of Council activities, or place pressure on Rushmoor to meet the shortfall in order to maintain service levels
- Risk that the level of reserves is too low to absorb impact of sudden changes to the financial position

The outplaying of events at Northamptonshire County Council are a timely reminder of the issues facing local government today and the need to have a sound financial basis for the future operation of the Council.

## 6 CONCLUSIONS

- 6.1 There will always be variances reported in-year against budgets due to the Council adapting its priorities to manage inevitable changes in demand pressures and having a flexible approach to changing circumstances. While this responsive approach works well for residents, the Council does need to make permanent reductions to its net cost of services (by reducing costs or increasing income) to achieve financial sustainability.
- 6.2 Savings requirements for the current year have been more than achieved with significant variances reported in this quarter, largely due to increasing income in

the quarter or reductions in demand led, reactive budgets. Some of these variances, such as the over-achievement of the current planning application fee budget, may be taken forward to improve the financial position year on year and therefore reduce the size of the future funding gap. However, many of the variances reported are one-off in nature and therefore will not support on-going service provision.

- 6.3 Furthermore, unfavourable variances within existing services must be corrected if the long-term sustainability of the organisation is to be achieved. Additionally, budget holders should seek to vire existing budgets or reduce spend elsewhere in order to reduce any overspends and to absorb new priorities. This will reduce the requirement for supplementary estimates in-year or growth items in future budget setting exercises both of which put pressure on Council funding requirements.
- 6.4 The latest monitoring position shows that the general fund balance is likely to be around the top of the range set in the Medium Term Financial Strategy at the end of 2017/18 and this will have a positive effect on the savings target over the same period.
- 6.5 While this report provides reassurance for the current financial year, the scale of the challenge over the medium-term remains considerable and efforts should be concentrated on moving forward modernisation and improvement plans in order to support delivery of the Council Plan and secure a sustainable financial future.

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## GENERAL FUND REVENUE BUDGET SUMMARY

## APPENDIX A

	Revised Estimate 2017/18 £000	Current Approved Estimate 2017/18 £000	Forecast Outturn 2017/18 £000
<b>PORTFOLIO EXPENDITURE</b>			
1 Corporate Services	557	555	466
2 Environment and Service Delivery	3,564	3,622	3,397
3 Concessions and Community	1,945	1,934	1,876
4 Health and Housing	1,504	1,504	1,490
5 Business, Safety and Regulation	2,689	2,690	2,422
6 Leisure & Youth	3,795	3,794	3,544
<b>7 PORTFOLIO NET EXPENDITURE</b>	<b>14,054</b>	<b>14,099</b>	<b>13,195</b>
8 Capital Accounting Charges - reversed	(1,241)	(1,241)	(1,241)
9 IAS 19 Pension costs - reversed	(568)	(568)	(568)
<b>10 NET EXPENDITURE AFTER ADJUSTMENTS</b>	<b>12,245</b>	<b>12,290</b>	<b>11,386</b>
11 Reductions in Service Costs/Income Generation			
12 Vacancy Monitoring	(50)	(50)	(165)
<b>13 Corporate Income and Expenditure</b>	<b>44</b>	<b>44</b>	<b>24</b>
<b>14 Contributions to/(from) Reserves</b>	<b>(257)</b>	<b>(257)</b>	<b>(27)</b>
<b>15 Central Government Funding</b>	<b>(5,580)</b>	<b>(5,580)</b>	<b>(5,580)</b>
<b>16 NET TOTAL EXPENDITURE</b>	<b>6,402</b>	<b>6,447</b>	<b>5,638</b>
17 Contribution to/(from) balances	(538)	(583)	226
<b>18 COUNCIL TAX REQUIREMENT</b>	<b>5,864</b>	<b>5,864</b>	<b>5,864</b>
<b>REVENUE BALANCES</b>			
19 1 April	2,000	2,000	2,000
20 General Fund Transfer	(538)	(583)	226
21 31 March	1,462	1,417	2,226

Notes:

<b>13 Corporate Income and Expenditure</b>			
Interest Receivable	(839)	(839)	(793)
Interest Payable	106	106	40
MRP	150	150	150
Collection Fund (Surplus)/deficit - CTax	(88)	(88)	(88)
Collection Fund (Surplus)/deficit - NNDR	779	779	779
Other corporate income and expenditure	(64)	(64)	(64)
<b>Total</b>	<b>44</b>	<b>44</b>	<b>24</b>
<b>14 Contributions to/(from) Reserve Accounts</b>			
Transfer to CPE Surplus Account	133	133	113
Contributions to/(from) earmarked reserves/prior year grants	(310)	(310)	(60)
Transfer to/(from) Service Improvement Fund	(80)	(80)	(80)
Transfer to/(from) Stability and Resilience Reserve	-	-	-
<b>Total</b>	<b>(257)</b>	<b>(257)</b>	<b>(27)</b>
<b>15 Central Government Funding</b>			
New Burdens Grant/Other non ring-fenced funding	(93)	(93)	(93)
New Homes Bonus	(1,450)	(1,450)	(1,450)
Revenue Support Grant	(536)	(536)	(536)
RBC share of rates collected	(18,990)	(18,990)	(18,990)
Tariff payable	15,252	15,252	15,252
Levy payable	1,022	1,022	1,022
S31 grants in relation to business rates	(785)	(785)	(785)
<b>Total</b>	<b>(5,580)</b>	<b>(5,580)</b>	<b>(5,580)</b>



## Appendix B

The variances identified by services during the March 2018 budget monitoring exercise and amounting to a net underspend of approximately £904,000 are shown below:			
<b>Corporate Portfolio</b>		VARIANCES RELATED TO EXPENDITURE BUDGETS	<b>£000</b>
Legal Services	Town Centres	Reduction in spend on Handyman due to stricter responses for labour requests	(6)
	Corporate Property Management	Reduction in spend on vacant property inspections due to fluctuations in vacancies	(6)
	Wellesley House 10a Eelmoor Road	Increase in spend on electricity	7
	Legal Support Service	Reduction in spend on Counsels fees and training expenses	(12)
	Estates Support	Increase in spend on valuation charges	8
Democratic Services	Communications	Reduction in costs for public relations and consultations (carry forward for £8,000 requested)	(10)
	Customer Services Unit	Reduction in postage costs	(15)
Financial Services	External Audit and Inspection	Refund received from Ernst and Young for retained earnings	(6)
	Audit Services	Reduction in spend on agency staff due to reduction in number of days required	(7)
IT and Facilities	Council Offices	Increase in spend on water due to additional invoices being received relating (in part) to 2016/17	6
All other expenditure variances for this portfolio			(46)
<b>Total Expenditure Variances in Corporate Portfolio</b>			<b>(87)</b>

<b>Corporate Portfolio</b>		VARIANCES RELATED TO INCOME BUDGETS	
Legal Services	Land Charges	Number of searches below expected levels resulting in an underachievement of income	10
	Belle Vue Enterprise Centre	Additional rental income received due to renewed agreements at higher levels	(10)
Financial Services	Council Tax Collection	Increase in amount of court costs recovered	(11)
IT and Facilities	Systems Thinking	Reduction in income due to reduction in project work carried out on behalf of another Local Authority	13
All other income variances for this portfolio			(4)
<b>Total Income Variances in Corporate Portfolio</b>			<b>(2)</b>

Total Expenditure Variances in Corporate Portfolio	(87)
Total Income Variances in Corporate Portfolio	(2)
<b>Total Net Variances in Corporate Portfolio</b>	<b>(89)</b>

VARIANCES RELATED TO EXPENDITURE BUDGETS			
Environment and Service Delivery Portfolio			
Corporate Director	Aldershot Regeneration Strategy	Reduction in spend on consultancy, due to timing in works being carried out on Aldershot regeneration (carry forward for full amount requested)	(26)
	Farnborough Town Centre Regeneration	Reduction in spend on consultancy, due to timing in works being carried out on Farnborough regeneration (carry forward for full amount requested)	(35)
Community Services	Domestic Refuse	Reduction in spend on previous contract payment Increase in contractor payment for Bulky Waste Collections as the demand has increased (this is cover by additional income)	(20) 9
	Recycling	Reduction in spend on previous contract payment Reduction in spend on contractor payment for Garden Waste Collection Service as the contractor is covering the first 1,000 additional Garden Waste Subscriber spaces within their current contractor price	(10) (23)
	Street Cleansing	Reduction in spend on the contractor payment as the additional cleaning in the Prospect Estate is included in the base contract payment Reduction in spend on Contract Performance (NI195) as only a third of the survey work will be completed in 2017/18	(17) (11)
	Car Parks	Reduction in spend on lining, general repairs and maintenance, lighting repairs and signs mainly due to the timing of the installation of the new pay and display machines	(15)
Planning Services	Planning Policy	Favourable variance for PDG Local Plan Examination (carry forward requested as Local Plan examination is to be in May 2018, this budget is funded from an earmarked reserve)	(66)
		Favourable variance for Local Plan Exams (carry forward requested as Local Plan examination is to be in May 2018)	(13)
All other expenditure variances for this portfolio			(31)
<b>Total Expenditure Variances in Environment and Service Delivery Portfolio</b>			<b>(258)</b>

VARIANCES RELATED TO INCOME BUDGETS			
Environment and Service Delivery Portfolio			
Community Services	Car Parks	Additional income received from season tickets (permits)	(19)
		Shortfall in Penalty Charge Notice income	19
		Shortfall in pay and display income	9
		Reduction in income from the now obsolete smartcards	5
	Parking Management	Shortfall in pay and display income	13
Other Highway Services	Additional income from temporary traffic regulation orders	(7)	
Domestic Refuse	Additional income from Bulky Waste Collections due to increase in demand	(23)	
Recycling	Reduction in green waste sales income due in 2017/18. This is due to a timing issue and does not reflect any reduction in levels of subscription	46	
	Additional recycling credit income	(10)	
All other income variances for this portfolio			1
<b>Total Income Variances in Environment and Service Delivery Portfolio</b>			<b>34</b>
Total Expenditure Variances in Environment and Service Delivery Portfolio			(258)
Total Income Variances in Environment and Service Delivery Portfolio			34
<b>Total Net Variances in Environment and Service Delivery Portfolio</b>			<b>(224)</b>

<b>Concessions and Community Portfolio</b>		<b>VARIANCES RELATED TO EXPENDITURE BUDGETS</b>	
Democratic and Customer Services	Electoral Registration	Reduction in spend on external printing, postages and stationery	(5)
		Reduction in expenditure for canvass fees (carry forward requested to use saving to support IER review)	(14)
		Reduction in expenditure for IER costs (carry forward requested to use saving to support IER review)	(32)
	Local Elections	Reduction in spend across elections budget	(6)
All other expenditure variances for this portfolio			(2)
<b>Total Expenditure Variances in Concessions and Community Portfolio</b>			<b>(59)</b>
Total Expenditure Variances in Concessions and Community Portfolio			(59)
Total Income Variances in Concessions and Community Portfolio			0
<b>Total Net Variances in Concessions and Community Portfolio</b>			<b>(59)</b>

<b>Health and Housing Portfolio</b>		<b>VARIANCES RELATED TO EXPENDITURE BUDGETS</b>	
Environmental Health and Housing Services	Housing Advice	Reduction in spend on North Lane lodge (carry forward requested, funded from earmarked reserves)	(6)
All other expenditure variances for this portfolio			(1)
<b>Total Expenditure Variances in Health and Housing Portfolio</b>			<b>(7)</b>

All other income variances for this portfolio			(8)
<b>Total Income Variances in Health and Housing Portfolio</b>			<b>(8)</b>
Total Expenditure Variances in Health and Housing Portfolio			(7)
Total Income Variances in Health and Housing Portfolio			(8)
<b>Total Net Variances in Health and Housing Portfolio</b>			<b>(15)</b>

<b>Business, Safety and Regulation Portfolio</b>		<b>VARIANCES RELATED TO EXPENDITURE BUDGETS</b>	
Community Services	Cemeteries	Additional spend on scaffolding charges	7
	Crematorium	Additional spend on general repairs and maintenance	8
Environmental Health and Housing Services	Pollution and Environmental Control	Reduction in spend of the A331 Air Quality Feasibility grant as the £13,000 is a reimbursement of the Principal Pollution Officers time spent on the project (carry forward requested to use as backfill as the project is still ongoing)	(13)
All other expenditure variances for this portfolio			(16)
<b>Total Expenditure Variances in Business, Safety and Regulation Portfolio</b>			<b>(14)</b>

<b>Business, Safety and Regulation Portfolio</b>		<b>VARIANCES RELATED TO INCOME BUDGETS</b>	
Environmental Health and Housing Services	Licensing General	Additional premises licence income due to unexpected applications	(17)
Community Services	Crematorium	Additional income from memorials	(14)
	Markets and Car Boot Sales	Additional income from markets and car boot sales	(5)
Planning Services	Development Control	Favourable variance for Planning Applications. There have been four large planning applications (eg for a value of £20k or more) received since the revised budget was set which could not be foreseen Favourable variance on additional 20% planning application income. The Government agreed Planning Application charges could be increased by 20% provided the additional income is put back into the service to make improvements. The income will therefore be allocated to an earmarked reserve at year end to be used in future years	(166) (38)
All other income variances for this portfolio			(13)
<b>Total Income Variances in Business, Safety and Regulation Portfolio</b>			<b>(253)</b>
Total Expenditure Variances in Business, Safety and Regulation Portfolio			(14)
Total Income Variances in Business, Safety and Regulation Portfolio			(253)
<b>Total Net Variances in Business, Safety and Regulation Portfolio</b>			<b>(267)</b>



Leisure and Youth Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	
Community Services	Farnborough Leisure Centre	Reduction in spend on the leisure contract payment partly due to the energy indices payment being less than anticipated (across the three contract leisure sites)	(12)
	Southwood Golf Course	Reduction in spend on general repairs and maintenance	(7)
		Reduction in spend on consultancy fees in 2017/18 (carry forward requested)	(9)
	Grounds Maintenance Contract	Reduction in spend on grounds maintenance non-routine works	(31)
Increase in expenditure on the Manor Park depot new paving and tarmac. This project was originally approved as part of the Capital Programme, however as the project expenditure is now less than the £10,000 de-minimus threshold for capital projects the expenditure is now classed as a revenue project		9	
Parks and Recreation Grounds	Additional spend on tree maintenance works	16	
	Additional spend on Licences	6	
	Reduction in spend on playground apparatus	(15)	
	Reduction in spend on general repairs and maintenance	(10)	
	Reduction in spend on tree planting, tree survey works, skate park maintenance and Rowhill Copse	(9)	
	Additional spend on S106 revenue projects (these projects are individually below the £10k threshold for capital projects) these projects are funded from the S106 Developers contributions	22	
All other expenditure variances for this portfolio			5
<b>Total Expenditure Variances in Leisure and Youth Portfolio</b>			<b>(35)</b>

Leisure and Youth Portfolio		VARIANCES RELATED TO INCOME BUDGETS	
Community Services	Alpine Snowsports Centre	Additional profit share split for 2017/18	(6)
	Parks and Recreation Grounds	S106 Developers Contributions being used to fund the S106 revenue projects	(22)
Developers Income received for Southwood Woodlands SANG		(98)	
Developers Income received for Rowhill SANG <i>* These SANG receipts will be transferred to the SANG earmarked reserve from the general fund at year-end</i>		(33)	
Princes Hall	Additional income re pantomime tickets sales	(40)	
All other income variances for this portfolio			(16)
<b>Total Income Variances in Leisure and Youth Portfolio</b>			<b>(215)</b>
Total Expenditure Variances in Leisure and Youth Portfolio			(35)
Total Income Variances in Leisure and Youth Portfolio			(215)
<b>Total Net Variances in Leisure and Youth Portfolio</b>			<b>(250)</b>
<b>Net Total of all Portfolio Variances</b>			<b>(904)</b>