

**REVENUE BUDGET MONITORING & FORECASTING 2018/19
POSITION AT MARCH 2019**

SUMMARY:

This report informs Members of the latest forecast of the Council's Revenue budget for 2018/19, based on the monitoring exercise carried out with budget officers during February.

RECOMMENDATIONS:

Members are requested to:

- (i) note the latest Revenue Budget monitoring position and associated risks
- (ii) Note the latest forecast 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 provides the second/third monitoring position of the financial year, based on monitoring exercise carried out during February 2019. The purpose of the report is to inform members of the Council's anticipated financial position for 2018/19 and notify members of any known material variations to budgets, highlight any key issues, and to inform members of any action to be taken if required.
- 1.2 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 SUMMARY REVENUE BUDGET POSITION

- 2.1 Council approved the revised General Fund net revenue budget of £11.219m at their meeting on 21 February 2019. There have been some further changes to the budget reflecting subsequently approved supplementary estimates and virements totalling £61k. These have been incorporated into the approved budget, with further details outlined in **Appendix C**.
- 2.2 The monitoring position on Portfolio net expenditure General Fund shows a projected **favourable variation of £1.136m**. This is before reserve transfers and provisional carry forwards are taken into account.
- 2.3 Once Corporate Income and Expenditure and other non-portfolio budget variations are taken into account, the **overall favourable variation on the General Fund is £102k**, as summarised in **Table 1** below and in further detail in **Appendix A**. It is recommended that this additional variation is transferred to the Stability and Resilience Reserve, in line with the position adopted for the Revised Budget.

Table 1 – General Fund Revenue Position

	2018/19 Original Estimate (£'000)	2018/19 Revised Estimate (£'000)	2018/19 Projected Outturn (£'000)	2018/19 Projected Variation (£'000)
Corporate & Democratic Services	5,553	5,593	5,498	(95)
Customer Experience & Improvement	(6)	93	25	(69)
Major Projects & Property	(1,386)	(1,793)	(1,916)	(123)
Operational Services	7,819	8,232	7,409	(823)
Planning & Economy	2,666	2,574	2,546	(27)
Reversal of Capital/Pension	(2,104)	(2,155)	(2,155)	0
Portfolio Net Expenditure	12,542	12,544	11,407	(1,136)
Corporate Income & Expenditure	207	(946)	(240)	706
Savings Plan	(1,875)	(379)	(50)	329
Net Total Expenditure	10,874	11,219	11,117	(102)
TOTAL Funding	11,116	11,337	11,337	0
Core Surplus / (Deficit)	(242)	(118)	(220)	(102)
Additional Transfers				
to General Fund Balance	242			0
to Commercial Property Reserve				0
to Stability & Resilience Reserve		118	220	102
to Service Improvement Fund				0
Core Surplus / (Deficit) after Transfers	0	0	0	0

(Table may contain roundings)

2.4 The table below shows the proposed transfers to and from earmarked reserves and the provisional carry forwards, subject to final outturn position. These have been assumed within the budget monitoring position outlined within this report, with further details included in **Appendix B**.

Table 2 – Earmarked Reserve movements and provisional Carry Forwards

	2018/19 Opening Balance (£'000)	2018/19 Transfers to (£'000)	2018/19 Transfers from (£'000)	2018/19 Projected Outturn (£'000)
Balance and Reserves (excluding specific earmarked reserves)				
General Fund Balance	2,000	0	0	2,000
Commercial Property Reserve	0	109	0	109
Stability & Resilience Reserve	4,353	220	0	4,573
Service Improvement Fund	891	0	(304)	587
Subtotal	7,244	329	(304)	7,269
Carry Forwards (provisional)				243

(Table may contain roundings)

2.5 Section 3 of this report provides a detailed overview of the variations across the revenue budget. The most significant variation is around additional income received in-year in respect of s106 contributions (as shown in Operational Services and Corporate Income & Expenditure summary lines in the Table above).

These amounts will be transferred to the appropriate earmarked reserve.

- 2.6 The original budget for 2018/19 identified the need for £1.550m of savings, with £325k of expected staff turnover savings. Substantial savings of £867k were achieved in the first half of the year and have been incorporated into revised budget. A further £50k was expected to be achieved through turnover savings during the remainder of 2018/19. The latest monitoring exercise indicates additional savings for both salary and non-salary revised budgets.
- 2.7 During the year £867k of savings have been built into the base budget resulting a revised budget of £329k for 2018/19. Further savings from a zero based budget exercise have delivered £157k. Details of the savings are set out in **Appendix D**.

3 REPORTED VARIANCES

- 3.1 Budget officers have identified a net underspend of approximately £1.040m against their non-salary budgets (after taking into account virements and supplementary estimates). A summary of the key variances are set out in **Appendix B**. Whilst a significant element of this relates to additional one-off income variations (see paragraph 3.2 below), some of the variation will be ongoing and could be removed from the budget on a permanent basis. Further work will be undertaken by Finance and budget holders to identify the level of ongoing savings that could be released as budget and efficiency savings.
- 3.2 A significant element of the overall variance (£658k net transfer to reserves) 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:
- £679k net 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.
 - £15k income in respect of Individual Elector Registration
 - An increase of £16k in income required to be ring-fenced as part of the Civil Parking Enforcement (CPE) surplus
- 3.3 The staff monitoring exercise has identified a net projected underspend of £119k from salary savings, which exceeds the £50k expected to be delivered against the revised budget. This is largely due to a number of vacancies across the following services; HR (£15.7k), Regeneration, Property and Highway infrastructure (£10k), Customer Experience (£12.9K), Economy, Planning & Strategic Housing (£11.3k), Environmental Health (£20.3k), Community (£26.3k) and IT (£19.4).
- 3.4 Estimates for interest receivable have been reduced by £8.6k due to a delay in reinvesting an long term pooled fund. Interest payable on borrowing has increased by £8.3k due to an increase in our borrowing requirement (largely due to capital programme being brought forward) and increase in interest rates the Council has

been able to access for short-term borrowing from other Local Authorities. This combination has resulted in an adverse variance of £17k.

- 3.5 As a result of the variations referred to above, the general fund forecast shows a projected year-end balance of £2.000m after 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.

4 RESERVES

- 4.1 The level of balances shown for the General fund is in excess of the approved range of £1m-£2m 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 2018/19 is estimated at £4.573m 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 3** 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 3: Service Improvement Fund

SERVICE IMPROVEMENT FUND	2018/19 Revised Budget	2018/19 Supplementary Estimates	2018/19 Total Approved Budget	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast
Opening balance on Fund			890,766	890,766	587,037	491,954
Additional Income			0		453,000	
HR Policy	9,760	0	9,760	9,672	0	0
Finance Improvement Projects	11,280	0	11,280	11,280	4,490	0
Legal Compliance	6,050	0	6,050	4,077	1,973	0
Temporary Property Assistant	16,970	0	16,970	16,439	4,090	0
Regeneration Support	60,000	0	60,000	60,000	60,000	0
Organisational Redesign & Structure Review	20,000	0	20,000	20,000	280,000	0
Rushmoor 2020	182,260	0	182,260	182,260	197,530	0
Expenditure in year	306,320	0	306,320	303,729	548,083	0
Closing balance			584,446	587,037	491,954	491,954

- 4.6 The Service Improvement Fund received an injection of income towards the end of 2017/18 of just under £380k from proceeds the Council received for the release of a covenant. This was a vital injection of funds to support key projects such as Rushmoor 2020.
- 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 Flexible Use of Capital Receipts 2018/19 was approved at Full Council on 22 February 2018, with revised budgets approved by Full Council on 21 February 2019. Since its inception on 1 April 2016, a total of £980,000 has been set aside for projects designed to generate ongoing revenue savings or for income generation.

Table 4: Flexible Use of capital Receipts

Project	Actuals 2016/17	Actuals 2017/18	Total Approved Budget 2018/19	Forecast Spend 2018/19	Variance (Forecast Spend Against Total Approved Budget 2018/19)	Slippage/ (Pre- Spend) to 2019/20
Opening Balance	500,000	338,224	520,509	520,509		
Additional Capital Receipt		480,000				
Income Generation & Commercial						
Creation of new income generating assets	24,225	-	-	-	-	-
To support the delivery of the Housing and Regeneration Programme	-	58,157	47,138	29,476	-	17,662
To invest in property, diversifying the asset portfolio and securing greater returns	10,000	20,000	-	-	-	-
To explore new ways of delivering services while maintaining or improving service standards and reducing costs	-	-	22,500	36,000	13,500	-
Making better use of existing assets by utilising land for advertising hoardings in order to maximise revenue return.	6,500	-	-	-	-	-
Making better use of existing assets by utilising land for advertising hoardings in order to maximise revenue return (Phase 2)	-	-	-	-	-	-
To understand sales trends, price demand and ticket buying behaviour	-	-	12,700	12,700	-	-
Organisational Development						
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	23,391	-	-	-	-
Review the functional and organisational arrangements of the Council, identifying a range of possible options for the design of the organisation (Phase 2)	-	32,547	256,758	256,758	-	-
Customer & Digital						
A comprehensive IT approach to integrate the client and contractor systems	-	48,351	36,649	10,000	-	26,649
Feasibility and implementation of an expanded customer hub model	-	51,076	21,164	11,063	-	10,101
Setting up new governance arrangements and project management support to overall transformation programme	16,852	5,900	0	-	-	0
To successfully implement the new waste contract	6,000	58,293	-	-	-	-
Total Expenditure	161,776	297,715	396,909	355,997		
Closing Balance	338,224	520,509	123,600	164,512		

- 4.9 The table details the projects included in the Strategy and shows a forecast position following the latest budget monitoring. A summary of the main variances are as follows:
- To support the delivery of the Housing and Regeneration Programme:- Advice on Business Plan in respect of the housing company and other associated costs will not happen until 2019/20.
 - To explore new ways of delivering services while maintaining or improving service standards and reducing costs:- The budget is for the procurement of the new Leisure Contract and a feasibility study to be carried out on the Farnborough Leisure Centre has been brought forward into 2018/19
 - A comprehensive IT approach to integrate the client and contractor systems:- The budget is for integrating IT in respect of the Council's new

waste contract. Monies have been received from the waste contract provider in year and used in advance utilising capital receipts.

- Feasibility and implementation of an expanded customer hub model:- No further work is to take place on this project before the end of the financial year.

4.10 The overall effect on the main working balances is shown in Table 2 earlier in the report

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 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.

5.4 Other risks that should be considered are:

National

- 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 Pension Fund; 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 and rents;
- Pressure on services due to legislative changes, such as Welfare reform or the Housing and Planning Act;

- Financial restrictions from regulatory changes to the Prudential framework (e.g. Cipfa's Prudential Code and Treasury Management Code, MHCLG's Investment guidance)
- The effect of decisions made by other external institutions to reduce/ cease funding that may affect the financing of Council activities, or place pressure on Rushmoor to meet the shortfall;

Local:

- The delivery of major change programmes in the organisation;
- Pressure on services from demographic change;
- Maintaining a balance between new priorities and achieving savings targets;

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 we would not want financial constraints to hamper this responsive approach, which works well for residents, the Council does need to reduce 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 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 2018/19 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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APPENDIX A

GENERAL FUND REVENUE BUDGET SUMMARY

	REVISED ESTIMATE	CURRENT APPROVED ESTIMATE	FORECAST OUTTURN	BUDGET VARIATION
	2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000
Net Cost of Services by Portfolio				
1 Corporate & Democratic Services	5,593	5,549	5,498	(95)
2 Customer Experience and Improvement	93	88	25	(69)
3 Major Projects and Property	(1,793)	(1,737)	(1,916)	(123)
4 Operational Services	8,232	8,171	7,409	(823)
5 Planning & Economy	2,574	2,532	2,546	(27)
6 PORTFOLIO NET EXPENDITURE	14,699	14,602	13,562	(1,136)
7 Capital Accounting Charges - Reversed	(1,710)	(1,710)	(1,710)	0
8 Pension Adj/Employee Benefits Reversed	(445)	(445)	(445)	0
9 NET EXPENDITURE AFTER ADJUSTMENTS	12,544	12,447	11,407	(1,136)
10 Reductions in Service Costs/Income Generation	(329)	(171)	69	398
11 Vacancy Monitoring	(50)	(50)	(119)	(69)
12 Corporate Income and Expenditure	(449)	(449)	(453)	(4)
13 Contributions to/(from) Reserve Accounts	(458)	(458)	208	666
14 Central Government Funding	(5,110)	(5,110)	(5,110)	0
15 NET TOTAL EXPENDITURE	6,148	6,209	6,001	(147)
16 Contribution to/(from) balances	0	(61)	147	147
17 COUNCIL TAX REQUIREMENT	6,148	6,148	6,148	0
REVENUE BALANCES				0
18 1 April	2,000	2,000	2,000	0
19 General Fund Transfer	0	(61)	147	147
20 31 March	2,000	1,940	2,147	147

Notes:

12 Corporate Income and Expenditure				
Interest Receivable	(977)	(977)	(968)	9
Interest payable	176	176	184	8
Minimum Revenue Provision	362	362	362	0
Collection Fund (surplus)/deficit - Ctax	(101)	(101)	(101)	0
Collection Fund (surplus)/deficit - NNDR	22	22	22	0
Other Corporate Income and Expenditure	69	69	48	(21)
Total	(449)	(449)	(453)	(4)

13 Contributions to/(from) Reserve Accounts				
Transfers to CPE Surplus Account	82	82	98	16
Contributions to/(from) earmarked reserves/prior yr grants	(351)	(351)	339	690
Contributions to/(from) Service Improvement Fund	(306)	(306)	(303)	3
Contributions to/(from) Stability & Resilience Reserve	117	117	74	(43)
Contributions to/(from) Commercial Reserve	0	0	0	0
Total	(458)	(458)	208	666

14 Central Government Funding				
New Burdens and other non-ring-fenced grants	(201)	(201)	(201)	0
New Homes Bonus	(1,095)	(1,095)	(1,095)	0
Revenue Support Grant	(190)	(190)	(190)	0
Business Rates Retention (BRR)	(3,624)	(3,624)	(3,624)	0
Total	(5,110)	(5,110)	(5,110)	0

APPENDIX B

GENERAL FUND REVENUE ACCOUNT 2018/19
PRINCIPLE VARIATIONS FROM CURRENT APPROVED BUDGET

Variances identified by service during March 2019 budget monitoring exercise amounting to a net underspend of £1,039,810

Corporate and Democratic Services Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Corporate Manager Legal Services	Legal Support	Reduction in spend on books and publications due to a new online contract being agreed and a 'goodwill' cancellation of the Q4 invoices, for which a carry forward will be requested	(5,000)
		Reduction in use of counsel resulting in an underspend, for which a carry forward will be requested	(15,000)
Democracy, Strategy and Partnerships	Electoral Registration	Reduction in costs of printing and postages on Electoral Registration	(5,000)
		Reduction in spend on design and implementation for new Customer Account for Electors for which a carry forward request will be requested: Canvass fees Individual Elector Registration (Non-Recurring Item) (part funded from earmarked reserve (£15.3k))	(21,900) (31,900)
	Community Leisure	Reduction in spend as grant to FAST no longer required due to a change in circumstances	(15,000)
	Grants to Major Organisations	Additional Notional cost of "free" parking for charities/voluntary organisations (offset with notional income figure in the car parks cost centre)	19,300
Human Resources	Personnel Support	Reduction in spend on corporate training for which a carry forward will be requested. Starting dates for the Management Development have been slipped to allow input from new Heads of Services	(24,000)
Financial Services	Finance Support	Reduction in spend on consultancy fees, carry forward will be requested. Budget to be used to assist in the cost of the Financial System review (IT services additional item approved for which a carry forward will also be requested)	(5,000)
		Spend incurred relating to the Interim Executive Head of Finance and recruitment advertising cost (to be funded from the Stability and Resilience Reserve)	43,000
	Treasury Management and Bank Charges	Reduction in spend on brokers fees due to a change in timing of borrowing requirements	(14,000)
	Rent Allowances	Increase in expenditure (and income) on additional software changes due to DWP changes to scheme funded by grant	5,000
All other expenditure variances within portfolio			(12,950)
Total Expenditure Variances in Corporate and Democratic Services Portfolio			(82,450)

Corporate and Democratic Services Portfolio		VARIANCES RELATED TO INCOME BUDGETS	£000
Corporate Manager Legal Services	Land Charges	Underachievement of planned income for Land Charge Searches due to reduction of said searches dictated by unfavourable market conditions and lack of portal available to general public for personal searches	18,000
	Legal Support	Underachievement of planned income due to higher than anticipated third party transactions and waiving of fees due to special circumstances of the deals Favourable variance due to re allocation of income from Regeneration Services due to restructure Underachievement of planned income for Section 106 works due to the transitional stage of the 'increasing in fees' project	15,200 (7,800) 20,000
Democracy, Strategy and Partnerships	Local Elections	Increase in contributions administering Elections organised on behalf of the Government and Hampshire County Council	(8,000)
Financial Services	Rent Allowances	Increase in income (and expenditure) on additional software changes due to DWP changes to scheme funded by grant	(5,000)
All other income variances within portfolio			(1,000)
Total Income Variances in Corporate and Democratic Services			31,400
Total Net Variances in Corporate and Democratic Services Portfolio			(51,050)

Customer Experience and Improvement Portfolio VARIANCES RELATED TO EXPENDITURE BUDGETS			£000
Customer Experience	Customer Services Unit	Reduction in spend on postages due to being proactive in ways of working using the postal services, and reduction in demand	(10,000)
	Communications	Reduction in spend on council magazine - have not used external resources to produce articles this financial year but unlikely to be able to sustain this in 2019/20	(7,000)
		Reduction in spend on web development due to delays in implementing changes to website (a carry forward will be requested)	(7,000)
ICT, Facilities and Project Services	IT Management	Reduction in spend on external expertise required relating to possible changes to the finance system for which a carry forward will be requested	(20,000)
		Reduction in spend on external consultancy for Rushmoor 2020 for which a carry forward will be requested	(30,000)
	Application Support	Reduction in cost of applications software	(7,000)
	Council Offices	Various increases in spend with the majority of the works being carried out in an attempt to mitigate potential further issues. A conditional survey is due to take place which should help to identify further requirements. The main areas of increase to spend being: - office furniture following a number of office moves/reconfigurations	5,000
All other expenditure variances within portfolio			(1,300)
Total Expenditure Variances in Customer Experience and Improvement Portfolio			(77,300)

Customer Experience and Improvement Portfolio VARIANCES RELATED TO INCOME BUDGETS			£000
ICT, Facilities and Project Services	Council Offices	Income received re the lift insurance claim. The claim was in respect of the replacement/repair of the lift. The expenditure was treated as a capital variation	(15,300)
		Reduction in income from external occupier due to a number of historic invoices being cancelled as the official agreement for the increase was not signed	26,500
All other income variances within portfolio			3,000
Total Income Variances in Customer Experience and Improvement Portfolio			14,200

Total Net Variances in Customer Experience and Improvement Portfolio	(63,100)
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Major Projects and Property Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Regeneration, Property and Highways	Aldershot Regeneration Strategy	Reduction in spend on consultancy fees for Aldershot Regeneration for which a carry forward will be requested	(12,000)
		Reduction in spend on anticipated set up costs for Regeneration Company (external support) for which a carry forward will be requested	(23,000)
	Belle Vue Enterprise Centre	Reduction in spend for adhoc repairs and maintenance works	(5,000)
	35/39 High Street, Aldershot	Reduction in spend owing to a reduction of adhoc repairs and maintenance works for the site	(5,500)
	114-116 Dominion Road, Worthing	Adverse variance regarding additional unplanned consultancy fees for agent who negotiated rental review with Wickes	9,000
	Farnborough Town Centre Regeneration Strategy	Reduction in spend on consultancy fees for Farnborough Regeneration for which a carry forward will be requested	(13,000)
		Reduction in spend on anticipated set up costs for Regeneration Company (external support) for which a carry forward will be requested	(23,000)
	Maintenance Team	Increase in expenditure to cover works being carried out in lieu of a grant	7,500
Marks and Car Boot	Reduction in spend on casual staff	(10,000)	
All other expenditure variances within portfolio			6,500
Total Expenditure Variances in Major Projects and Property Portfolio			(68,500)

Major Projects and Property Portfolio		VARIANCES RELATED TO INCOME BUDGETS	£000
Regeneration, Property and Highways	Estates Management	Adverse variance due to re allocation of income to Legal Services due to restructure	7,800
	Industrial Estates	Additional leave income from Glen House Estates reflects a favourable variance	(25,000)
	Town Centres	Reduction in income due to budget set up in error for recharge of building insurance that could not be reclaimed due to nature of the lease	12,400
		Increase in rental income due to new lease for Bevan Lodge	(12,000)
	36-63 Union Street, Aldershot	Favourable variance due to additional lease income from Marks and Spencer	(32,000)
	13 Invincible Road, Farnborough	Favourable variance reflects additional 'top-up' rent to compensate Rushmoor for the rent-free period Dunelm had in their lease terms when the building was acquired	(40,000)
	Maintenance Team	Increase in income following the recharge to other internal departments for adhoc use of the maintenance service	(13,500)
Increase in income for the recharge for works carried out in lieu of a grant		(7,500)	
All other income variances within portfolio			(300)
Total Income Variances in Major Projects and Property Portfolio			(110,100)

Total Net Variances in Major Projects and Property Portfolio			(178,600)
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Operational Services Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Operations	Housing Advice	Reduction in spend on bed and breakfast costs for homeless applicants	(5,000)
	Houses in Multiple Occupation	Reduction in spend on annual membership. This years membership has been able to be paid out of recycled credits held by Parity Trust on Rushmoor's behalf	(5,100)
	Parks and Recreation Grounds	Reduction in spend on general repairs and maintenance	(13,000)
		Additional spend on maintenance of trees	40,900
		Reduction in spend on playground apparatus	(16,000)
		Additional spend on SANG projects as per the management plan (these costs are funded by developers contributions)	30,000
		Additional spend on suitable projects that developers contributions have been collected for	70,400
	Car Parks	Additional spend on Littering and Dog Fouling Pilot Scheme (offset with income)	14,900
		Increase in spend in managed car parks due to the Council taking on the management of the Aldershot Centre for Health car park for an initial period of time	21,800
		Increase in leisure centre user rebates	8,500
		Additional spend on car park machine maintenance	5,500
	Crematorium	Additional spend on utility costs	6,600
		Additional spend on repairs and maintenance	7,200
		Reduction in spend on ministers fees	(6,500)
		Reduction in spend on the internet based music system	(8,000)
	Grounds Maintenance Contract	Reduction in spend on Grounds Maintenance Variations mainly due to funding a number of projects from suitable developers contributions (a carry forward will be requested for £10k for the Invincible Road trees)	(20,000)
Domestic Refuse	Reduction in spend on contractors payment	(2,400)	
Public Conveniences	Additional spend on water charges	14,000	
Street Cleansing	Reduction in spend on the contract variation for non-routine works	(6,000)	
Farnborough Community Centre	Additional spend on general repairs and maintenance due to water leak investigations and necessary risk assessments	6,000	
Non Agency Highways	Additional spend on temporary traffic regulation order adverts	5,000	
Leisure	Reduction in spend on the leisure contract due to the energy indices payment being less than anticipated (Farnborough Leisure Centre, Aldershot Indoor Pools and Aldershot Lido)	(20,700)	
All other expenditure variances within portfolio			(5,000)
Total Expenditure Variances in Operational Services Portfolio			123,100

Operational Services Portfolio		VARIANCES RELATED TO INCOME BUDGETS	£000
Operations	Improvement Grants	Increase in income due to more applications than budgeted using support service for improvement grants	(15,000)
	Parks and Recreation Grounds	Additional income from developers contributions being used to fund the additional spend on projects	(57,600)
		Developers income received for Southwood Woodlands SANG *	(466,300)
		Developers income received for Rowhill SANG *	(242,500)
		* These SANG receipts will be transferred to the SANG Earmarked Reserve from the general fund at year end	
	Car Parks	Additional season ticket permit income due to smartcard top ups ceasing and some of the smartcard customers switching to permits instead of Pay and Display	(8,800)
		Additional income on Littering and Dog Fouling Pilot Scheme (offset with expenditure)	(17,400)
		Additional notional income of 'free' parking for charities/voluntary organisations (offset with notional cost figure in the Grants to Major Organisations cost centre)	(19,300)
		Increase in Pay and Display incomes	(11,200)
		Shortfall in penalty charge notice income	19,100
	Parking Management	Increase in Pay and Display income	(20,600)
		Shortfall in penalty charge notice income	33,600
	Cemeteries	Increase in income from the number of interments of cremated remains in already purchased graves	(23,500)
		Shortfall in grave sales income	16,500
		Shortfall in monument rights income	6,000
	Crematorium	Additional net memorial income	(14,000)
		Shortfall in income on ministers fees	6,500
Recycling	Additional Materials Recycling Facility income	(33,400)	
	Additional recycling credit income due to tonnage	(5,000)	
	Additional green waste sales income	(10,000)	
Non Agency Highways	Additional income on temporary traffic regulation order adverts	(5,000)	
All other income variances within portfolio			(16,500)
Total Income Variances in Operational Services Portfolio			(884,400)
Total Net Variances in Operational Services Portfolio			(761,300)

Planning and Economy Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Regeneration, Property and Highways	Sustainability Initiatives	Favourable variance due to planned sustainability and Fairtrade works not coming to fruition in 2018/19	(5,000)
Economic, Planning and Strategic Housing	Princes Hall	Reduction in spend on casual staffing Additional spend on pantomime costs	(5,000) 7,000
All other expenditure variances within portfolio			(2,610)
Total Expenditure Variances in Planning and Economy Portfolio			(5,610)

Planning and Economy Portfolio		VARIANCES RELATED TO INCOME BUDGETS	£000
Economic, Planning and Strategic Housing	Princes Hall	Additional income from the pantomime Shortfall on all other income Shortfall as the income anticipated as part of the pantomime pricing review was included in the 2018/19 Revised Budget but actually relates to the 2019/20 Budget onwards	(29,000) 5,000 40,000
	Building Control Development Fees	Adverse variance on fees and charges due to a downturn in Building Control application in November, December and January Favourable variance on Other Income due to an increase in income from street naming and numbering due to some large developments coming through	10,000 (6,000)
All other income variances within portfolio			(150)
Total Income Variances in Planning and Economy Portfolio			19,850

Total Net Variances in Planning and Economy Portfolio	14,240
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Net portfolio Expenditure Variances	(110,760)
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Net Portfolio Income Variances	(929,050)
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Net Portfolio Variances	(1,039,810)
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Additional Information	
Earmarked Reserves	658,310
Net Portfolio Variances excluding Earmarked Reserves	(381,500)

The net Portfolio expenditure variance figure shown above includes carry forwards requests	(243,400)
(Carry forwards funded from Earmarked Reserves)	15,300
(Carry forwards not funded from Earmarked Reserves)	(228,100)

APPENDIX C

The Supplementary Estimates for Quarter four 2018/19 (There are none relating to Earmarked Reserves) are shown below:

Corporate and Democratic Services Portfolio	£000
- Financial Services	
Increase in expenditure and income.To support Vine Centre with 'My Space' project.	5
Additional grant funding from DWP	-5
Corporate and Democratic Services Portfolio Total	0
Customer Experience and Improvement Portfolio	£000
- ICT, Facilities and Project Services	
Funding received from Sero to cover the cost of developing the environmental services portal	-30
Development of the environmental services portal (funding from Serco)	30
Major Projects and Property Portfolio Total	0
Major Projects and Property Portfolio	£000
- Belle Vue Enterprise Centre	
The budget for contract staff omitted from revised budget in error (budget had previous been approved as a virement in September 2018)	2.7
- Building Services Support	
Original supplementary estimate relating to a temporary building surveyor approved entire budget in 2018/19. Requirement now to move part of the budget to 2019/20	-6.373
- 168 High Street, Guildford	
External render repair works to several parts of the property	65
Major Projects and Property Portfolio Total	61.327
Total Supplementary Estimates	61.327

APPENDIX D

Planned Budget Savings

Negative supplementary estimates showing as budget savings for 2018/19 (post revised estimate) of (£157,970) and total savings achieved are in 2018/19 shown below:

<i>Corporate and Democratic Services Portfolio</i>	£000
Council Tax	
Procurement saving	-8
Council Tax Support Scheme	
Housing Benefit reorganisation	-5
Rent Allowance	
Housing Benefit reorganisation	-11
Commercial Loan Interest	-27
Treasury Management	-99
Zero Based Budget savings	-44
Corporate and Democratic Services Portfolio Total	-194
<i>Customer Experience and Improvement Portfolio</i>	£000
Customer Services Unit	
Service transformation saving (2018/19 only)	-30
Council Offices	
Restructure savings	-1
Procurement savings	-2
Facilities	
Restructure savings	-1
Application Support	
Procurement outlay producing a £90K saving across 5 years	34
Zero Based Budget savings	-6
Customer Experience and Improvement Portfolio Total	-6

<i>Major Projects and Property Portfolio</i>	£000
Commercial Property Investment	-530
Procurement savings	-1
Sustainability Initiatives Restructing	-31
Zero Based Budget savings	-5
Major Projects and Property Portfolio Total	-567
<i>Operational Services Portfolio</i>	£000
Crematorium Change in service delivery	-33
Procurement savings	-8
Zero Based Budget savings	-61
Operational Services Portfolio Total	-102

<i>Planning and Economy Portfolio</i>	£000
Development Management Pre Application Charges	-11
Procurement savings	-4
Development Management Increase Planning Application income	-100
Zero Based Budget savings	-41
Planning and Economy Portfolio Total	-156

Total Planned Budget Savings	-1025
Total Savings post revised budget	-158
Savings built into revised budget	-867