

**REVENUE BUDGET MONITORING AND FORECASTING 2019/20
- POSITION AT JULY, 2019**

SUMMARY:

This report sets out the anticipated financial position for 2019/20, based on Quarter 1 (30 June 2019).

RECOMMENDATIONS:

Members are requested to note the latest Revenue forecasts.

1 INTRODUCTION

- 1.1 This report provides the first monitoring position statement for the financial year 2019/20. The purpose of this report is to notify members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform members of any action to be taken if required.
- 1.2 Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate Head of Service before the meeting.

2 EXECUTIVE SUMMARY

- 2.1 The original budget of £12.542m for 2019/20 was approved by Council on 21 February 2019. The latest budget is £10.024m, which includes revenue budget carry forwards of £318k and additional spend from reserves of £141k as outlined and approved in the provisional outturn report to Cabinet on 28 May 2019. Further changes to the budget are outlined in this report (supplementary estimates, virements).
- 2.2 The expected forecast outturn for the current financial year is based on the Council's actual financial position for Quarter 1

3 REVENUE SUMMARY

3.1 The forecast outturn on the General Fund revenue budget is £10.024m; a variation of £31k when compared to the latest budget of £9.993m. The outturn forecast assumes:

- No change in Central Government Funding
- No change in Minimum Revenue Provision
- No change in capital accounting adjustments
- Staff vacancies will be filled within two months

3.2 The forecast outturn variance (overspend or underspend, favourable or unfavourable) is comprised of the following:

Table 1: Portfolio variance summary

Portfolio	Service & Main Reason for variance	2019/20 Variation (£'000)
Corporate & Democratic Services	Delay in introducing new income tariff for Section106 agreements	35
Customer Experience and Improvement	Minor variances	(4)
Major Projects and Property	Reduced rental income on re-let: 168 High Street Guildford	502
Operational Services	Rowhill SANG developers contributions received	(521)
Planning & Economy	Reduction in the firework event ticket sales budget - event cost is being funded by sponsorship income	20
TOTAL Revenue variation Q1		31

3.3 The impact of the projected outturn variance on the Council's funding position (as detailed in the MTFs) is shown in the table below:

Table 2: General Fund Revenue Summary

	2019/20 Original Estimate (£'000)	2019/20 Latest Estimate (£'000)	2019/20 Outturn Forecast (£'000)	2019/20 Variation (£'000)
Medium Term Financial Strategy				
Corporate & Democratic Services	5,707	5,799	5,833	35
Customer Experience and Improvement	174	279	275	(4)
Major Projects and Property	(2,292)	(4,802)	(4,301)	502
Operational Services	8,662	8,390	7,869	(521)
Planning & Economy	2,752	2,788	2,807	20
Reversal of capital/Pension	(2,460)	(2,460)	(2,460)	0
Portfolio Net Expenditure	12,543	9,993	10,024	31
Corporate Income & Expenditure	1,153	1,089	931	(159)
Savings Plan	(4,256)	(1,058)	(1,097)	(39)
Net Total Expenditure	9,440	10,024	9,857	(167)
Total Funding	(11,688)	(11,687)	(11,687)	0
Core (Surplus) / Deficit	(2,248)	(1,663)	(1,830)	(167)
Additional Transfers to / (from)				
General Fund Balance	0	0	0	0
Commercial Property Reserve	2,000	1,826	1,563	(263)
Stability & Resilience Reserve	483	483	483	0
Service Improvement Fund	(93)	(130)	(188)	(58)
Other Earmarked Reserves	(142)	(574)	(28)	546
Core (Surplus) / Deficit after Transfers	0	(58)	0	58

3.4 The potential effect of both the revenue and capital variances upon on each balance/reserve/funding source is shown in the table below.

Table 3: Summary Reserve Movements

	Balance as at 01 April 2019 (£'000)	Planned transfer to / (from) Reserves (as per MTFS)	Additional Transfers to / (from) (£'000)	Forecast Balance at 31 March 2020 (£'000)
Balance and Reserves (excluding specific earmarked reserves)				
General Fund Balance	2,000	0	0	2,000
Commercial Property Reserve	475	2,000	(437)	2,038
Stability & Resilience Reserve	4,869	483	0	5,352
Service Improvement Fund	1,001	(93)	(95)	813
Other Earmarked Reserves	5,719	(33)	5	5,691
Subtotal	14,064	2,357	(527)	15,894

3.5 **Appendix A** sets out in more detail the expected forecast outturn for the current financial year is based on the Council's actual financial position for Quarter 1.

4 **REPORTED VARIANCES**

4.1 The outturn estimates a net unfavourable variance (overspend) of £30,885 as likely to occur in 2019/20 against the current approved budget. Major variances are set out in **Appendix B**.

4.2 A significant element of the overall variance (£128k 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:

- £400k 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.
- £26k increase in expenditure as a result of consultancy on SPA project. Transfer from Planning Delivery Fund
- A reduction in transfer to Civil Parking Enforcement (CPE) surplus due to a net increase in revenue cost of £54k (£82K non-salary expenditure increase and £17K salary saving)
- £174k net income in respect of A331 Air Quality Projects
- £40k funded from Service Improvement Fund as a result of additional expenditure on property valuations.
- £285k transfer from Commercial reserve to cover the loss of rental income from 168 High St Guildford.

4.3 Estimates for interest receivable have increased by £34k due to increased returns from investment portfolio. Interest payable on borrowing has decreased by £124k due to a decrease in our borrowing requirement (largely due to changes in timing of purchases within the capital programme). This combination has resulted in a favourable variance of £158k.

4.4 As a result of the variations referred to above, the general fund forecast shows a projected year-end balance of £2m after reviewing the level of transfers to or from major reserves such as the Stability & Resilience Reserve, the Service Improvement Fund and Commercial Reserve.

5 INCOME/SAVINGS TARGETS

- 5.1 The original budget for 2019/20 identified the need for £3.931m of savings/income generation. During quarter 1 £3.198m of net cost reductions have been built into the approved budget. Resulting in a current approved budget savings target of £0.733m and an outturn target of £1m. Table 4 below shows the savings movement by area. Detail savings per portfolio are given in Appendix D.

Table 4: Savings Movement Summary

	2019/20 Target (£'000)	Q1 Achieved (£'000)	Still to achieve in year
Savings Plan progress			
Items included in MTFs (Feb 2019)			
Organisational Redesign	300	20	280
Major contract renewal - Leisure	230	230	0
Commercial Property Investment	3,191	2,765	426
Reduction in service costs	151	160	(9)
Reviewing fees, charges and concessions	59	0	59
Subtotal	3,931	3,175	756
Additional in-year savings identified			
Better Procurement	0	23	(23)
Subtotal	0	23	(23)
TOTAL Estimated savings	3,931	3,198	733

- 5.2 The staff monitoring exercise has identified a net projected outturn of £98k from salary savings, which is below the £325k expected to be delivered against the original budget.

6 RESERVES

- 6.1 The level of balances shown for the General fund is in excess of the approved range of £1m-£2m. The forecast outturn the General Fund is likely to sit close to the top of the range.
- 6.2 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.

- 6.3 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.
- 6.4 The balance on the fund at the close of 2019/20 is estimated at £5.352m to cover short-term fluctuations in income due to the operation of the Business Rates Retention Scheme, for example.
- 6.5 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 5 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 5: Service Improvement Fund

SERVICE IMPROVEMENT FUND	Approved Budget 2019/20	Earmarked (budget subject to business case)	Forecast Expenditure 2019/20	Q1 Monitoring Forecast Expenditure 2019/20
Opening balance on Fund			-1,001,007	-1,001,007
Additional Income				
Backfill for Finance improvement projects	4,490	0	4,490	4,490
Temporary Property Assistant	4,090	0	4,090	4,090
Regeneration Backfill	60,000	0	60,000	60,000
Organisational Redesign, Structure Review and Transitional Arrangements	204,731	0	204,731	204,731
Rushmoor 2020	300,000	318,000	618,000	618,000
Feasibility Studies	10,000	0	10,000	10,000
Council Offices Boiler Replacement	0	18,000	18,000	18,000
Investment Property Portfolio LSH Investment Management Review	0	40,000	40,000	40,000
Expenditure in year			959,311	959,311
Closing balance			-41,696	-41,696

- 6.6 The Council has the flexibility to use some of its Capital Receipts to support revenue spending in the pursuit of efficiency and service transformation.

6.7 The strategy for Flexible Use of Capital Receipts 2019/20 was approved at Full Council on 21 February 2019.

Table 6: Flexible Use of capital Receipts

Project	Original Budget 2019/20	Slippage/ (Pre-Spend) to 2019/20	Total Approved Budget 2019/20	Forecast Expenditure 2019/20	Forecast Variance
Opening Balance			187,416	187,416	
Additional Capital Receipt					
Income Generation & Commercial					
To support the delivery of the Housing and Regeneration Programme	-	17,212	17,212	17,212	-
To explore new ways of delivering services while maintaining or improving service standards and reducing costs	57,500	10,217	67,717	67,717	-
Customer & Digital					
A comprehensive IT approach to integrate the client and contractor systems	-	26,289	26,289	26,289	-
Feasibility and implementation of an expanded customer hub model	35,500	10,101	45,601	45,601	-
Unassigned	30,600	- 3	30,597	-	- 30,597
Total Expenditure			187,416	156,819	- 30,597
Closing Balance			0	30,597	

6.8 The overall effect on the main working balances is shown in Table 3 earlier in the report

7 RISK AREAS

7.1 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.

7.2 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.

7.3 Fluctuations in business rate income, 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. Maintaining sufficient level of reserves aids mitigation 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. At the same time undergoing a 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.

7.4 Other risks that should be considered are:

National

- 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;
- Non-delivery, or delayed delivery, of key projects (Regeneration/Housing) that impact on residents, town centres and on the Council's financial position
- Demand-led budget and pressure within services
- Commercial income under achieved due to increase in vacant units

8 CONCLUSIONS

- 8.1 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.
- 8.2 This first quarter budget monitoring cycle includes significant savings and the anticipated further income generation and savings will help to meet the current year's savings target and build towards a sustainable future.
- 8.3 However, unfavourable variances within existing services must be corrected if the long-term sustainability of the organisation is to be achieved. On-going savings should be contributing to the overall reduction in service budgets rather than offsetting underachievement of existing income streams or additional costs.
- 8.4 The current monitoring position shows general fund balances at the top of the range for balances at £2 million, at the close of 2018/19, assuming the achievement of an additional £999,575 of savings during the year.
- 8.5 Should savings not be achieved there is short-term flexibility to support the general fund balance through use of the Stability and Resilience reserve but reductions in net expenditure must be achieved in the longer-term to avoid reliance on one-off funding.
- 8.6 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.

CONTACT DETAILS:

Report Author: Alan Gregory – Finance Manager alan.gregory@Rushmoor.gov.uk
01252 398441

Head of Service: David Stanley – Executive Head of Finance
david.stanley@Rushmoor.gov.uk 01252 398440

APPENDIX A

GENERAL FUND REVENUE BUDGET SUMMARY

	Original ESTIMATE	CURRENT APPROVED ESTIMATE	FORECAST OUTTURN	BUDGET VARIATION
	2019/20 £000	2019/20 £000	2019/20 £000	2019/20 £000
Net Cost of Services by Portfolio				
1 Corporate & Democratic Services	5,707	5,799	5,833	35
2 Customer Experience and Improvement	174	279	275	(4)
3 Major Projects and Property	(2,292)	(4,802)	(4,301)	502
4 Operational Services	8,661	8,390	7,869	(521)
5 Planning & Economy	2,752	2,788	2,807	20
6 PORTFOLIO NET EXPENDITURE	15,002	12,453	12,484	31
7 Capital Accounting Charges - Reversed	(1,964)	(1,964)	(1,964)	0
8 Pension Adj/Employee Benefits Reversed	(496)	(496)	(496)	0
9 NET EXPENDITURE AFTER ADJUSTMENTS	12,542	9,993	10,024	31
10 Reductions in Service Costs/Income Generation	(3,931)	(733)	(1,000)	(266)
11 Vacancy Monitoring	(325)	(325)	(98)	227
12 Corporate Income and Expenditure	757	693	535	(159)
13 Contributions to/(from) Reserve Accounts	2,248	1,604	1,830	225
14 Central Government Funding	(4,882)	(4,882)	(4,882)	0
15 NET TOTAL EXPENDITURE	6,409	6,351	6,409	58
16 Contribution to/(from) balances	(0)	58		(58)
17 COUNCIL TAX REQUIREMENT	6,409	6,409	6,409	0
REVENUE BALANCES				
18 1 April	2,000	2,000	2,000	0
19 General Fund Transfer	(0)	58	0	(58)
20 31 March	2,000	2,058	2,000	(58)

Notes:

12 Corporate Income and Expenditure				
Interest Receivable	(1,358)	(1,358)	(1,393)	(35)
Interest payable	1,056	1,056	932	(124)
Minimum Revenue Provision	1,410	1,410	1,410	0
Collection Fund (surplus)/deficit - Ctax	(97)	(97)	(97)	0
Collection Fund (surplus)/deficit - NNDR	(299)	(299)	(299)	0
Other Corporate Income and Expenditure	45	(19)	(19)	0
Total	757	693	535	(159)

13 Contributions to/(from) Reserve Accounts				
Revenue Contributions to Capital Programme	0	0	63	63
Transfers to CPE Surplus Account	76	76	21	(55)
Contributions to/(from) earmarked reserves - carry forwards	0	(432)	(432)	0
Contributions to/(from) earmarked reserves/prior yr grants	(218)	(218)	320	538
Contributions to/(from) Service Improvement Fund	(93)	(130)	(188)	(58)
Contributions to/(from) Stability & Resilience Reserve	483	483	483	0
Contributions to/(from) Commercial Reserve	2,000	1,826	1,563	(263)
Total	2,248	1,604	1,830	225

14 Central Government Funding				
New Burdens and other non-ring-fenced grants	(36)	(36)	(36)	0
New Homes Bonus	(1,010)	(1,010)	(1,010)	0
Revenue Support Grant	0	0	0	0
Business Rates Retention (BRR)	(3,836)	(3,836)	(3,836)	0
Total	(4,882)	(4,882)	(4,882)	0

APPENDIX B

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

Variances identified by service during quarter 1 budget monitoring exercise amounting to a net overspend of £30,885

Corporate and Democratic Services Portfolio - VARIANCES RELATED TO EXPENDITURE BUDGETS			£
Expenditure			
Corporate Manager Legal Services	Land Charges	Additional spend on searches undertaken by Hampshire County Council on behalf of the Council	18,000
	Legal Support	Favourable variance due to conversion to online publications at a reduced cost	(10,000)
Democracy, Strategy and Partnerships	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)	5,000
Financial Services	Rent Allowances	Changes to software (funded by government)	9,000
All other expenditure variances within portfolio			2,700
Total Expenditure Variances in Corporate and Democratic Services Portfolio			24,700

Corporate and Democratic Services Portfolio - VARIANCES RELATED TO INCOME BUDGETS			£000
Income			
Corporate Manager Legal Services	Legal Support	Adverse variance due to delay in introducing new income tariff for Section106 agreements	25,000
Democracy, Strategy and Partnerships	Local Elections	Increase in income due to contribution received towards election costs	(5,000)
Financial Services	Rent Allowances	Changes to software (funded by government)	(9,000)
All other income variances within portfolio			(1,000)
Total Income Variances in Corporate and Democratic Services			10,000

Total Net Variances in Corporate and Democratic Services Portfolio	34,700
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Customer Experience and Improvement Portfolio - VARIANCES RELATED TO EXPENDITURE BUDGETS		£000
Expenditure		
All other expenditure variances within portfolio		
Total Expenditure Variances in Customer Experience and Improvement Portfolio		0

Customer Experience and Improvement Portfolio - VARIANCES RELATED TO INCOME BUDGETS		£000
Income		
All other income variances within portfolio		(4,200)
Total Income Variances in Customer Experience and Improvement Portfolio		(4,200)

Total Net Variances in Customer Experience and Improvement Portfolio	(4,200)
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Major Projects and Property Portfolio - Expenditure		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Regeneration, Property and Highways	Rushmoor Properties	Adverse variance to pay for unbudgetted valuation report of investment properties. Funded from Service Improvement Fund	40,000
	168 High Street, Guildford	Adverse variances of service charge and NNDR expenditure that the Council is liable for whilst the Highpoint building is largely vacant and being refurbished	35,000
	36-63 Union Street, Aldershot	Adverse variance due to additional unplanned asbestos works and scaffolding costs for 53-55, 54-56 and 58 Union Street	5,000
	Frimley 4 Business Park	Adverse variance due to budget exclusion for business rates *	53,000
		Adverse variance due to budget exclusion for the café *	24,000
		Adverse variance due to budget exclusion for management costs for the gym *	24,000
	Community Maintenance Team	* the revenue budgets were not applied for as part of the Cabinet report for acquisition approval Reduction in spend as the Council does not have any current skilled up projects running (offset with a reduction in income)	(10,000)
Marks and Car Boot Sales	Reduction in spend on casual staff	(10,000)	
All other expenditure variances within portfolio			19,000
Total Expenditure Variances in Major Projects and Property Portfolio			180,000

Major Projects and Property Portfolio - Income		VARIANCES RELATED TO INCOME BUDGETS	£000
Regeneration, Property and Highways	35/39 High Street, Aldershot	Unachievement of service charge income from tenants. Nature of the lease means the Council is unable to recover service charge debt owing from previous year	10,000
	168 High Street, Guildford	Loss of tenant due to financial difficulties resulting in closure of stores. New tenant has been given 'rent-free' period for one year (covered by drawdown from Commercial Reserve)	285,000
	Wellesley House, 10 Eelmoor Road, Farnborough	Favourable variance due to additional income for back-rent from Classic Race Simulators	(10,000)
	Marks and Car Boot Sales	Shortfall in markets income	15,700
		Shortfall in car boot sales income	17,400
Community Maintenance Team	Reduction in income as the Council does not have any current skilled up projects running (offset with a reduction in expenditure)	10,000	
All other income variances within portfolio			(6,400)
Total Income Variances in Major Projects and Property Portfolio			321,700

Total Net Variances in Major Projects and Property Portfolio			501,700
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Operational Services Portfolio - Expenditure		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Operations	Pollution and Environmental Control	Additional spend on the A331 Air Quality Project (offset by grant funding)	22,500
	Integrated CCTV	Additional spend on CCTV feasibility project (funded from Service Improvement earmarked reserve)	10,000
	Improvement Grants	Reduction in expenditure for 2019/20 - Parity Trust membership for this year has been funded within monies held by Parity	(5,000)
	Parks and Recreation Grounds	Additional expenditure to reinstate the accessible footpath at Rowhill Copse following works undertaken by Scottish and Southern Electricity to remove electricity pylons (income has been received by SSE to fund these works)	9,850
		Additional budget granted in 2018/19 for tree maintenance included in 2019/20 budget in error	(11,390)
	Car Parks	Reduction in spend on other supplies and services	(2,100)
		Additional spend on Littering and Dog Fouling FPNs as the pilot scheme was extended for six months (offset by additional income)	60,000
		Reduction in spend on card handling fees	(11,600)
		Increase in expenditure on leisure centre user rebates	6,000
	Parking Management	Additional spend on card charges	8,900
	Crematorium	Reduction in spend on ministers fees as the Council no longer provides this service	(6,500)
		Additional revenue costs for the mobile elevation platform (previously a capital project however cost below the capital deminimus levels, thus expenditure must now be categorised as revenue expenditure)	9,500
	Grounds Maintenance	Reduction in spend of Grounds Maintenance due to inventory changes	(12,300)
Domestic Refuse	Reduction in spend due to Uplift Adjustment to SERCO contract	(15,800)	
All other expenditure variances within portfolio			13,400
Total Expenditure Variances in Operational Services Portfolio			75,460

Operational Services Portfolio - Income		VARIANCES RELATED TO INCOME BUDGETS	£000
Operations	Licensing General	Additional premises licences income (of which £6k relates to licence transfers)	(10,000)
	Pollution and Environmental Control	Additional grant income on the A331 Air Quality Project. The grant is to be spent annually over the next 4 to 5 years on the monitoring and evaluation, the balance of funds at year end transferred to an earmarked reserve	(196,500)
	Houses in Multiple Occupation	Reduction in income, this reflects a number of HMO's becoming single dwellings and a reduction in the number living in a property to below five so do not require a licence	14,000
	Improvement Grants	Increase in contribution for support relating to applications for improvements grants	(5,000)
	Parks and Recreation Grounds	Income received from Scottish and Southern Electricity to fund works in respect of the reinstatement of the accessible footpath at Rowhill Copse following works undertaken to remove electricity pylons (corresponding note showing in expenditure)	(9,850)
		Rowhill SANG Developers Contributions received in year, these SANG receipts will be Transferred to the SANG earmarked Reserve from the general fund at year end	(400,300)
	Car Parks	Notional value of issuing 'Free' parking permit to a new voluntary organisation	(5,000)
		Additional income on Littering and Dog Fouling Fixed Penalty Notices (FPNs) as the pilot scheme was extended for six months (offset by additional expenditure)	(61,000)
		Additional season ticket income from businesses who have requested either new or additional permits in year	(72,600)
		Shortfall in Pay and Display income	6,000
	Parking Management	Shortfall in Penalty Charge Notice (fines) due to two vacant Civil Enforcement Officer posts	37,800
		Shortfall in Pay and Display income	19,000
	Crematorium	Shortfall in Penalty Charge Notice (fines) due to two vacant Civil Enforcement Officer posts	50,000
		Reduction in income on ministers fees as the Council no longer provides this service	6,500
	Recycling	Shortfall in cremation fee income	35,700
Reduction in Materials Recovery Facility (MRF) income due to stricter controls with acceptable recycling		9,200	
Additional recycling credit income		(6,250)	
Southwood Community Centre	Additional green waste sales income	(13,800)	
	Reduction in income as the church has relocated out of the Community Centre	6,000	
All other income variances within portfolio			(190)
Total Income Variances in Operational Services Portfolio			(596,290)
Total Net Variances in Operational Services Portfolio			(520,830)

Planning and Economy Portfolio - Expenditure		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Economic, Planning and Strategic Housing	Princes Hall	Reduction in spend on firework event budget, this brings the expenditure in line with previous years events	(19,300)
	Planning Policy	Adverse variance on Consultancy. Expenditure on consultants is required as part of the SPA Project and delegated authority was approved at Cabinet on 5th February 2019 for the Head of Economy, Planning and Strategic Housing to approve future expenditure and report through the budget monitoring process (funded from the Planning Delivery Fund Income earmarked reserve and a corresponding variance will be reported on earmarked reserves).	25,995
	Planning Policy	Favourable variance on training expenses. Funding for a post graduate course no longer required. This was due to be funded from the additional 20% Planning Application Income earmarked reserve (9351) and a corresponding variance will be reported on earmarked reserves.	(5,230)
All other expenditure variances within portfolio			250
Total Expenditure Variances in Planning and Economy Portfolio			1,715

Planning and Economy Portfolio - Income		VARIANCES RELATED TO INCOME BUDGETS	£000
Economic, Planning and Strategic Housing	Princes Hall	Reduction in the firework event ticket sales budget - as the event cost is being funded by sponsorship income	39,300
		Firework event sponsorship income	(20,000)
All other income variances within portfolio			(1,500)
Total Income Variances in Planning and Economy Portfolio			17,800

Total Net Variances in Planning and Economy Portfolio	19,515
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Net portfolio Expenditure Variances	281,875
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Net Portfolio Income Variances	(250,990)
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Net Portfolio Variances	30,885
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Additional Information	Earmarked Reserves	128,125
	Net Portfolio Variances excluding Earmarked Reserves	159,010

APPENDIX C

The Supplementary Estimates totalling £2,575,212 for Quarter one 2019/20 (excluding those relating to Earmarked Reserves) are shown below:

Corporate and Democratic Services Portfolio	£000
-Financial Services - Council Tax Benefits	
Enhancements to the Council Tax Scheme hardship fund is likely to create more hardship,	2
Corporate and Democratic Services Portfolio Total	2
Customer Experience and Improvement Portfolio	£000
Customer Experience and Improvement Portfolio Total	0
Major Projects and Property Portfolio	£000
- Regeneration, Property and Highways Service - Building Services Support	
Budget required for a temporary building surveyor	6.373
-Regeneration and Property Services - 168 High Street, Guildford	
Agency letting fees attributable to securing new tenant and paying premium to the sub-tenant to surrender their lease	40
Repairs and maintenance including refurbishment of the second floor offices and improvements and repairs to the office common parts and signage that cannot be recovered through service charges	24
- Regeneration, Property and Highways Service - Frimley 4 Business Park	
Rental income for newly acquired property	-1798.51
- Regeneration, Property and Highways Service - Ashbourne House, Guildford	
Rental income for newly acquired property	-966
- Regeneration, Property and Highways Service - 36-63 Union Street, Aldershot	
Scaffolding required to support high wall with high risk of collapse at 54-56 Union Street. Also need to install props to support the floors that have risk of failure at the same address	43
Major Projects and Property Portfolio Total	-2651.54
Operational Services Portfolio	£000
- Operational Services - Integrated CCTV	
Budget required to carry out feasibility work in order to bring forward a capital scheme for CCTV	10
Operational Services Portfolio Total	10

Planning and Economy Portfolio	£000
-Economy, Planning and Strategic Housing - Town Centre Management	
Approval given to use the Brown Field Government Resource Allocation to support events, (given the current issues with sponsorship) if needed	3.68
-Economy, Planning and Strategic Housing - Planning Conservation	
Budget required to undertake surveys and to review the management plan at Rowhill Nature Reserve. The costs will be covered by a drawdown from the Rowhill Nature Reserve SANG Earmarked Reserve	34.5
Budget required to undertake surveys and to review the management plan at Southwood Woodland. The costs will be covered by a drawdown from the Southwood Woodland SANG Earmarked Reserve	26.15
Planning and Economy Portfolio Total	64.33

Total Supplementary Estimates	-2575.21
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Of which, rental income for Ashbourne House and Frimley 4 Business Park form part of the £3.931m budget savings	2765
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APPENDIX D

Planned Budget Savings by category

Negative supplementary estimates showing as budget savings for 2019/20 of (£3,197,605) and total savings achieved are in 2018/19 shown below:

Savings estimated	2019/20 £000	Savings achieved and built into Q1 budgets £000	Savings still to achieve in year £000
Efficiency savings			
<u>Organisational Redesign</u>			
MARS (2nd round) & restructure	300	20	280
Rushmoor 2020			
	300	20	280
<u>Better Procurement & major contract renewal</u>			
Better Procurement		23	-23
Major contract renewal - Leisure	230	230	0
	230	253	-23
<u>ZBB</u>			
Service reviews - ZBB	151	9	-9
	151	151	0
		160	-9
Income Generation			
Investment in Property - Commercial			
Meads - not in receipt until 19/20	625	0	625
Voyager - not in receipt until 20/21	0	0	0
Ashbourne House - Due to purchase in February	926	966	-40
Frimley Park - not in receipt until 19/20	1,641	1799	-158
	3,191	2,765	426
Reviewing fees, charges and concessions			
Fees and Charges	59	0	59
	59	0	59
Total estimated savings	3,931	3,198	733