

**ITEM 10**  
**Revenue Budget and Council Tax Proposals**  
**2019/20**

**Cabinet**

**Date:** Wednesday 13 February 2019

**Time:** 5.45 pm

**Venue:** Conference Room 1, Beech Hurst, Weyhill Road, Andover,  
Hampshire, SP10 3AJ

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**Legal and Democratic Service**

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This is formal notice under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that part of this meeting may be held in private because the agenda and reports for the meeting may contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it.

**PUBLIC PARTICIPATION SCHEME**

*If members of the public wish to address the meeting they should notify the Legal and Democratic Service at the Council's Beech Hurst office by noon on the working day before the meeting.*

**Cabinet**

Wednesday 13 February 2019

**Follow up Paper**

**10 Revenue Budget and Council Tax Proposals 2019/20**

**3 - 40**

**Finance**

To recommend the Council's revenue budget and council tax proposals for 2019/20. To also recommend the revised forecast for 2018/19 and provide an updated medium term financial forecast.

## **ITEM 10 Revenue Budget and Council Tax Proposals 2019/20**

Report of the Finance Portfolio Holder

### **Recommended:**

- 1. That the Revised Forecast for 2018/19 as set out in Column 3 of Annex 1 be approved.**
- 2. That a transfer of £500,000 to the Asset Management Plan in 2018/19 be approved as detailed in paragraph 3.5.**
- 3. That the Savings Options, Income Generation Proposals and Revenue Pressures as set out in Annexes 2 - 4 be approved.**
- 4. That subject to recommendation 3 above and taking due regard of the Head of Finance's comments in Annex 8, the budget for 2019/20 as set out in Column 6 of Annex 1 be approved.**
- 5. That subject to recommendations 3 and 4 above, the revenue estimates for each Service contained in Annex 7 be approved.**
- 6. That a Council Tax Requirement for 2019/20 of £8,870,290 be approved.**
- 7. That a Special Expenses Levy of £346,804 be made in respect of the area of Andover to cover the cost of providing burial grounds, public halls, sports grounds and playgrounds.**
- 8. That a general precept of £6,924,282 be levied for the year 2019/20.**
- 9. That the Medium Term Forecast contained in Annex 6 be noted.**
- 10. That a Band D Council Tax excluding Parishes and Special Expenses of £141.41 in 2019/20 be approved – a freeze at 2018/19 levels.**
- 11. That a draw from the Collection Fund Equalisation Reserve of £61,200 in 2019/20 be approved as detailed in paragraph 4.5.**
- 12. That delegated authority be given to the Head of Finance in consultation with the Leader, Finance Portfolio Holder and the Chief Executive to make changes to the budget following Cabinet to take account of new issues, changes to figures notified by Parish Councils or any late changes in the final Local Government Finance Settlement.**

### **Recommendation to Council**

#### **SUMMARY:**

- This report presents proposals for the final Revenue Budget and Council Tax for the financial year 2019/20.
- The report takes into account the previous budget information and options for changes in service delivery that were presented to the Cabinet in October 2018 and January 2019.

- The headline financial figures in the report are :-
  - ◆ Band D Council Tax (excluding Parishes and Special Expenses) to be frozen at £141.41.
  - ◆ Revenue savings proposals totalling £124,430 – Annex 2
  - ◆ Income Generation proposals totalling £510,400 – Annex 3
  - ◆ Additional spending pressures on services of £642,720 – Annex 4
- The final recommendations arising from this meeting for the Budget and Council Tax for 2019/20 will be considered by Council on 25 February 2019.

## **1 Introduction**

- 1.1 The Cabinet considered the Budget Strategy for 2019/20 in October 2018. The report showed a best, middle and worst case scenario of the budget gap the Council expected to face for 2019/20.
- 1.2 An update of the budget forecast was presented to Cabinet in January 2019 in light of the provisional Local Government Finance Settlement and further work that had been carried out to identify the savings necessary to balance the budget for 2018/19.
- 1.3 This report presents the proposals for the 2019/20 Revenue Budget and Council Tax to be considered at this meeting before a final recommendation is made to Council.

## **2 Background**

- 2.1 This report deals with the overall revenue budget and council tax for the Borough for the 2019/20 financial year. The key issue that needs to be considered is how to set a balanced budget with due regard to:-
  - The estimated cost of providing existing services at their current levels
  - Managing service delivery where external grant funding is reducing considerably
  - Predictions of a sustained low level of investment income
  - The level of savings to be taken into account in setting the budget
  - The availability and use of balances to support revenue spending
  - The level of Council Tax to be set for the Borough of Test Valley, and
  - The impact on budget projections for the medium term.
- 2.2 It is impractical to examine every possible permutation of the seven items set out above and therefore, this report sets out a specific budget proposal for debate that incorporates all of these items and takes into account discussions that have been held with the Leader and Portfolio Holders.
- 2.3 The following sections provide more detailed information on the final budget proposals that have been put forward. They compare the figures to those presented to Cabinet on 16 January 2019.

### **3 2018/19 Revised Forecast**

- 3.1 The original budget for 2018/19 included no draw from general reserves in the year. This continues to be the case and general reserves are expected to remain at £2M at the end of the year.
- 3.2 The budget monitoring report presented to Cabinet on 7 November 2018 identified additional income and savings of £553,000 in Services and £67,000 additional investment income to the end of September.
- 3.3 Savings made to date are reflected in the revised forecast shown in the annexes to this report.
- 3.4 It is currently anticipated that a positive variance will arise when the outturn position is known, although the final value will not be known until outturn is reported to Cabinet in May 2019.
- 3.5 The Asset Management Plan Update report to Cabinet on 7 November 2018 included a Reserve Works List for 2019/20 with an estimated cost of £300,800 which could not be included in the programme as there were insufficient funds in the reserve available. It is, therefore, recommended to transfer £500,000 into the Asset Management Plan Reserve in 2018/19 to cover this list and ease any further pressures on the Reserve which may arise.
- 3.6 No decisions will be taken on how to deploy any further positive variance or cover any negative variance arising in 2018/19 until the outturn position is known.

### **4 2019/20 Budget Proposals**

- 4.1 Annex 1 sets out the proposed budget for 2019/20. The figures shown take into account changes in the detailed estimates arising from the budget process together with the savings options and budget pressures set out in the annexes to this report.
- 4.2 The Net Cost of Services shown in Annex 1 includes some items of expenditure, such as depreciation and capital grants, that do not form part of the Council Tax calculation. These charges can vary significantly and distort the figures shown against each Service. Annex 5 shows the same figures as Annex 1 with these items removed.
- 4.3 Annex 7 sets out a summary of the estimates by main service area. The figures in Annex 7 exclude capital financing charges and are reconciled to the summary shown in Annex 5.

#### **Overall Budget**

- 4.4 All of the changes outlined in this report are reflected in the figures shown in Annex 1 which represents the proposed budget before the Cabinet. The Net General Fund Requirement is £11.902M and the Council Tax Requirement is £8.870M.

The budget gap shown in the January budget update was £21,000. Since then, there have been a number of movements, and the gap has now been closed. A summary of the movements is shown in the following table.

	<b>£'000</b>
<b>Budget Gap per January report</b>	<b>21</b>
Net reduction in pressures (see Annex 4)	(13)
Forecast reduction in retained Business Rates Income (see para. 4.5)	61
Additional investment income, net of borrowing costs	(51)
Increased revenue contribution to capital in respect of property purchases in 18/19	25
Other budget changes	18
Draw from Collection Fund Equalisation Reserve (see para 4.5)	(61)
<b>Final Budget Position</b>	<b>0</b>

- 4.5 Work has continued during January to calculate the impact of the Business Rates Retention Scheme. The budget for 2019/20 now includes an estimate of a reduction in income from this source totalling £61,200 (see paragraphs 4.19 – 4.23 for further details). It is recommended to make a draw from the Collection Fund Equalisation Reserve to fund this expected reduction.
- 4.6 Additional investment income of £51,300 is expected as a result of an increase in the average portfolio and an expected increase in interest rates.
- 4.7 Project Enterprise property investments in 2018/19 have resulted in an increase in the revenue contribution to capital of £25,200 in 2019/20 (see paragraphs 4.13 – 4.18).
- 4.8 During the detailed budget work, a number of small adjustments have been identified and included in this budget update. These have increased the budget gap by £18,000.

### **Savings made to set a balanced budget**

Annexes 2 and 3 show that the Council has identified a number of areas to reduce its net expenditure in 2019/20. This combination of reduced expenditure and increased income streams is estimated to reduce net costs by £634,800 next year; however, this is just one piece of a much larger budget savings' jigsaw.

The following table shows the savings delivered and additional income generated in recent years in the context of the Council's net budget requirement. It also shows the budget reductions in comparison to the increase in Council Tax over the same period.

Year	Net Budget Requirement £'000	Savings Made £'000	Savings as % of Budget Requirement	Council Tax Band D	Council Tax Increase in Year
2008/09	12,325	669	5.43%	£113.31	4.48%
2009/10	12,504	1,729	13.83%	£118.44	4.53%
2010/11	12,966	614	4.74%	£121.41	2.51%
2011/12	11,606	957	8.25%	£121.41	0.00%
2012/13	11,063	1,229	11.11%	£121.41	0.00%
2013/14	11,062	1,249	11.29%	£126.41	4.12%
2014/15	10,452	1,165	11.15%	£126.41	0.00%
2015/16	9,030	905	10.02%	£126.41	0.00%
2016/17	12,064	839	6.95%	£131.41	3.96%
2017/18	12,379	1,419	11.46%	£136.41	3.80%
2018/19	12,908	982	7.61%	£141.41	3.67%
2019/20	11,902	635	5.34%	£141.41	0.00%

- 4.9 In each of the last eleven years the reductions to net expenditure identified by the Council during its budget setting, most notably as part of the 'Corporate Challenge' process, have considerably outstripped the additional income demanded through Council Tax increases.
- 4.10 During the period from 2008/09 to present the Council has delivered budget reductions totalling £12.392M, equivalent to more than £1M per year. This includes additional income generated by Project Enterprise (see paragraphs 4.13 – 4.18).
- 4.11 This clearly demonstrates the efforts the Council has made in recent years to control expenditure and keep Council Tax increases to a minimum.

### **Project Enterprise**

- 4.12 Project Enterprise was established in 2014 to increase the income generated by the Council from its investments and reduce its reliance on the Government's Revenue Support Grant.

- 4.13 Since 2014, the Council has invested in a number of properties that have sought to generate additional revenue income. This additional income has been generated by investing the cash reserves held by the Council in projects that will yield greater returns than the current cash investment portfolio.
- 4.14 The amount of investment in completed projects is currently £27.479M. Net rental income from these investments is forecast to be £2.009M in 2019/20. This represents an average return on investment of 7.3%.
- 4.15 In contrast, the Council's cash investment portfolio is forecast to generate an average return of 0.86% in 2019/20. Had the Council not purchased the additional properties and left the investment in cash reserves, this would be expected to generate £236,300 in 2019/20.
- 4.16 Income from Project Enterprise investments is therefore, expected to be £1.772M greater than would have been achieved by retaining the balances in cash.
- 4.17 Some of the income generated from the completed investments is used to replenish the Capital Receipts Reserve over the lifetime of the investment. For 2019/20, £439,700 is included within the Transfer to Capital Balances line in Annex 1 for this purpose. The remainder of the income will be used to support Council services.

#### **Business Rates Retention Scheme**

- 4.18 The Government introduced the Business Rates Retention Scheme in 2013. It is a complex scheme with baseline assessments, top ups and tariffs, levy payments and safety nets.
- 4.19 If this was not complicated enough, the Government has introduced a further layer of complexity in awarding S31 grants to offset the impact of policies aimed at protecting small businesses. This can create apparent surpluses or deficits on the Council's Collection Fund and corresponding deficits or surpluses in the General Fund and volatility in yearly cashflows.
- 4.20 The Head of Revenues has delegated authority (in consultation with the Head of Finance and the Economic Portfolio Holder) to approve the annual National Non Domestic Rates returns to Central Government. In so doing, this effectively sets the initial shares of income to be allocated to the main preceptors and the Government from the Collection Fund.
- 4.21 The Head of Finance has consulted with the Acting Head of Revenues (Local Taxation) and reviewed his budget working papers. In the early years of the rates retention scheme, the Council adopted a cautious approach of budgeting for the settlement figure only. Following the business rates revaluation exercise which was implemented from April 2017, it is estimated that income due to the Council in each of the next 3 years will be as per the following table:



	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Business rates income	4,576	2,395	2,395
Section 31 grants	2,186	1,406	1,406
2018/19 deficit on collection fund	(58)	0	0
Provision for levy payable to government	(2,038)	0	0
Renewable energy rates 100% retained	436	434	434
<b>Total income from business rates retention scheme</b>	<b>5,102</b>	<b>4,235</b>	<b>4,235</b>
Less income from business rates retention scheme included in January report	5,163	4,260	4,260
<b>Reduction in retained income from business rates retention scheme</b>	<b>(61)</b>	<b>(25)</b>	<b>(25)</b>

- 4.22 This income is built into the Medium Term Forecast. It is extremely vulnerable to both the level of appeals that may occur as a result of the 2017 revaluation exercise and the reset of the Business Rates Retention Scheme due in 2020 in which the Government maintains the power to take away all of the accumulated growth in income generated since 2013. The estimates for 2020/21 and 2021/22 exclude any growth in income above the baseline settlement figure. The Council maintains a Collection Fund Equalisation Reserve to mitigate against this volatility.

#### **Draws from Reserves**

- 4.23 Draws from reserves are expected to be for one-off or specific expenditure. No further general draws from reserves are budgeted in 2019/20 to close the overall budget gap.

#### **Local Government Finance Settlement**

- 4.24 Full details of the *Provisional* Local Government Finance Settlement were given in the Budget Update report to Cabinet on 16 January and are not repeated here. The *Final* Local Government Finance Settlement was released on 29<sup>th</sup> January and there were no changes from the *Provisional* Settlement.

## **Robustness of Estimates and Adequacy of Revenue Reserves**

- 4.25 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Head of Finance) to report on the robustness of the budget estimates and adequacy of reserves at the time the Council is deciding the level of Budget Requirement and Council Tax for the forthcoming year. This is shown in full detail in Annex 8.

### **Council Tax**

- 4.26 Under delegated authority the Head of Revenues, in consultation with the Head of Finance, sets the Council Tax base for the forthcoming financial year. The Council Tax resolution is reported directly to Council for consideration with the budget proposals. This report assumes that the figure prepared for the Council Tax Resolution does not change.
- 4.27 Should the tax base change, the resultant change in income to the Council will be met by an adjustment to/from the Budget Equalisation Reserve rather than amending the proposed Council Tax charge.
- 4.28 The Government has implemented a clear shift in council tax policy and has assumed that local authorities will put up their council tax by the maximum they are allowed each year. This Council has received verification that an increase to Council tax of £5 will be allowable without triggering a referendum. The Government has automatically included this increase and the additional income that it generates in its calculations of the spending power of the Council as part of the settlement process. However, even after taking into account that there is no Council Tax freeze grant available and the loss of Revenue Support Grant, this report recommends that the Council freezes Council Tax. This has been made possible by the continuation of strong business rate growth within the borough and the considerable extra self-generated income received from prudent investments through Project Enterprise.
- 4.29 For 2019/20 it is recommended that Council Tax is frozen at £141.41.
- 4.30 The Andover Special Expenses Levy has been recalculated to take into account the parish boundary changes which results in additional playgrounds, sports grounds and public halls being included, as well as an increase to the Andover tax base from 13,638 to 15,945. The levy required to cover the costs is £366,800 (£23.00 per Band D property). However, it is recommended to freeze the Andover Special Expenses Levy for 2019/20 at £21.75 per Band D property, £346,800 in total.

## **5 Medium Term Forecast and Beyond**

- 5.1 Annex 6 sets out the Medium Term Forecast for the General Fund budget up to the 2021/22 financial year. The figures shown in Annex 6 are reconciled to the revenue summary shown in Annex 5.
- 5.2 In order to maintain a balanced budget, current forecasts indicate a small surplus of £38,500 in 2020/21. This amount decreases by £749,000 to a deficit

of £710,500 which is the level of cumulative savings needed to close the forecast budget gap for 2021/22.

- 5.3 Work to identify options for Councillors to consider meeting these savings targets will flow from the annual Corporate Challenge process which will commence in May 2019. An initial forecast for 2020/21 based on a best, middle and worst case scenario will be presented to Cabinet in October 2019.
- 5.4 Looking further ahead, financial forecasts become less certain, but it is inevitable that, with fewer opportunities to make savings and efficiencies, pressure will increase on the Council to use its reserves to ensure financial stability.
- 5.5 Clearly, other factors will come into play, e.g. a move to 75% retention of Business Rates, an expected recovery in interest rates, Government policy and finance changes, but Cabinet is encouraged to keep this longer term uncertainty in mind when recommending a freeze to the level of Council Tax for 2019/20 to Council.

## **6 Corporate Objectives and Priorities**

- 6.1 The Budget encompasses all elements of the Council's activities and therefore contributes to all the Council's Corporate Objectives and Priorities.

## **7 Consultations**

- 7.1 Consultation on the Budget has been carried out with the Leader, Deputy Leader, individual Portfolio Holders, Overview & Scrutiny Committee, Local Business groups (as detailed in the report to Cabinet in January 2019) and Heads of Service.

## **8 Risk Management**

- 8.1 A risk assessment has been completed in accordance with the Council's Risk Management Methodology and has identified significant (Red or Amber) risks as detailed in paragraph 2.4 of Annex 8.

## **9 Equality Issues**

- 9.1 An EQIA screening has been completed in accordance with the Council's EQIA methodology and no potential for unlawful discrimination or negative impact have been identified, therefore a full EQIA.

## **10 Conclusion and reasons for recommendation**

- 10.1 This report is the culmination of a process that started in May 2018. It shows the savings and additional income that have been identified to enable the Council to propose a balanced budget for 2019/20.
- 10.2 If approved, the recommendations of this report will be considered by Council on 25 February 2019.

Background Papers (Local Government Act 1972 Section 100D)

1. "Provisional local government finance settlement: England 2019 to 2020" - MHCLG Consultation December 2018
2. "Fair Funding Review: A review of local authorities' relative needs and resources" - MHCLG December 2018
3. "Business Rates Retention Reform: Sharing risk and reward, managing volatility and setting up the reformed system" – MHCLG December 2018
4. "Final local government finance settlement: England 2019 to 2020" – MHCLG January 2019

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	8	File Ref:	N/A
(Portfolio: Finance) Councillor Giddings			
Officer:	Jenni Carter	Ext:	8236
Report to:	Cabinet	Date:	13 February 2019

**GENERAL FUND REVENUE SUMMARY**

(1) Actual Spend 2017/18 £'000	(2) Original Estimate 2018/19 £'000	(3) Forecast 2018/19 £'000		(4) Gross Expend. 2019/20 £'000	(5) Gross Income 2019/20 £'000	(6) Original Estimate 2019/20 £'000
<b>Service Requirements</b>						
495.5	588.7	605.0	Chief Executive's Office	2,291.3	(1,559.1)	732.2
7,241.5	2,725.9	2,300.0	Community & Leisure	3,904.8	(1,679.7)	2,225.1
5,451.4	4,926.8	4,867.5	Environmental Service	8,312.5	(3,293.7)	5,018.8
(5,878.9)	(5,763.3)	(4,026.1)	Estates & Economic Development	7,614.9	(12,762.5)	(5,147.6)
0.2	0.5	26.7	Finance	887.3	(887.3)	0.0
1,685.6	2,835.3	2,100.2	Housing & Environmental Health	5,729.2	(2,540.0)	3,189.2
29.4	0.2	29.2	I.T.	1,424.3	(1,424.3)	0.0
459.7	346.8	281.7	Legal & Democratic	1,506.7	(1,506.7)	0.0
2,162.0	1,731.5	1,862.5	Planning & Building	3,462.9	(1,800.5)	1,662.4
1,454.1	1,290.6	1,164.8	Revenues	3,046.3	(680.1)	2,366.2
<b>13,100.5</b>	<b>8,683.0</b>	<b>9,211.5</b>		<b>38,180.2</b>	<b>(28,133.9)</b>	<b>10,046.3</b>
<b>Other Requirements</b>						
(137.6)	(200.0)	(459.5)	Net Cost of Benefit Payments	31,230.0	(31,430.0)	(200.0)
3,323.5	4,270.7	4,301.2	Corporate & Democratic Core	6,922.9	(4,152.3)	2,770.6
<b>16,286.4</b>	<b>12,753.7</b>	<b>13,053.2</b>	<b>Net Cost of Services</b>	<b>76,333.1</b>	<b>(63,716.2)</b>	<b>12,616.9</b>
<b>Corporate Requirements</b>						
0.0	441.6	178.1	Contingency Provision	612.8	0.0	612.8
(6,065.5)	(4,847.2)	(4,248.8)	Depreciation Reversal and Deferred Charges	0.0	(4,659.8)	(4,659.8)
(527.8)	(426.8)	(637.6)	Investment Income	0.0	(568.1)	(568.1)
0.0	157.5	26.3	Borrowing Costs	158.1	0.0	158.1
0.0	130.8	0.0	Minimum Revenue Provision	130.6	0.0	130.6
(53.6)	0.0	0.0	Transition Grant	0.0	0.0	0.0
(1,210.0)	(1,201.8)	(1,375.4)	Small Business Rate Relief	0.0	(1,390.9)	(1,390.9)
(420.5)	(273.3)	(309.2)	Other Government Grants	0.0	(848.0)	(848.0)
(4,921.3)	(3,836.7)	(3,836.7)	New Homes' Bonus	0.0	(3,788.2)	(3,788.2)
2,528.6	1,931.2	1,977.9	Provision for NDR surplus 'levy'	2,037.8	0.0	2,037.8
0.0	0.0	0.0	Levy surplus allocation	0.0	(35.9)	(35.9)
(903.2)	(454.0)	(454.0)	100% Retention of NDR from Renewable Energy	0.0	(436.2)	(436.2)
16.7	0.0	0.0	Year End Write Offs	0.0	0.0	0.0
<b>4,729.8</b>	<b>4,375.0</b>	<b>4,373.8</b>	<b>Net General Fund Expenditure</b>	<b>79,272.4</b>	<b>(75,443.3)</b>	<b>3,829.1</b>
6,391.0	3,337.4	4,023.4	Transfer to Earmarked Reserves	4,056.6	(807.1)	3,249.5
421.1	2,117.1	1,252.6	Transfer to Asset Management Reserve	2,117.1	0.0	2,117.1
1,888.6	3,078.9	3,181.5	Transfer to Capital Balances	2,706.1	0.0	2,706.1
(974.3)	0.0	0.0	Transfer to Pension Reserve	0.0	0.0	0.0
0.0	0.0	0.0	Transfer to / (from) General Reserves	0.0	0.0	0.0
<b>12,456.2</b>	<b>12,908.4</b>	<b>12,831.3</b>	<b>General Fund Requirements</b>	<b>88,152.2</b>	<b>(76,250.4)</b>	<b>11,901.8</b>
(417.5)	(56.0)	(56.0)	Revenue Support Grant	0.0	0.0	0.0
(4,524.4)	(5,236.6)	(5,159.4)	Business Rates Retained	16,875.7	(21,452.1)	(4,576.4)
1,403.5	1,508.7	1,508.7	Parish Precepts	1,599.2	0.0	1,599.2
(132.9)	(112.7)	(112.7)	Surplus on Previous Years' Collection Fund - Ctax	0.0	(111.9)	(111.9)
(634.4)	(407.6)	(407.6)	(Surplus)/Deficit on Previous Years' Collection Fund - NDR	57.6	0.0	57.6
<b>8,150.5</b>	<b>8,604.2</b>	<b>8,604.2</b>	<b>Council Tax Requirement</b>	<b>106,684.7</b>	<b>(97,814.4)</b>	<b>8,870.3</b>
(6,454.2)	(6,798.9)	(6,798.9)	Test Valley Borough Council precept	0.0	(6,924.3)	(6,924.3)
(1,403.5)	(1,508.7)	(1,508.7)	Parish Precepts	0.0	(1,599.2)	(1,599.2)
(292.8)	(296.6)	(296.6)	Andover Special Expenses Levy	0.0	(346.8)	(346.8)
<b>(8,150.5)</b>	<b>(8,604.2)</b>	<b>(8,604.2)</b>	<b>Summary of Council Tax Requirement</b>	<b>0.0</b>	<b>(8,870.3)</b>	<b>(8,870.3)</b>

**SUMMARY OF CORPORATE CHALLENGE SAVINGS OPTIONS**

Service / Ref	Service	Function	Savings Option Proposed	2019/20 £	2020/21 £	2021/22 £
<b>Efficiency Savings:</b>						
HEH01	Housing & Environmental Health	Supplies and Services	Reduce equipment and vet's fees budgets	2,000	2,000	2,000
HEH02	Housing & Environmental Health	Supplies and Services	Delete building maintenance budget and charge to the Asset Management Plan if needed	4,000	4,000	4,000
CL01	Community & Leisure	Employee costs	Delete vacant salary budget following minor restructure	25,200	25,200	25,200
IT01	IT	Supplies and Services	Savings in corporate software costs	8,700	8,700	8,700
IT02	IT	Supplies and Services	Budget for consultancy fees relating to Graphical Information System (GIS) aerial mapping no longer required	6,500	6,500	6,500
REV01	Revenues - Local Taxation	Employee costs	Delete two vacant posts	39,300	39,300	39,300
REV02	Revenues - Customer Services	Employee costs	Reduce hours for vacant post	4,250	4,250	4,250
ENV01	Environmental	Street Scene	Reduce budget for hiring of standpipes following review	5,000	5,000	5,000
				<b>94,950</b>	<b>94,950</b>	<b>94,950</b>
<b>Budget Realignment Savings:</b>						
FIN01	Finance	Transfer Payments	Reduce added years pension budget to align with actual cost due to natural attrition	21,000	21,000	21,000
HEH03	Housing & Environmental Health	Transport	Align officers' travelling and car allowance budgets to actual costs	4,480	4,480	4,480
HEH04	Housing & Environmental Health	Licences	Increase Animal Welfare Licence fee budget to match income received	2,000	2,000	2,000
IT03	IT	Storage Area Networks (SANS) and Servers	Budget reduced due to historic overprovision	2,000	2,000	2,000

**SUMMARY OF CORPORATE CHALLENGE SAVINGS OPTIONS**

<b>Service / Ref</b>	<b>Service</b>	<b>Function</b>	<b>Savings Option Proposed</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>2021/22 £</b>
				<b>29,480</b>	<b>29,480</b>	<b>29,480</b>
<b>Total Saving Options in October Budget Strategy</b>				<b>124,430</b>	<b>124,430</b>	<b>124,430</b>
<b>Total Saving Options in January Budget Update</b>				<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Saving Options in this Budget Update</b>				<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Saving Options</b>				<b>124,430</b>	<b>124,430</b>	<b>124,430</b>

**SUMMARY OF CORPORATE CHALLENGE INCOME GENERATION PROPOSALS**

Service / Ref	Service	Function	Savings Option Proposed	2019/20 £	2020/21 £	2021/22 £
PB01	Planning and Building	CIL	Additional income from Community Infrastructure Levy (CIL) admin fee	25,000	30,000	35,000
PB02	Planning and Building	Building Control	Increase budget for building control deposits	35,000	35,000	35,000
ENV02	Environmental	Street Scene	Increase expected level of income from collection of abandoned shopping trolleys	7,000	7,000	7,000
ENV03	Environmental	Vehicle Workshop	Increase charge for private MOT testing (first increase in six years)	2,500	2,500	2,500
ENV04	Environmental	Garden Waste	Increase subscription charge by £1.75	22,500	22,500	22,500
ENV05	Environmental	Waste Collection	Increase charge for black bin by £4	5,000	5,000	5,000
CORP01	Project Enterprise	Income	Additional unbudgeted income from property investments	22,000	22,000	22,000
CORP02	Project Enterprise	Income	Anticipated net income from property investments during the year	100,000	100,000	100,000
<b>Total Income Generation Proposals in October Budget Strategy</b>				<b>219,000</b>	<b>224,000</b>	<b>229,000</b>

**Income Generation Proposals in January Budget Update:**

ENV07	Environmental	Income	Additional income from increased numbers of Green Waste subscribers and sale of bins	52,500	52,500	52,500
CORP04*	Project Enterprise	Income	Additional income from acquisitions in 2018/19 and end of rent deferral period	67,500	67,500	67,500
CORP05*	Estates & Economic Development	Income	Additional Income from other corporate properties partly offset by reversal of draw from Income Equalisation Reserve	216,900	190,900	171,400
HEH06 *	Housing & Environmental Health	Income	Ringfenced Homelessness Grant	233,400	0	0



**SUMMARY OF CORPORATE CHALLENGE INCOME GENERATION PROPOSALS**

Service / Ref	Service	Function	Savings Option Proposed	2019/20 £	2020/21 £	2021/22 £
				<b>570,300</b>	<b>310,900</b>	<b>291,400</b>
<b>Movement on reserves:</b>						
CORP05*	Estates & Econ Development	Income	Reverse draw from Income Equalisation Reserve	(45,500)	(19,500)	0
HEH06 *	Housing & Environmental Health	Income	Ringfenced Homelessness Grant	(233,400)	0	0
				<b>(278,900)</b>	<b>(19,500)</b>	<b>0</b>
<b>Total Income Generation Proposals in January Budget Update</b>				<b>291,400</b>	<b>291,400</b>	<b>291,400</b>
<b>Total Income Generation Proposals in this Budget Update</b>				<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Income Generation Proposals</b>				<b>510,400</b>	<b>515,400</b>	<b>520,400</b>

**SUMMARY OF REVENUE PRESSURES**

Service / Ref	Service	Item	2019/20 £	2020/21 £	2021/22 £
<b><i>Pressures previously identified in February 18 Budget Strategy:</i></b>					
FIN02	ALL	Increase in Employers' pension contributions resulting from 2016 Pension Fund actuarial revaluation	126,000	126,000	126,000
REV03	Revenues	Reduction in Housing Benefits Administration grant	40,100	40,100	40,100
REV04	Revenues	Reduction in Council Tax Support Administration grant	27,900	27,900	27,900
ENV06	Environmental	Incremental cost of additional waste collection coverage re. new properties	20,000	40,000	60,000
ALL	ALL	Additional transfer to Asset Management Reserve to cover expected peak in work programme in 2018-2020.	900,000	0	0
			<b>1,114,000</b>	<b>234,000</b>	<b>254,000</b>
<b><i>Draw from reserves to offset pressures:</i></b>					
FIN02a	ALL	Draw from Pension Equalisation Reserve	(100,000)	0	0
			<b>(100,000)</b>	<b>0</b>	<b>0</b>

**N.B. All of the above costs have already been included in the budget forecasts as the budget was approved in February 2018.**

**SUMMARY OF REVENUE PRESSURES**

Service / Ref	Service	Item	2019/20 £	2020/21 £	2021/22 £
<i>Pressures identified in Budget Strategy:</i>					
CEX01	Chief Executives	New Communications Officer	39,200	39,200	39,200
CORP03	Corporate	Payment of Andover BID Levy on Council-owned properties	22,000	22,000	22,000
IT04	IT	Additional cost of corporate Microsoft Enterprise Licence renewal	25,000	25,000	25,000
ENV08	Environmental	Additional summer Garden Waste Collection round	36,000	36,000	36,000
EST01	Estates & Econ Development	Additional cost of proposed changes to Pay and Display Parking payment methods	62,000	62,000	62,000
PB03	Planning and Building	Permanent establishment of two part-time scanning posts	39,000	39,000	39,000
LD01	Legal and Democratic	Permanent establishment of additional solicitor post	62,750	62,750	62,750
			<b>285,950</b>	<b>285,950</b>	<b>285,950</b>
<b>Total of New Pressures identified in October Budget Strategy</b>			<b>285,950</b>	<b>285,950</b>	<b>285,950</b>
FIN02b	ALL	Adjustment to increase in Employers' pension contributions resulting from 2016 Pension Fund actuarial revaluation	14,000	14,000	14,000

**SUMMARY OF REVENUE PRESSURES**

Service / Ref	Service	Item	2019/20 £	2020/21 £	2021/22 £
CORP03a	Corporate	Correction to payment of Andover BID Levy on Council-owned properties	(5,100)	(5,100)	(5,100)
CEX02	Chief Executives	Temporary Digital Transformation Manager post made permanent and retitled to Business Transformation Manager	56,700	56,700	56,700
EST02 *	Estates & Economic Development	Two new temporary posts for 22 months as approved by Council 21/11/18 financed from the Capacity Building Reserve	74,290	64,670	0
EST03	Estates & Economic Development	Two new permanent posts as approved by Council 21/11/18 financed from Project Enterprise income	89,870	89,870	89,870
EST04	Estates & Economic Development	One-off additional costs relating to essential works required following building compliance review	93,000	0	0
HEH05 *	Housing & Environmental Health	Continuation of temporary staff financed from the homelessness Reserve	61,700	0	0
LD01	Legal and Democratic	Net cost of borough elections over amount set aside in reserves	47,800	12,000	12,000
PP01 *	Planning Policy	Project Consultancy costs financed from the LDF Reserve	65,000	0	0
REV03a	Revenues	Higher than anticipated Housing Benefits Administration grant	(17,600)	(17,600)	(17,600)
REV04a	Revenues	Higher than anticipated Council Tax Support Administration grant	(23,550)	(23,550)	(23,550)
REV05	Revenues	Reduction in court fee income net of reduction in summons costs	35,000	35,000	35,000
ALL	ALL	Pension auto-enrolment costs	80,000	80,000	80,000
			<b>571,110</b>	<b>305,990</b>	<b>241,320</b>

**SUMMARY OF REVENUE PRESSURES**

Service / Ref	Service	Item	2019/20 £	2020/21 £	2021/22 £
<b>Draw from reserves to offset pressures:</b>					
EST02*	Estates & Economic Development	Draw from Capacity Building Reserve re two temporary posts	(74,290)	(64,670)	0
HEH05*	Housing & Environmental Health	Draw from Homelessness Grant Reserve	(61,700)	0	0
PP01 *	Planning Policy	Draw from LDF reserve to finance consultancy costs	(65,000)	0	0
			<b>(200,990)</b>	<b>(64,670)</b>	<b>0</b>
<b>Total of New Pressures identified in January Budget Update</b>			<b>370,120</b>	<b>241,320</b>	<b>241,320</b>
REV05a	Revenues	Amend reduction in court fee income net of reduction in summons costs	(20,000)	(20,000)	(20,000)
ENV09	Environmental	Transfer of the maintenance of All Saints Closed Church Yard, Barton Stacey as per Cabinet report 16/1/19	6,650	6,650	6,650
<b>Total of New Pressures identified in this Budget Update</b>			<b>(13,350)</b>	<b>(13,350)</b>	<b>(13,350)</b>
<b>Total of New Pressures</b>			<b>642,720</b>	<b>513,920</b>	<b>513,920</b>

**GENERAL FUND REVENUE SUMMARY**

(1) Actual Spend 2017/18 £'000	(2) Original Estimate 2018/19 £'000	(3) Forecast 2018/19 £'000		(4) Gross Expend. 2019/20 £'000	(5) Gross Income 2019/20 £'000	(6) Original Estimate 2019/20 £'000
<b>Service Requirements</b>						
297.1	588.7	605.0	Chief Executive's Office	2,291.3	(1,559.1)	732.2
3,455.7	1,689.4	2,582.8	Community & Leisure	2,841.2	(1,679.7)	1,161.5
4,289.9	4,190.0	4,227.7	Environmental Service	7,569.5	(3,293.7)	4,275.8
(6,783.3)	(6,550.1)	(6,104.2)	Estates & Economic Development	7,019.4	(12,762.5)	(5,743.1)
(88.9)	0.5	26.7	Finance	887.3	(887.3)	0.0
1,676.0	1,833.7	1,647.9	Housing & Environmental Health	4,604.1	(2,540.0)	2,064.1
(171.9)	(114.2)	(64.5)	I.T.	1,350.2	(1,424.3)	(74.1)
354.3	346.8	281.7	Legal & Democratic	1,506.7	(1,506.7)	0.0
1,888.2	1,731.5	1,862.5	Planning & Building	3,462.9	(1,800.5)	1,662.4
1,251.0	1,290.6	1,164.8	Revenues	3,046.3	(680.1)	2,366.2
<b>6,168.1</b>	<b>5,006.9</b>	<b>6,230.4</b>		<b>34,578.9</b>	<b>(28,133.9)</b>	<b>6,445.0</b>
<b>Other Requirements</b>						
(137.6)	(200.0)	(459.5)	Net Cost of Benefit Payments	31,230.0	(31,430.0)	(200.0)
4,340.2	4,223.0	4,254.4	Corporate & Democratic Core	6,864.4	(4,152.3)	2,712.1
<b>10,370.7</b>	<b>9,029.9</b>	<b>10,025.3</b>	<b>Net Cost of Services</b>	<b>72,673.3</b>	<b>(63,716.2)</b>	<b>8,957.1</b>
<b>Corporate Requirements</b>						
0.0	441.6	178.1	Contingency Provision	612.8	0.0	612.8
(527.8)	(426.8)	(637.6)	Investment Income	0.0	(568.1)	(568.1)
0.0	157.5	26.3	Borrowing Costs	158.1	0.0	158.1
0.0	130.8	0.0	Minimum Revenue Provision	130.6	0.0	130.6
(53.6)	0.0	0.0	Transition Grant	0.0	0.0	0.0
(1,210.0)	(1,201.8)	(1,375.4)	Small Business Rate Relief	0.0	(1,390.9)	(1,390.9)
(420.5)	(273.3)	(309.2)	Other Government Grants	0.0	(848.0)	(848.0)
(4,921.3)	(3,836.7)	(3,836.7)	New Homes' Bonus	0.0	(3,788.2)	(3,788.2)
2,528.6	1,931.2	1,977.9	Provision for NDR surplus 'levy'	2,037.8	0.0	2,037.8
0.0	0.0	0.0	Levy surplus allocation	0.0	(35.9)	(35.9)
(903.2)	(454.0)	(454.0)	100% Retention of NDR from Renewable Energy	0.0	(436.2)	(436.2)
16.7	0.0	0.0	Year End Write Offs	0.0	0.0	0.0
<b>4,879.6</b>	<b>5,498.4</b>	<b>5,594.7</b>	<b>Net General Fund Expenditure</b>	<b>75,612.6</b>	<b>(70,783.5)</b>	<b>4,829.1</b>
6,391.0	3,337.4	4,023.4	Transfer to Earmarked Reserves	4,056.6	(807.1)	3,249.5
421.1	2,117.1	1,252.6	Transfer to Asset Management Reserve	2,117.1	0.0	2,117.1
764.5	1,955.5	1,960.6	Transfer to Capital Balances	1,706.1	0.0	1,706.1
0.0	0.0	0.0	Transfer to General Reserves	0.0	0.0	0.0
<b>12,456.2</b>	<b>12,908.4</b>	<b>12,831.3</b>	<b>General Fund Requirements</b>	<b>83,492.4</b>	<b>(71,590.6)</b>	<b>11,901.8</b>
(417.5)	(56.0)	(56.0)	Revenue Support Grant	0.0	0.0	0.0
(4,524.4)	(5,236.6)	(5,159.4)	Business Rates Retained	16,875.7	(21,452.1)	(4,576.4)
1,403.5	1,508.7	1,508.7	Parish Precepts	1,599.2	0.0	1,599.2
(132.9)	(112.7)	(112.7)	Surplus on Previous Years' Collection Fund - Ctax	0.0	(111.9)	(111.9)
(634.4)	(407.6)	(407.6)	(Surplus)/Deficit on Previous Years' Collection Fund - NDR	57.6	0.0	57.6
<b>8,150.5</b>	<b>8,604.2</b>	<b>8,604.2</b>	<b>Council Tax Requirement</b>	<b>102,024.9</b>	<b>(93,154.6)</b>	<b>8,870.3</b>
(6,454.2)	(6,798.9)	(6,798.9)	Test Valley Borough Council precept	0.0	(6,924.3)	(6,924.3)
(1,403.5)	(1,508.7)	(1,508.7)	Parish Precepts	0.0	(1,599.2)	(1,599.2)
(292.8)	(296.6)	(296.6)	Andover Special Expenses Levy	0.0	(346.8)	(346.8)
<b>(8,150.5)</b>	<b>(8,604.2)</b>	<b>(8,604.2)</b>	<b>Summary of Council Tax Requirement</b>	<b>0.0</b>	<b>(8,870.3)</b>	<b>(8,870.3)</b>

**MEDIUM TERM FINANCIAL PLAN**

	Original Estimate 2019/20 £'000	Base Changes £'000	Budget Forecast 2020/21 £'000	Base Changes £'000	Budget Forecast 2021/22 £'000
<b><u>Service Requirements</u></b>					
Chief Executive's Office	732.2	(125.9)	606.3	0.0	606.3
Community & Leisure	1,161.5	(344.2)	817.3	379.8	1,197.1
Environmental Service	4,275.8	(7.1)	4,268.7	20.0	4,288.7
Estates & Economic Development	(5,743.1)	(229.1)	(5,972.2)	(64.7)	(6,036.9)
Finance	0.0	0.0	0.0	0.0	0.0
Housing & Environmental Health	2,064.1	171.7	2,235.8	0.0	2,235.8
I.T.	(74.1)	0.0	(74.1)	0.0	(74.1)
Legal & Democratic	0.0	(187.9)	(187.9)	0.0	(187.9)
Planning & Building	1,662.4	(5.0)	1,657.4	(5.0)	1,652.4
Revenues	2,366.2	0.0	2,366.2	0.0	2,366.2
Inflation		600.0	600.0	600.0	1,200.0
	<b>6,445.0</b>	<b>(127.5)</b>	<b>6,317.5</b>	<b>930.1</b>	<b>7,247.6</b>
<b><u>Other Requirements</u></b>					
Net Cost of Benefit Payments	(200.0)	0.0	(200.0)	0.0	(200.0)
Corporate & Democratic Core	2,712.1	0.0	2,712.1	0.0	2,712.1
<b>Net Cost of Services</b>	<b>8,957.1</b>	<b>(127.5)</b>	<b>8,829.6</b>	<b>930.1</b>	<b>9,759.7</b>
<b><u>Corporate Requirements</u></b>					
Contingency Provision	612.8	0.0	612.8	0.0	612.8
Investment Income	(568.1)	0.0	(568.1)	0.0	(568.1)
Borrowing Costs	158.1	(4.5)	153.6	(4.6)	149.0
Minimum Revenue Provision	130.6	3.5	134.1	3.6	137.7
Small Business Rate Relief	(1,390.9)	189.1	(1,201.8)	0.0	(1,201.8)
Other Government Grants	(848.0)	590.5	(257.5)	0.0	(257.5)
New Homes' Bonus	(3,788.2)	1,220.7	(2,567.5)	992.5	(1,575.0)
Provision for NDR Levy	2,037.8	(2,037.8)	0.0	0.0	0.0
Levy surplus allocation	(35.9)	35.9	0.0	0.0	0.0
100% Retention of NDR from Renewable Energy	(436.2)	2.4	(433.8)	0.0	(433.8)
<b>Net General Fund Expenditure</b>	<b>4,829.1</b>	<b>(127.7)</b>	<b>4,701.4</b>	<b>1,921.6</b>	<b>6,623.0</b>
Transfer to Earmarked Reserves	3,249.5	(803.7)	2,445.8	(927.8)	1,518.0
Transfer to Asset Management Reserves	2,117.1	(900.0)	1,217.1	0.0	1,217.1
Transfer to Capital Reserves	1,706.1	(198.4)	1,507.7	0.0	1,507.7
Transfer to General Reserves	0.0	0.0	0.0	0.0	0.0
<b>Total General Fund Expenditure</b>	<b>11,901.8</b>	<b>(2,029.8)</b>	<b>9,872.0</b>	<b>993.8</b>	<b>10,865.8</b>
<b>SURPLUS / (FURTHER SAVINGS) TO BE IDENTIFIED</b>	<b>0.0</b>	<b>38.5</b>	<b>38.5</b>	<b>(749.0)</b>	<b>(710.5)</b>
<b>General Fund Requirements</b>	<b>11,901.8</b>	<b>(1,991.3)</b>	<b>9,910.5</b>	<b>244.8</b>	<b>10,155.3</b>

**GENERAL FUND REVENUE ACCOUNT****SUMMARY ESTIMATES**

<b>Service Requirements</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
Chief Executive's Office	297.1	588.7	605.0	732.2
Community & Leisure	3,455.7	1,689.4	2,582.8	1,161.5
Environmental Service	4,289.9	4,190.0	4,227.7	4,275.8
Estates & Economic Development	(6,783.3)	(6,550.1)	(6,104.2)	(5,743.1)
Finance	(88.9)	0.5	26.7	0.0
Housing & Environmental Health	1,676.0	1,833.7	1,647.9	2,064.1
IT	(171.9)	(114.2)	(64.5)	(74.1)
Legal & Democratic	354.3	346.8	281.7	0.0
Planning & Building	1,888.2	1,731.5	1,862.5	1,662.4
Revenues	1,251.0	1,290.6	1,164.8	2,366.2
	<b>6,168.1</b>	<b>5,006.9</b>	<b>6,230.4</b>	<b>6,445.0</b>
<b>Other Requirements</b>				
Net Cost of Benefit Payments	(137.6)	(200.0)	(459.5)	(200.0)
Corporate & Democratic Core	4,340.2	4,223.0	4,254.4	2,712.1
<b>Net Cost of Services</b>	<b>10,370.7</b>	<b>9,029.9</b>	<b>10,025.3</b>	<b>8,957.1</b>



**CHIEF EXECUTIVE'S OFFICE****SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
Chief Executive's Office	(106.6)	7.9	27.9	0.0
Human Resources Service	(41.0)	(13.0)	16.0	(40.1)
Human Resources Function	10.2	15.0	13.2	40.1
Planning Policy	388.9	417.9	408.4	577.0
Local Development Framework	45.6	148.9	138.8	144.2
Climate Change	0.0	12.0	0.8	11.0
<b>Net Total Expenditure</b>	<b>297.1</b>	<b>588.7</b>	<b>605.0</b>	<b>732.2</b>

## COMMUNITY & LEISURE SERVICE

### SUMMARY ESTIMATES

Principal Activities	Final Outturn 2017/18 £'000	Original Estimate 2018/19 £'000	Forecast 2018/19 £'000	Original Estimate 2019/20 £'000
<b>Leisure Management</b>	<b>(22.3)</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Parks, Countryside &amp; Sport</b>				
Managed Sports Facilities	1,201.1	(652.2)	(225.4)	(1,316.0)
Outdoor Sports Facilities	220.7	149.3	183.8	189.0
Playgrounds	(81.2)	24.8	42.1	11.3
Sports Development	22.6	35.2	32.8	18.1
Cemeteries	(54.5)	(63.2)	(0.4)	(85.4)
Grounds Maintenance	274.8	85.8	112.9	100.0
Nature Reserves	(19.3)	96.1	127.8	113.2
Urban Parks & Open Spaces	405.6	429.9	609.6	360.1
<b>Total - Parks, Countryside &amp; Sport</b>	<b>1,969.8</b>	<b>105.7</b>	<b>883.2</b>	<b>(609.8)</b>
<b>Community Development</b>				
Community Engagement	1,066.1	1,126.9	1,159.9	1,174.3
<b>Total - Community Development</b>	<b>1,066.1</b>	<b>1,126.9</b>	<b>1,159.9</b>	<b>1,174.3</b>
<b>Arts &amp; Culture</b>				
Andover Summit Events	15.9	11.4	12.1	11.2
Arts Function	13.5	46.6	28.8	26.3
The Lights	363.2	342.5	447.3	500.5
Heritage	49.5	55.0	51.6	59.0
<b>Total - Arts &amp; Culture</b>	<b>442.1</b>	<b>455.5</b>	<b>539.7</b>	<b>597.0</b>
<b>Net Total Expenditure</b>	<b>3,455.7</b>	<b>1,689.4</b>	<b>2,582.8</b>	<b>1,161.5</b>

**ENVIRONMENTAL SERVICE****SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
Grounds Maintenance	1,145.0	1,111.1	1,106.0	1,199.0
Waste Collection	2,040.1	1,968.6	2,047.5	2,009.6
Green Waste Collection	(74.2)	(45.6)	(79.1)	(146.1)
Street Cleansing	1,054.7	1,047.3	1,028.0	1,073.6
Vehicle Workshop	128.0	73.2	103.1	115.4
Depot costs	(3.7)	35.4	22.2	24.3
<b>Net Total Expenditure</b>	<b>4,289.9</b>	<b>4,190.0</b>	<b>4,227.7</b>	<b>4,275.8</b>

## ESTATES &amp; ECONOMIC DEVELOPMENT SERVICE

## SUMMARY ESTIMATES

Principal Activities	Final Outturn 2017/18 £'000	Original Estimate 2018/19 £'000	Forecast 2018/19 £'000	Original Estimate 2019/20 £'000
<b>Estates Support Unit</b>	<b>607.0</b>	<b>663.7</b>	<b>776.2</b>	<b>1,934.2</b>
<b>Rental Income</b>				
Andover Market	(17.8)	(19.3)	(19.3)	(29.7)
Business Park Development	(6,251.5)	(6,530.6)	(6,616.0)	(7,042.2)
Union Street	(83.9)	(89.8)	(81.4)	(76.6)
Chantry Centre	(478.5)	(355.6)	(321.5)	(371.4)
Corporate Properties	(341.6)	(305.8)	(316.2)	(576.5)
<b>Total - Rental Income</b>	<b>(7,173.3)</b>	<b>(7,301.1)</b>	<b>(7,354.4)</b>	<b>(8,096.4)</b>
Economic Development and Promotion	103.7	101.6	129.2	76.2
Promotion of Tourism	114.5	102.3	137.9	98.0
<b>Total Economic Development and Promotion</b>	<b>218.2</b>	<b>203.9</b>	<b>267.1</b>	<b>174.2</b>
<b>Town Centre Management</b>	<b>26.3</b>	<b>35.6</b>	<b>37.2</b>	<b>18.9</b>
<b>Premises Management</b>				
Public Halls	177.5	189.6	245.3	51.1
Leisure Facilities	38.1	47.0	54.3	45.1
Public Conveniences	212.5	197.6	202.1	144.1
Office Accommodation	(167.3)	(191.3)	96.6	514.0
Andover Magistrates Court	55.4	39.0	75.0	67.3
Depot Costs	(62.2)	(69.7)	(64.3)	(75.8)
Andover Bus Station	(13.4)	14.3	43.8	15.9
Building Maintenance	224.1	256.1	247.0	109.0
Building Cleaning	59.9	54.2	53.9	2.7
Maintenance Works	0.0	302.7	148.3	395.7
<b>Total - Premises Management</b>	<b>524.6</b>	<b>839.5</b>	<b>1,102.0</b>	<b>1,269.1</b>
<b>Transport</b>				
Engineers	71.5	66.1	25.1	169.5
Highways	129.7	128.4	167.5	7.8
Parking	(1,234.2)	(1,247.2)	(1,176.9)	(1,281.4)
Community Transport	46.9	61.0	52.0	61.0
<b>Total - Transport</b>	<b>(986.1)</b>	<b>(991.7)</b>	<b>(932.3)</b>	<b>(1,043.1)</b>
<b>Net Total Income</b>	<b>(6,783.3)</b>	<b>(6,550.1)</b>	<b>(6,104.2)</b>	<b>(5,743.1)</b>

**FINANCE SERVICE**  
**SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
Finance Service	(88.9)	0.5	26.7	0.0
<b>Net Total Expenditure / (Income)</b>	<b>(88.9)</b>	<b>0.5</b>	<b>26.7</b>	<b>0.0</b>

**HOUSING & ENVIRONMENTAL HEALTH SERVICE****SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
General Management	(11.7)	0.0	0.0	0.0
Housing Options	499.6	704.4	587.0	649.5
Hampshire Home Choice	6.5	5.4	4.8	1.7
Housing Development	65.9	78.7	36.6	179.8
Business Support Team	(10.7)	0.0	0.0	0.0
Pest Control	105.3	86.6	107.2	68.1
Environmental Protection	302.3	275.6	253.2	340.1
Housing Standards	310.4	226.7	276.8	218.9
Animal Welfare	101.1	112.0	106.5	110.3
Health Protection	307.4	344.3	275.9	495.7
<b>Net Total Expenditure</b>	<b>1,676.0</b>	<b>1,833.7</b>	<b>1,647.9</b>	<b>2,064.1</b>

**I.T. SERVICE****SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
Management	(818.4)	(801.1)	(826.6)	(990.6)
Service Desk	(18.9)	2.6	(9.8)	66.7
Infrastructure	481.7	478.9	480.0	520.7
Corporate Services	183.7	205.4	292.0	329.1
<b>Net Total Income</b>	<b>(171.9)</b>	<b>(114.2)</b>	<b>(64.5)</b>	<b>(74.1)</b>

**LEGAL & DEMOCRATIC SERVICE****SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
<b>Legal</b>				
Legal Service	6.2	2.3	(63.6)	(277.9)
Land Charges	(62.7)	(72.5)	(80.2)	(90.8)
<b>Democratic</b>				
Council Elections	282.9	264.4	262.8	326.3
Registration of Electors	146.0	164.2	169.4	80.8
Lotteries, Amusements and Gaming Permits	26.5	27.8	28.2	(7.2)
Alcohol and Entertainment Licensing	(52.7)	(47.9)	(44.6)	(33.7)
Scrap Metal Dealers	2.2	2.1	2.0	(0.1)
Hackney Carriages and Private Hire Vehicles	5.9	6.4	7.7	2.6
<b>Net Total Expenditure</b>	<b>354.3</b>	<b>346.8</b>	<b>281.7</b>	<b>0.0</b>



**PLANNING & BUILDING SERVICE****SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
Development Control & Enforcement	1,857.9	1,657.2	1,806.9	1,691.9
Building Control	30.3	74.3	55.6	(29.5)
<b>Net Total Expenditure</b>	<b>1,888.2</b>	<b>1,731.5</b>	<b>1,862.5</b>	<b>1,662.4</b>

**REVENUES SERVICE**  
**SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
Customer Services Unit	(60.5)	(35.6)	(142.4)	965.0
Local Taxation Services	746.2	730.5	734.3	636.2
Council Tax Support Administration	374.7	357.6	369.9	426.1
Housing Benefit - Rent Allowances Administration	190.6	238.1	203.0	338.9
<b>Net Total Expenditure</b>	<b>1,251.0</b>	<b>1,290.6</b>	<b>1,164.8</b>	<b>2,366.2</b>

**NET COST OF BENEFITS PAYMENTS****SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
Council Tax Benefits	3.6	0.0	25.0	0.0
Housing Benefit - Rent Allowances	(141.2)	(200.0)	(484.5)	(200.0)
<b>Net Total Income</b>	<b>(137.6)</b>	<b>(200.0)</b>	<b>(459.5)</b>	<b>(200.0)</b>

**CORPORATE & DEMOCRATIC CORE**  
**SUMMARY ESTIMATES**

<b>Principal Activities</b>	<b>Final Outturn 2017/18 £'000</b>	<b>Original Estimate 2018/19 £'000</b>	<b>Forecast 2018/19 £'000</b>	<b>Original Estimate 2019/20 £'000</b>
<b>Corporate Management</b>				
Corporate Management	1,439.1	1,282.2	1,294.9	489.3
Delivering Public Services Electronically	62.4	45.6	43.4	12.0
Corporate Public Relations, Information and Consultation	137.1	149.3	153.3	12.3
Best Value & Performance	107.3	73.8	74.1	11.5
Emergency Planning	32.6	33.9	33.9	33.6
<b>Net Total Expenditure</b>	<b>1,778.5</b>	<b>1,584.8</b>	<b>1,599.6</b>	<b>558.7</b>
<b>Democratic Representation and Management</b>				
Councillors	798.9	782.8	791.7	458.8
Councillor Meetings	429.4	422.9	459.7	403.5
Mayoral Office	95.6	104.7	97.2	38.2
Civic Ceremonies	6.1	6.6	10.4	6.5
Subscriptions	22.0	19.4	22.1	22.3
Representing Local Interests	6.5	6.5	6.5	0.0
Other Democratic Activities	141.9	139.7	138.1	19.8
<b>Net Total Expenditure</b>	<b>1,500.4</b>	<b>1,482.6</b>	<b>1,525.7</b>	<b>949.1</b>
<b>Allocated Central Overheads</b>	<b>(24.8)</b>	<b>(29.8)</b>	<b>(29.3)</b>	<b>(18.1)</b>
<b>Non-Distributable Costs</b>	<b>1,086.1</b>	<b>1,185.4</b>	<b>1,158.4</b>	<b>1,222.4</b>
<b>Net Total Expenditure</b>	<b>4,340.2</b>	<b>4,223.0</b>	<b>4,254.4</b>	<b>2,712.1</b>

## Statement on the Robustness of Estimates and Adequacy of Revenue Reserves

### 1. Introduction

1.1 There are a range of safeguards in place to help prevent local authorities over-committing themselves financially. These include:

- the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992)
- the chief finance officer's duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003) when the authority is considering its budget requirement (England and Wales)
- legislative requirements for each local authority to make arrangements for the proper administration of their financial affairs and that the chief finance officer (CFO) / proper officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972)
- the requirements of the Prudential Code
- auditors' consideration of whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based, in the context of auditors' statutory responsibility to satisfy themselves that the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

1.2 These requirements are reinforced by section 114 of the Local Government Finance Act 1988 which requires the CFO in England and Wales to report to all the authority's councillors, in consultation with the Monitoring Officer, if (in broad terms) there is or is likely to be unlawful expenditure or an unbalanced budget.

#### ***Local Government Act 2003***

1.3 The 2003 Local Government Act places specific responsibilities on Chief Finance Officers in England and Wales. The Act requires the CFO to report on the robustness of the budget and the adequacy of proposed financial reserves. This statement meets this statutory requirement and **the Council is required to have regard to this report when it sets the budget.**

### 2. Robustness of Estimates

2.1 In terms of the robustness of the estimates, all known factors have been considered and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made including the treatment of inflation and interest rates, estimates on the level and timing of capital receipts, the treatment of demand-led pressures, the treatment of planned efficiency savings/productivity gains and levels of income, financial risks inherent in any new arrangements and capital developments and the availability of funds to deal with major contingencies and the

need for any provisions. In each of these areas the Council's financial standing, management and track record has been considered in order to prepare robust budget proposals.

- 2.2 The draft budget has been prepared in conjunction with the Heads of Service and individual business unit managers. The savings / additional income were proposed by / agreed with the relevant Head of Service / business unit manager and all relevant officers have been fully consulted in the estimates now presented to the Cabinet.
- 2.3 I have discussed the estimates with my Accountancy staff to the extent that I deem necessary. The processes followed are sound and well established and identical to those that have produced robust estimates in the past. The Council has also demonstrated that it has a sound system of internal control in place. I am therefore satisfied that the draft budgets are sufficient to meet the expenditure commitments, of which I have been made aware, for next year and are adequate for the purpose of setting the council tax rate for 2019/20. Subject to some important reservations listed in paragraph 2.4 below, a reasonable degree of assurance can be given about the robustness of the estimates and the adequacy of reserves.
- 2.4 The exceptions relate to the provision of estimates for items outside the direct control of the Council:
- Income from fees and charges.
  - Income from grants provided by external funders.
  - Demand for an increased level of existing services.
  - External competition and changing markets, e.g. commercial rents.
  - Macro-economic factors - Changes in interest rates have a major impact on the investment returns expected. The returns are controlled by market interest rates available. The Council has tried to maximise returns by careful consideration of the timing and duration of investments. Returns will continue to be monitored regularly and reviewed quarterly to identify any major shortfall, or excess, as soon as possible. A mid-year review of Treasury Management activities will be reported to the Council's Overview and Scrutiny Committee.
  - The impact of changes in Government funding.
  - The impact of local business rates retention – It is nearly six years since the new scheme was introduced and monitoring its effect is still proving to be a challenge. The rates income is volatile and can fluctuate significantly in year as it is influenced by changes in the business rates base, business rates relief, losses on collection and losses due to appeals many of which go back a number of years.
  - The impact of Universal Credit.
  - Proposed changes to increase the locally retained share of business rate income to 75% by the end of this Parliament in exchange for as yet unidentified new responsibilities.
  - The Government's "fair funding review" of authorities' funding needs coupled with a reset of the business rates baseline.

In view of these uncertainties, it will be important for the Cabinet and Overview and Scrutiny Committee to maintain a diligent budget monitoring regime during 2019/20.

### 3. Adequacy of Revenue Reserves

3.1 Reserves are an integral part of the annual and medium term financial planning process and are held for two main purposes:

- A working balance to help cushion the impact of uneven cash flows and minimise unnecessary temporary borrowing, and
- A means of building up funds to meet known or predicted liabilities. These are known as earmarked reserves.

In addition, the Council builds a small contingency into its budget each year to cushion the impact of unexpected events or emergencies.

3.2 Taking into account the revenue draws that are shown in the budget forecast for 2018/19, 2019/20 and over the remainder of the medium term plan, there will be an estimated working balance at the end of 2021/22 of £2M. I consider that, given my comments in the previous section on the robustness of the estimates and the uncertainties surrounding the next three-year period, this represents a prudent minimum level of working balances.

3.3 I have also reviewed the Council's estimated earmarked reserves to assess their adequacy and appropriateness over the medium term. It is clear that if these reserves are to fulfil their purpose, i.e. to meet known or predicted liabilities, then the amount held in them must be sufficient to meet these liabilities.

3.4 The Council currently has a range of earmarked revenue reserves with balances and projected balances as follows:

<i>Earmarked Revenue Reserves:</i>	At 31/3/18 £000s	At 31/3/22 £000s
a) Developer commuted sums	5,805	4,650
b) Investment Equalisation Reserve	250	250
c) Budget Equalisation Reserve	682	600
d) Income Equalisation Reserve	300	300
e) Pension Equalisation Reserve	200	0
f) Collection Fund Equalisation Reserve	3,616	3,630
g) Capacity Building Reserve	163	0
h) Special Projects Reserve	612	350
i) Asset Management Plan	1,847	1,220
j) Local Development Framework	127	0
k) All risks self-insurance reserve	149	50
l) New Homes Bonus	8,431	11,880
m) Enterprise and Innovation Reserve	369	0
n) Benefit Reform Reserve	134	0
o) Other earmarked reserves	703	100
p) Valley Housing Ltd. Reserve	250	0
q) Housing Reserve	175	0
<b>Total:</b>	<b>23,813</b>	<b>23,030</b>

- 3.5 The Council has faced severe financial challenges over the spending review period. Over the last five years, support from the Government has reduced by £1.5M. In order to be in a position to set a balanced budget for 2019/20, it has had to find another £0.63M worth of savings and additional income. Looking forward over the next two years to 2022, the Government will be reviewing how local authorities are financed through its “Fair Funding Review”.
- 3.6 Initial proposals suggest that this will have a significantly adverse effect on the Council’s finances. Areas of particular concern are a flatter distribution of funding which takes into account and assumes maximum council tax increases to preserve spending power, a full baseline reset of business rates in 2020-21 and the gradual removal of the New Homes Bonus.
- 3.7 Some of the earmarked reserves above have been specifically established to help with the transition period, and all of the “equalisation” reserves will be available to smooth the impact of spending reductions over the medium term.
- 3.8 Other earmarked reserves, such as the Asset Management Plan reserve also have an important role to play as they have been set up to ensure that the Council has adequate financing available for planned maintenance and renewal of assets.
- 3.9 The New Homes Bonus will become increasingly important to the Council, not only as a source of financing for the Community Asset and Revenue Funds, but also as a reserve contingency against planned reductions to local government resources by Central Government and additional financing for the Capital Investment Programme.
- 3.10 I am satisfied that the earmarked revenue reserves are adequate for their particular purposes, but given the uncertainties highlighted in paragraph 2.4, there is little room for manoeuvre. With this in mind, I have to emphasise the importance of:
- achieving all of the savings options put forward for 2019/2020,
  - continuing with the systematic review of all services through the corporate challenge process,
  - seizing procurement and capital investment opportunities,
  - generating new income streams through Project Enterprise,
  - exploring different ways of working,
  - keeping financial forecasts up-to-date in order to plan and adapt to changing circumstances, and
  - maintaining firm budgetary control and effective monitoring processes.

William Fullbrook  
**Head of Finance**