

HAMPSHIRE COUNTY COUNCIL

Decision Report

Committee/Panel	Buildings, Land and Procurement Panel
Date:	8 October 2019
Title:	Business Services Group – 2018/19 Annual Report and Accounts
Report From:	Director of Culture, Communities and Business Services

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Purpose of this Report

1. The purpose of this report is to provide Members with a summary of the financial and business performance of the three self-funding business units within the Culture, Communities and Business Services (CCBS) department for the 2018/19 financial year. The report also includes an overview of the aggregated accumulated surpluses of these businesses.

Recommendation(s)

2. That the Panel make the following recommendation to the Executive Member for Commercial Strategy, Human Resources and Performance that:
3. The 2018/19 annual report and accounts for the Business Services Group be approved.

Executive Summary

4. This report provides Members with a summary of the financial and business performance of the three self-funding business units, known collectively as the Business Services Group (BSG) in the Culture, Communities and Business Services Department (CCBS) for the 2018/19 financial year. The three business units within BSG are:
 - Hampshire County Council Catering Services (HC3S)
 - Hampshire Transport Management (HTM)
 - County Supplies (CS).

5. The business units operate in a highly competitive environment and their continued trading performance is dependent on the success of their business development plans in retaining existing customer loyalty and winning new business.
6. The annual net trading surplus for 2018/19 was £43,000, compared to an original business plan target of £559,000 and a revised outturn forecast of £222,000. The significantly reduced surplus was primarily due to school meal take-up being lower than target, food costs being higher than forecast and lower turnover than planned in the County Supplies warehouse.
7. This financial result reflects the significant pressures in the market in which the businesses operate. These pressures include increases in overall staffing costs due to the local government pay award being higher than the National Living Wage, increases in employer pension contributions, general inflationary pressures across food and other commodities, reduced spend by customers due to the financial constraints within the public sector and an overall squeeze on household disposable incomes.
8. Despite these trading pressures, the business units continue to perform well against their competitors in the local area, with HC3S receiving several accreditations and awards for the quality and sustainable sourcing of its meals and achieving a net gain of four schools at which it provides catering services during the year. County Supplies has retained business with 100% of all schools (including academies) in Hampshire, Southampton and Portsmouth and attracted 61 new customers in areas bordering the county. HTM has continued to be successful in winning new business from new external customers, supplying them with a total of 225 vehicles, which exceeded the business plan target by 40 vehicles (22%).
9. The business units have also supported the delivery of the County Council's objectives including working in partnership with departments to achieve savings of over £250,000 a year on home to school transport, replacing 13 existing diesel vehicles with fully electric vehicles, providing and promoting healthy and nutritious meals for school children, working in partnership with Public Health and using local suppliers within their supply chains.
10. The businesses are continuing their work, in line with their business plans and T19 and T21 programmes, to generate efficiencies, focus on customer retention, exploit digital technologies and win new business. The investment required for these business development programmes is fully funded by the accumulated surpluses generated by the business units and this ensures that no financial support is provided by the County Council. The overall objective of the Business Services Group is to ensure that it continues to provide effective and efficient services at the right price and right quality for customers, whilst also delivering its financial sustainability for the long term.

Contextual information

11. The three self-funding business units (HC3S, HTM and County Supplies) in CCBS are required to be financially self-sufficient by generating income through trading with the County Council, schools, other educational establishments and the wider public and third sectors in and around Hampshire. The income covers all costs, including relevant and appropriate departmental and corporate overheads, and generates a reasonable surplus to enable the business units to re-invest in new initiatives and technology to maintain competitiveness and business success.
12. The 2018/19 business plans for the three business units, which set out the financial and performance targets and service delivery objectives, were reported to the Buildings, Land and Procurement Panel and approved by the Executive Member for Economic Development on 29 March 2018. This report outlines the actual performance against these plans during the last financial year.
13. The main aims of the business units are to provide good quality, value-for-money services to a wide range of internal and external customers, to be fully self-funding and to make a significant contribution to the County Council's corporate agenda. The businesses are required to make a surplus each year, so that they can invest in business development initiatives, without having to receive any financial support from the County Council. However, they do not seek to make excessive surpluses because one of their key objectives is to deliver best value for their public sector customers. This surplus strategy also recognises that customers are facing continued financial pressures and funding constraints.
14. BSG's primary trading focus is with the education sector which accounts for just over 80% of turnover. Whilst trading is mainly with customers in Hampshire, Portsmouth and Southampton, the customer base does extend into parts of Berkshire, Dorset (including Bournemouth, Christchurch and Poole), the Isle of Wight, Surrey, West Sussex and Wiltshire.

Finance

15. The 2018/19 final accounts for BSG and each of the three business units are shown in Appendix A. Total business turnover (income) in 2018/19 was £56.7 million, which is an increase on the previous year of £2.8 million (5.2%). Total income was £728,000 (1.3%) below the original business plan target of £57.4 million. BSG generated an overall surplus for the year of £43,000 (0.1% of turnover) and this was £516,000 lower than the original target.
16. The most significant variations relate to a 3% reduction in primary school meal income of £862,000 due to take-up being 1.7% below target, food costs

were higher than target by £183,000 (2%) and turnover through the County Supplies warehouse was £482,000 (4.7%) below target. These pressures were partly offset by management action to reduce indirect and overhead costs by £254,000 (5.4%) across BSG.

17. As self-funding business units, BSG also covers the cost of relevant departmental and corporate support services. In 2018/19, BSG contributed £879,000 (1.6% of turnover) towards the cost of corporate and departmental overheads. In addition, BSG funds the cost of the past pension deficit for its staff, which cost £693,000 in 2018/19 and this cost has been increasing by 8.8% a year since 2015/16.
18. These cost and income pressures created a particularly difficult trading year for HC3S and the business unit made a deficit in 2018/19 of £280,000, despite taking action to reduce costs where possible. HC3S had already identified that cost and income pressures would increase further in the short to medium term, which is why HC3S's business plan focuses on initiatives to increase meal take-up and reduce costs, in order to deliver improved financial results over the next few years.
19. Table 1 below shows the annual surpluses generated by the business units over the last five years.

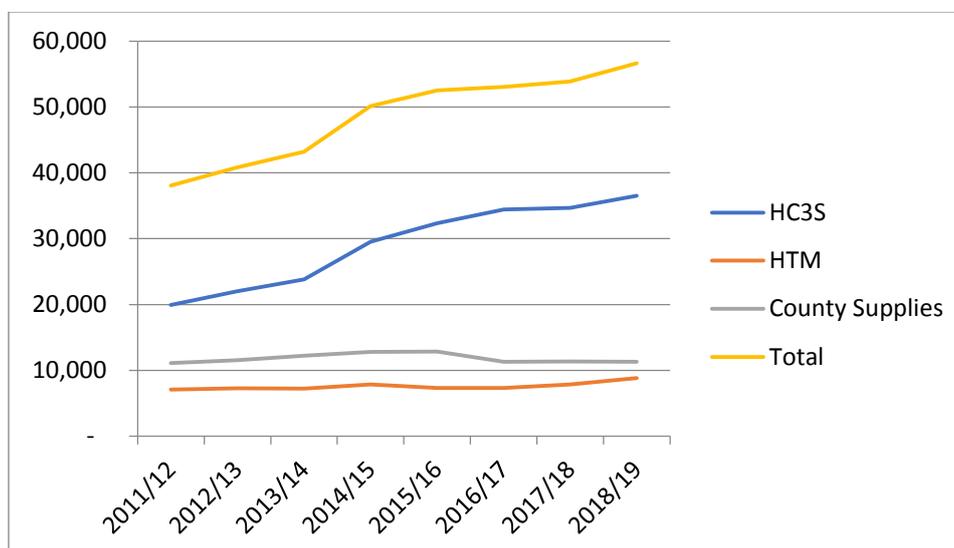
Table 1 – Annual Trading Surplus / (Deficit) 2014/15 to 2018/19

	Actual	Actual	Actual	Actual	Actual
	2014/15	2015/16	2016/17	2017/18	2018/19
Business Unit	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)
HC3S	789	591	55	7	(280)
HTM	1	321	266	183	98
County Supplies	331	342	516	317	225
Total Surplus	1,121	1,254	837	507	43
% of income	2.2%	2.4%	1.6%	0.9%	0.1%

20. The reduction in HC3S's surplus over the last four years reflects the increase in staffing and food costs and a reduction in meal take-up. HTM's larger surpluses from 2015/16, compared to previous years, are due to an increase in business from external customers, though the trend is a reducing surplus year on year due to continuing cost increases for staffing and vehicle spares and consumables. County Supplies continues to achieve a steady surplus each year as it maintains its price competitiveness and successfully retains its customers.
21. The graph below shows the turnover for each business unit and BSG in total over the last eight years, rising by 49% in that period. This increase is primarily due to the introduction of Universal Infant Free School Meals

(UIFSM) in September 2014 and HC3S winning new business outside of Hampshire. The slight reduction in County Supplies turnover in 2015/16 relates to the transfer of the corporate procurement portfolio to the Strategic Procurement Team in Corporate Services.

Annual Turnover 2011/12 to 2018/19 (£000s)



22. In addition to generating £25.3 million of income from Hampshire primary school meals, HC3S continued to maintain a portfolio of customers in other sectors and outside of Hampshire achieving turnover (income) as follows:

- secondary schools: £3.8 million
- schools outside Hampshire: £1.9 million
- non-school sites: £5.2 million
- other income: £0.3 million.

23. As shown in table 2 below, in 2018/19 HC3S also returned surpluses of £122,298 to secondary schools and provided a financial payback of £239,747 to other County Council services from the catering operations at these services' sites.

Table 2 – Financial Payback to Services from HC3S in 2017/18

Site / Service	Catering Payback 2018/19
Countryside Service	£107,000
Sir Harold Hillier Gardens	£108,645
Calshot Activity Centre	£9,000
Library Service	£15,102
Total for Hampshire County Council	£239,747

Secondary Schools	£122,298
Total payback to customers	£362,045

24. HTM's total income was £8.8 million, which was £300,000 above target due to an increase in spot hire income and workshop income. The income for each of HTM's five core services is as follows:

- contract hire: £4.8 million
- fuel: £1.3 million
- courier service: £0.9 million¹
- spot hire: £0.9 million
- workshop income: £0.9 million.

25. HTM's costs were also just over £300,000 above target which directly reflects the increased business (income) from spot hire and workshop maintenance and some required investment in replacement equipment at the workshops.

26. County Supplies warehouse income, at £9.7 million was on a par with the previous financial year, though was below target by 4.7%. This reflects spending pressures for schools, particularly for curriculum supplies. Income from the County Supplies' portfolio of framework agreements continues to hold up well, despite the current public sector financial constraints, and generated £1.15 million of income, which was £20,000 (1.8%) above target. Proactive management of costs and delivery of efficiencies led to costs being £390,000 (3.4%) below budget, which enabled the business unit to generate a reasonable surplus of £225,000 (2% of turnover) in 2018/19.

27. The accumulated surpluses of the businesses provide a strategic reserve that help protect the County Council from financial risk in the event of adverse trading conditions or unforeseen events. The surpluses also enable the businesses to invest in initiatives that retain customer loyalty and win new business, to replace assets and equipment, upgrade technology and improve services. BSG's accumulated surpluses form part of the County Council's overall reserves. The 2018/19 movements on the accumulated surpluses for the businesses are shown in Table 3 below.

¹ The courier service also includes the transport service for Adult Services clients at day services, transport of school meals, MIDAS driver training and library book movements.

Table 3 – Accumulated Surpluses – movements 2018/19

	(£000s)
Surplus as at 01/04/18	6,129
Business units' surplus 2018/19	43
Depreciation, interest and finance	148
Spending from surpluses	(651)
Closing balance as at 31/03/19	5,674

28. The accumulated surpluses reduced by £445,000 (7.4%) during 2018/19 to £5.7 million. The spending from the surpluses of £651,000 related to investments included in the Business Plans for 2018/19, as approved by the Executive Member, for kitchen and servery improvements, technology and equipment upgrades and replacements and other Transformation to 2019 (T19) projects which will deliver efficiencies, income and surpluses in future years. Further detail is shown in Appendix B.
29. The forecast balance on the accumulated surpluses by March 2020 is expected to be £5.7 million, which is similar to the opening balance. This assumes the business units achieve their surplus targets of £604,000 in 2019/20, which is obviously quite challenging considering the cost and income pressures that they have faced during 2018/19. Financial results from the first six months of trading in 2019/20 indicate that inflationary pressures are continuing and income will be below target, which will reduce the annual surplus that will be achieved in the current financial year.
30. Taking account of future potential commitments and earmarks, particularly arising from the Business Units' Transformation to 2021 (T21) programme and other T21 investment requirements across CCBS, there is currently an unallocated balance in the accumulated surpluses of only £52,000. This balance does not take account of future annual surpluses and payback that will be required to be delivered by these investments and therefore reflects the worst-case scenario. The forecast commitments will be reviewed on a continual basis against the actual level of reserves as impacted by the actual outturn each year.
31. HC3S also manages delegated catering budgets on behalf of schools through buy-back arrangements and a Service Level Agreement (SLA) which covers the costs of equipment maintenance and replacement in schools' kitchens and serveries. This SLA had an annual value of £2.2 million in 2018/19. These funds do not form part of BSG's turnover or accumulated surpluses and the balance of these funds for 2018/19 was £94,937 and this was used to improve catering facilities at several primary schools.

Performance

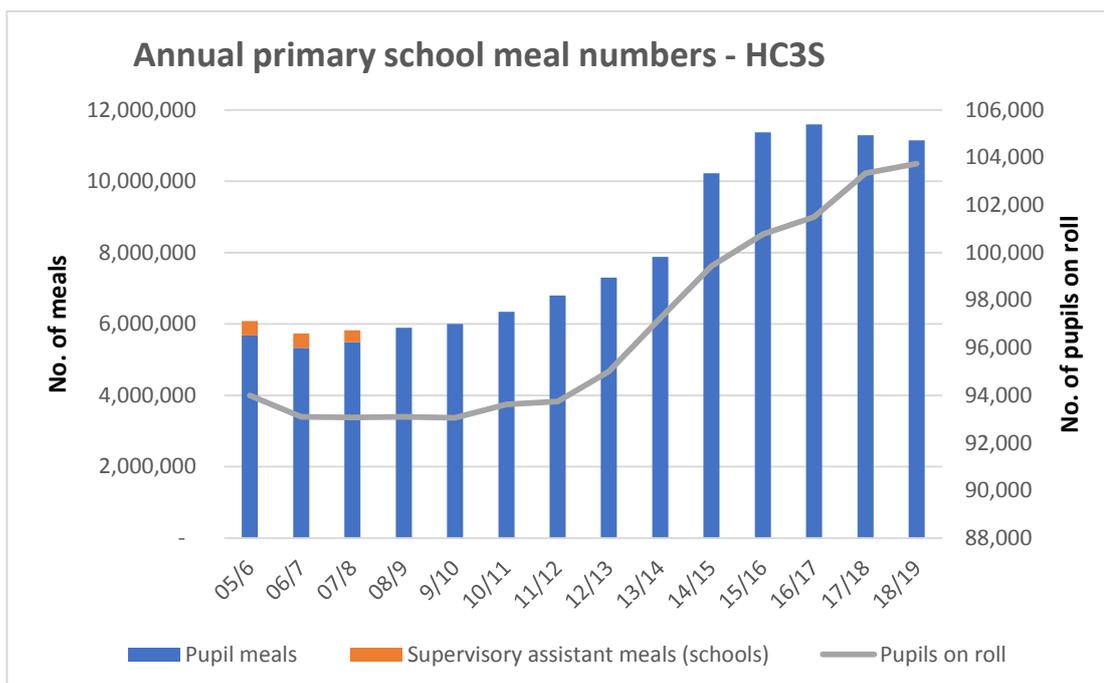
32. BSG's actual performance against the target key performance indicators for 2018/19 is shown in Table 4 below.

Table 4 – Key Performance Indicators: Targets and Actuals for 2018/19

KPI	Target	Actuals	Variance
	2018/19	2018/19	2018/19
<u>HC3S</u>			
- Primary school pupil meals take-up	60%	58.3%	-1.7%
- Primary school food cost per meal	£0.90	£0.92	+£0.02
- Unit labour cost as % of income	45%	47%	+2%
<u>HTM</u>			
- Pool car utilisation	91%	77.5%	-13.5%
- Fleet downtime	1%	0.3%	-0.7%
- Fleet size (external customers)	185	225	+40
- Contract hire conversion rate: quotes to orders	60%	78.4%	+28.4%
<u>County Supplies</u>			
- Stores turnover	£10.2m	£9.7m	-£0.5m
- Stores purchase price inflation	+1.2%	+2.1%	+0.9%
- Service levels – Top 400 lines	98%	99.2%	+1.2%
- Deliveries on due day	>98.5%	99.9%	+1.4%

33. As explained in paragraph 16 above, lower meal uptake and higher food costs have been the main causes of the financial deficit for HC3S in 2018/19. Unit labour costs were also 2% higher than target due to the national pay award being higher than expected for lower graded staff.

34. 11.15 million primary school meals were provided in the year, which equates to just over 57,700 primary school meals served on average each day by HC3S. This compares to 11.29 million meals in the previous year and 11.59 million meals in 2016/17, which was the highest number of meals ever provided by HC3S. There has been a downward trend in meal numbers and meal take-up since then. This reduction appears to be a national trend, though HC3S's business plan focuses on increasing take-up through increased marketing including effective use of social media and commissioning external specialist support to undertake social marketing research in the coming year. Social marketing focuses on how to influence behaviours which benefit individuals and communities and this approach fits well with the County Council's ethos for providing healthy and nutritious school meals and the potential positive impact that school meals have on educational attainment. The trend in primary school meal numbers and the number of pupils on roll over the last 14 years are shown in the graph below.



35. HC3S mobilised nine new contracts for the provision of catering services during the year. These were two in Hampshire, four in Dorset, and three in Wiltshire (including HC3S’s first 6th form college customer). HC3S also won a new contract to start providing meals to a primary school in Dorset from September 2019. However, HC3S lost business with five schools in Hampshire during the year, with three primary schools deciding to appoint alternative suppliers and two secondary schools taking their services in-house. As at March 2019, HC3S were providing catering services to customers at 497 schools and 12 non-school sites. This was an increase of four schools over the year.

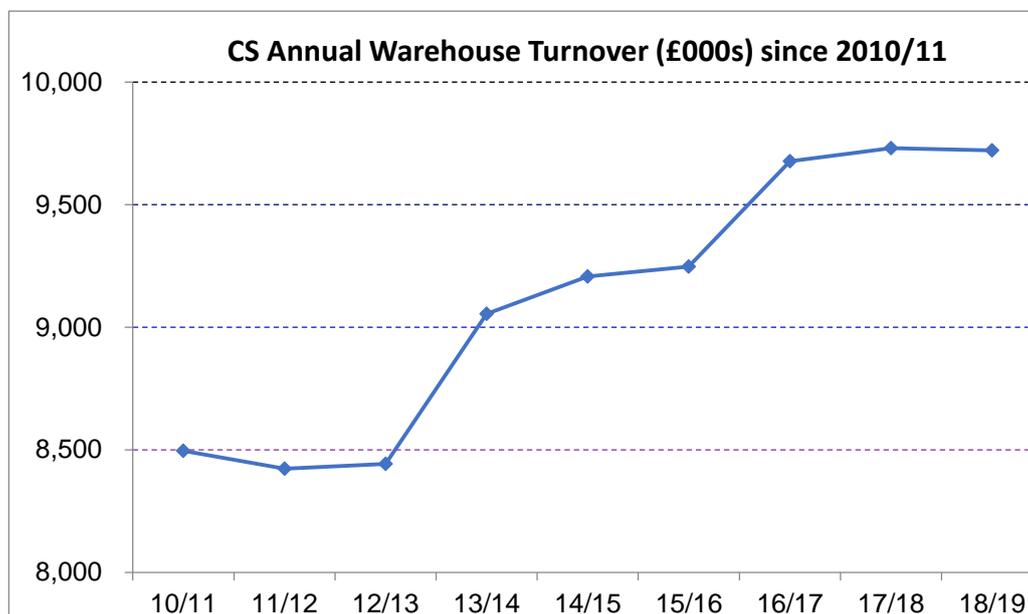
36. HC3S has been re-accredited with the Soil Association’s ‘Food for Life Served Here’ Bronze award for all primary schools. This accreditation is reviewed annually and confirms that at least 75% of food is cooked fresh, is good quality and sourced locally where possible. The HC3S service in primary schools has also achieved a Gold ‘Eat Out, Eat Well’ award, which recognises how HC3S makes it easier for pupils to make healthier choices and demonstrates how these healthier choices are actively promoted. HC3S staff achieved success in the Lead Association for Catering in Education (LACA) ‘Finishing Touches’ competition with a number of HC3S staff winning awards across several categories. HC3S were also finalists for two of LACA’s awards for ‘Marketing Excellence’ and ‘Secondary School Team of the Year’. HC3S’s Business Development team also won an ‘EDUCatering’ award for marketing excellence and were highly commended by ‘Love British Food’ organisers for their work with schools during British Food Fortnight. The team were also finalists in the marketing category at

- the National Fish and Chip Awards for Best Seafood Week campaign
- the ‘Cost Sector Catering’ Awards

- the 'Cateys Foodservice' Awards.

37. HTM's external customer fleet exceeded target by 40 vehicles taking the total number of external customer vehicles to 225. This demonstrates very good progress on HTM's business development objective of increasing the number of external customers. This success in winning new business is also reflected in the percentage contract hire conversion rate (quotes to orders) being 28% above target and is the best performance for this KPI ever recorded. Fleet downtime continues to be well below the minimum expected at 0.3% compared to a target of 1%, which reflects good performance at the vehicle workshops by keeping downtime as low as possible for customers.
38. The utilisation of the pool car scheme was particularly disappointing at 77.5%, which is 13.5% below the target of 91%. This was caused by poor utilisation of a small number of vehicles that were made available at the County Council's offices and hubs outside of Winchester, despite action being taken during the year to move vehicles to locations which had expressed an interest in using a pool car. The location of these vehicles will be continually monitored and reviewed during the coming year so that utilisation is maximised as much as possible. Utilisation of the main pool fleet in Winchester was very close to target at 90.4%.
39. Good progress has been made with replacing the current diesel fleet (where vehicles have reached the end of their useful life) with electric vehicles. During the year, the number of electric vehicles in operation increased from zero to thirteen, with another 22 electric vehicles on order as at end March 2019. Six of HTM's vehicle technicians also completed electric vehicle maintenance and inspection training during the year.
40. During the year, HTM was also involved in supporting the County Council's innovative 'spend to save' scheme, which provides schools with minibuses as part of ensuring that eligible children have a safe home to school transport service. The scheme won the Bronze Award in the 'Working Together' category of the Public Sector Transformation Awards, organised by the Improvement and Efficiency Social Enterprise (iESE). This is a collaborative programme between the passenger transport team, home to school transport team, HTM and schools/colleges. The scheme now operates in 26 schools and further education colleges, saving the County Council over £250,000 a year on home to school travel costs.
41. County Supplies continues to perform above target for deliveries on due day (99.9%) and service levels (99.2%), which is important for retaining customer loyalty. Inflation on purchase prices was 0.9% higher than forecast, which reduced the business unit's margins for the year. Warehouse turnover remained relatively static for the third consecutive year at £9.7 million. As shown in the graph below, this is the first time since 2012/13 that warehouse turnover has not increased for two years. In real terms, this is a reduction in

turnover of just over 3% between 2017/18 and 2018/19 and reflects difficult trading conditions with our public sector customers, particularly due to the financial pressures experienced by schools, which continue to be County Supplies' core customers.



42. During the year, 61 new customers registered with County Supplies, most of which were as a result of a business development campaign to attract new customers within the business unit's 'deliverable radius', including parts of Dorset, Surrey and Berkshire. This has increased the current number of registered customers to 2,407 as at March 2019. County Supplies has successfully retained 100% of all schools and academies in Hampshire, Portsmouth and Southampton as customers during 2018/19.
43. BSG continues to provide opportunities for apprenticeships within the businesses, supported by funding from the apprenticeship levy. During the year, County Supplies appointed an apprentice in its customer services team, who is undertaking the 15-month NVQ Level 2 Customer Service Practitioner apprenticeship. Additionally, the first County Supplies warehouse apprentice successfully completed a Level 2 NVQ in warehousing and distribution. This member of staff has now moved into a full-time position within the warehouse. HTM have five vehicle technician apprentices in the workshops and one business administration apprentice at HQ. HTM has engaged fully with the apprenticeship programme since 2006 and has enabled 20 apprentices to be trained and qualified during that time. During the year, HC3S registered 31 members of staff on a variety of level 2 and level 3 hospitality and catering apprenticeship programmes. In addition, HC3S has employed a Catering Operations Management Trainee, who has now finished her induction and will shortly be starting a Level 4 qualification in Hospitality Management, and one member of staff undertaking a Level 2 Team Leader VRQ (Vocational Related Qualification). 44 members of staff also completed their apprenticeship qualifications, which includes a student apprentice, who has now been

appointed to a permanent position in the Castle Restaurant. HC3S has also provided a Supported Traineeship placement for a student from Eastleigh College at Hamble Primary School.

Conclusions

44. The performance of all three businesses has been adversely affected by unplanned cost increases and a downturn in customer spend in 2018/19. This reflects the financial constraints that are affecting our public sector customers and has been highlighted in the business units' annual reports and business plans for the last few years. However, BSG still achieved a small surplus overall for the year and performed well against many of its key performance indicators.
45. The businesses have continued to win new customers and have contributed to a number of County Council initiatives and objectives during the year. These include working in partnership with departments to achieve savings of over £250,000 a year on home to school transport, replacing 13 existing diesel vehicles with fully electric vehicles, providing and promoting healthy and nutritious meals for school children and using local suppliers within their supply chains.
46. BSG's business development plans, which focus on on-going efficiencies, exploiting digital technologies, meeting customers' changing expectations, retaining customer loyalty and winning new business remain critical to achieving on-going success and long-term financial sustainability for the three business units in a highly competitive marketplace.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because it enables the business units to demonstrate appropriate reporting mechanisms and to operate on a self-funding basis within the County Council's financial regulations.

Other Significant Links

Links to previous Member decisions:

<u>Title</u>	<u>Date</u>
Business Services Group – Business Plans 2018/19	29 March 2018
Business Services Group – 2017/18 Annual Report and Accounts	19 June 2018
Business Services Group – Business Plans 2019/20	26 March 2019

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

This report outlines the financial position of the Business Services Group for 2018/19 and therefore an Equalities Impact Assessment has not been considered necessary in the development of this report as it is not proposing any changes to current service provision and therefore will have no impact on groups with protected characteristics.

CCBS Business Services Group

Final Accounts 2018/19

Business Services Group			
	Target	Actual	Difference
	£'000	£'000	£'000
Income	57,384	56,656	(728)
Direct Costs	52,139	52,181	42
Contribution	5,245	4,475	(770)
Overheads	4,686	4,432	(254)
Surplus/(Deficit)	559	43	(516)

Trading surplus as a % of income: 0.08% (0.9% in 2017/18)

Hampshire County Council Catering Services (HC3S)			
2018/19 Final Accounts	Target	Actual	Difference
	£'000	£'000	£'000
Income			
Sale of meals	36,805	36,155	(650)
Other	252	365	113
Total Income	37,057	36,520	(537)
Direct Costs	35,058	35,057	(1)
Contribution to overheads	1,999	1,463	(536)
Overheads	1,884	1,743	(141)
Surplus/(Deficit)	115	(280)	(395)

Trading deficit as a % of income: -0.8% (0.02% surplus in 2017/18)

Hampshire Transport Management (HTM)			
2018/19 Final Accounts	Target	Actual	Difference
	£'000	£'000	£'000
Income			
Contract Hire	4,882	4,833	(49)
Other	3,637	3,988	351
Total Income	8,519	8,821	302
Direct Costs	7,212	7,518	306
Contribution to overheads	1,307	1,303	(4)
Overheads	1,191	1,205	14
Surplus/(Deficit)	116	98	(18)

Trading surplus as a % of income: 1.1% (2.2% in 2017/18)

County Supplies			
2018/19 Final Accounts	Target	Actual	Difference
	£'000	£'000	£'000
Income			
Stores turnover	10,203	9,721	(482)
Retrospective rebates	1,130	1,150	20
Other	475	444	(31)
Total Income	11,808	11,315	(493)
Direct Costs	9,869	9,606	(263)
Contribution to overheads	1,939	1,709	(230)
Overheads	1,611	1,484	(127)
Surplus/(Deficit)	328	225	(103)

Trading surplus as a % of income: 2.0% (2.8% in 2017/18)

**Business Services Group (HC3S, County Supplies, HTM)
Estimated Accumulated Surpluses (Reserves)**

Balance at 31 March 2018	6,129
2018/19 Actuals	
BSG trading surplus 2018/19	43
BSG depreciation & capital charges	148
HC3S kitchen and servery improvements / investments	(268)
HC3S mobile electronic catering administration system	(65)
HC3S equipment replacement (Countryside)	(22)
HC3S contribution to HQ café refurbishment	(46)
County Supplies warehouse scanning system	(135)
HC3S - closure of Wiltshire central production unit	(115)
Balance at 31 March 2019	5,669
Earmarks and Commitments 2019/20	
Forecast BSG trading surplus 2019/20	604
BSG depreciation & capital charges	148
HC3S kitchen and servery improvements / investments	(400)
HC3S mobile electronic catering administration system	(239)
HC3S equipment replacement (Countryside)	(8)
County Supplies warehouse scanning system	(60)
HC3S staff recruitment and retention programme	(25)
Forecast Balance at 31 March 2020	5,689
T21 Programme Investment Requirements	
HC3S School Meal Income system replacement	(165)
HC3S online free school meals eligibility checkers	(35)
HC3S Crimson Tide Mpro system replacement	(60)
HC3S income generation (social marketing research)	(50)
HC3S digital efficiencies (allergen system and website)	(50)
County Supplies customer ordering system modernisation	(150)
HTM digital solution for recorded deliveries	(60)
HTM fleet management system re-procurement	(50)
HTM IT infrastructure upgrades at workshops	(165)
Further Earmarks and Commitments	
- BSG contingency (1.25% of income)	(736)
- HTM Petersfield workshop refurbishment	(950)
- HTM provision for final year capital charges	(340)
- Bar End site roof replacement	(200)
- HC3S mobile electronic catering - devices refresh	(176)
- CRM system and Services Portal - full implementation	(300)
- CCBS investment projects	(1,400)
- Potential Alternative Service Delivery Model implementation	(750)
Unallocated Balance	52