

HAMPSHIRE COUNTY COUNCIL

Decision Report

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	14 June 2022
Title:	Business Services Group – 2021/22 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 Department (CCBS) for the 2021/22 financial year. This report also includes an overview of the aggregated accumulated surpluses of the business units.

Recommendation(s)

That the Buildings, Land and Procurement Panel make the following recommendation to the Executive Member for Commercial Strategy, Estates and Property that:

2. The 2021/22 annual report and accounts for the Business Services Group be approved.

Executive Summary

3. This report provides Members with a summary of the financial and business performance of the three self-funding business units, know collectively as the Business Services Group (BSG) in CCBS for the 2021/22 financial year. The three business units within BSG are:
 - Hampshire County Council Catering Services (HC3S)
 - Hampshire Transport Management (HTM)
 - County Supplies.

4. 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. The Covid-19 pandemic continued to have an impact on levels of business especially for HC3S. Classroom feeding in some schools and pupil absence due to Covid infection and self-isolation reduced meal numbers, which remained below target for the year.
5. Despite these difficult trading conditions, the three business units worked hard to generate efficiencies, reduce headcount and other costs where possible, make appropriate use of the Government's job retention scheme ('furlough'), deliver their original 2021/22 business plan objectives and win new business.
6. The annual net trading surplus for BSG in 2021/22 was £1.809 million, compared to an original business plan target surplus of £837,000. This surplus was achieved by the business units delivering £972,000 of cost reduction (primarily from high staff vacancies in HC3S) and corporate Covid-19 funding of £2.1 million to cover the net loss of income as a direct result of the pandemic. The business units also claimed £406,000 from the Government's Contain Outbreak Management Fund (COMF), which offset some specific additional Covid-19 costs.
7. The businesses are continuing their work, in line with their business plans, to generate efficiencies, focus on customer retention, exploit digital technologies and win new business. The investment required for these business development programmes is funded by the accumulated surpluses generated by the business units and this ensures that no financial support is provided by the County Council for this investment. During 2021/22, BSG invested £399,000 in new initiatives and projects. In addition, £164,000 was drawn down from the £350,000 that had been carried forward as an underspend on the schools Catering Support pooled fund in 2020/21.
8. The balance on the accumulated surpluses was £7.02 million at the end of the year. This was an increase of £1.69 million during the year, of which £261,000 related to the 2021/22 underspend on the schools catering support service level agreement (SLA) pooled fund. This fund is specifically reserved for equipment maintenance and replacement for schools which buy into the SLA.
9. The key priority for BSG in 2021/22 has been to continue to implement, and sustain, the HC3S financial recovery plan as previously reported to Members. The targets to reduce food costs, increase staff productivity and achieve savings through restructuring of the operational management and HQ back-office teams have been delivered or are on track. Meal numbers remained below target during the year due to the pandemic, but the overall trend is increasing.

10. BSG has also supported the delivery of County Council and Departmental initiatives and objectives during 2021/22 including:
- leading on three of the five climate change workstreams in CCBS.
 - replacing 11 diesel vehicles, at the end of their useful life, with fully electric vehicles (EVs), taking the total EVs in the fleet to 53.
 - transitioning all five HTM depot fuel locations to Hydro-treated Vegetable Oil (HVO) fuel from August 2021, reducing annual carbon (CO₂) emissions by an estimated 1,207 tonnes.
 - expanding the use of HVO fuel to all County Supplies diesel goods vehicles, reducing their CO₂ emissions by 90%.
 - providing 10 million healthy and nutritious meals for primary school children during the year.
 - assisting Childrens Services with the short-term provision of both minibuses and drivers for home to school transport, to cover driver shortages caused by Covid-19 and to meet additional demand including transporting children from Afghan families to school.

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 is intended to cover all costs, including relevant and appropriate departmental and corporate overheads. The business units are required to generate reasonable surpluses to enable them to invest in new initiatives to maintain competitiveness and business success.
12. 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 priorities.
13. BSG's primary trading focus is with customers in the education sector. Whilst trading is mainly with customers in Hampshire, Portsmouth and Southampton, the customer base extends into parts of Berkshire, Dorset (including Bournemouth, Christchurch and Poole), Isle of Wight, Surrey, West Sussex and Wiltshire.

Finance

14. Turnover was £1.5 million (2.6%) below the target of £57.7 million, as a direct result of the Covid-19 pandemic continuing to impact on school meal

numbers, the volume of sales of office supplies and short-term vehicle hire. However, with costs 4.3% below target at £54.4 million, BSG achieved a surplus of £1.8 million for the year, compared to a target of £837,000. BSG took management action during the year to reduce operating costs where possible. Over £800,000 of the cost reduction was due to high numbers of vacancies in HC3S due to the difficulties in recruiting catering staff. This has led to significant workload pressures in the teams and has reduced meal uptake where a full service could not be provided on occasions. This cost saving is one-off and has contributed to the overall increase in surplus of £972,000 for the year.

15. The outturn includes £2.1 million of corporate funding to offset the net cost of the Covid-19 pandemic on the business units. The business units also claimed £406,000 from the Government's Contain Outbreak Management Fund (COMF). This offset some specific additional Covid-19 costs for the management of the Local Resilience Forum (LRF) PPE warehouse, the use of disposable catering items to enable schools to be 'Covid-19 Secure' in the provision of meals to pupils and delivery of lateral flow tests to all holiday activity and food schemes during the Christmas school holidays. The 2021/22 accounts for BSG are summarised in table 1 below and the summary accounts for each business unit are shown in appendix 1.

Table 1 – Business Services Group Actuals 2021/22

	Target	Actuals	Variance	Variance
	2021/22	2021/22	2021/22	2021/22
	£'000	£'000	£'000	%
Income	57,691	56,198	(1,493)	(2.6%)
Costs	56,854	54,389	(2,465)	(4.3%)
Surplus / (Deficit)	837	1,809	972	116%

16. Table 2 below illustrates the on-going impact of the pandemic on the business units. The key points to note for 2021/22 are:
- the Covid-19 pandemic reduced gross trading income by £4.1 million, but this was offset by Covid related reduced costs of £2 million, BSG claimed COMF funding of £0.4 million and job retention scheme funding of £96,000.
 - BSG would have made an overall deficit of £1.6 million without funding support from the Government's job retention scheme, COMF and corporate Covid-19 funding.

Table 2 – Business Services Group Actuals 2021/22 - illustrating Covid-19 impact and funding

	Target	Actuals (excluding Covid-19 funding)	Variance to target	Corporate Covid-19 funding	Job Retention Scheme	COMF	Actual Outturn
	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	57,691	53,588	(4,103)	2,108	96	406	56,198
Costs	56,854	54,389	(2,466)	0	0	0	54,389
Surplus / (Deficit)	837	(801)	(1,637)	2,108	96	406	1,809

17. HC3S's income was £3.5 million below target as the number of meals served was lower than target due to classroom feeding in some schools, pupil and staff absence due to Covid infection and self-isolation and lower income from ELL catering due to new ways of working. In addition to generating £24.8 million of income from Hampshire primary schools, £2.2 million relating to the catering support service level agreement pooled fund and £3.1 million from Hampshire secondary schools, HC3S continued to maintain a portfolio of schools outside Hampshire (£1.7 million) and non-school sites (£2.3 million).
18. The key priority for HC3S in 2021/22 has been to continue to implement, and sustain, the HC3S financial recovery plan as previously reported to Members. The targets to reduce food costs (at or below £0.80 per meal), increase staff productivity (up to 12 meals per hour) and achieve recurring annual savings of £255,000 through restructuring the operational management and HQ back-office teams have been delivered or are on track.
19. HTM's main loss of income of £211,000 was in spot hire as schools did not undertake as many trips out as they did before the pandemic, though the income was higher than in the previous year. Total income was £204,000 above target as other areas of the business (including workshops, fuel, vehicle disposal and driver training) performed well. The main income streams were:
- contract hire: £4.9 million
 - fuel: £1.3 million
 - spot hire: £0.6 million
 - workshop income: £0.7 million
 - driver training: £33,000.
20. County Supplies income from the warehouse operations was £153,000 (1.6%) below target due to reduced sales of office supplies because of the pandemic and new ways of working. Rebate income from the portfolio of

direct supply framework agreements performed well and was £18,000 above target. The main income sources were:

- stores turnover: £9.7 million
- rebate from framework agreements: £1.1 million
- catalogue advertising: £0.2 million.

21. As self-funding business units, BSG also covers the cost of relevant departmental and corporate support services. In 2021/22, BSG contributed over £800,000 towards the cost of corporate and departmental overheads.
22. 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 and makes it possible for the businesses to invest in initiatives that retain customer loyalty and win new business. It also enables the replacement of assets and equipment, upgrading of technology and improving services. BSG's accumulated surpluses form part of the County Council's reserves. The 2021/22 movements on the accumulated surpluses for the businesses are summarised below.

Accumulated Surpluses – movements 2021/22

	£'000
Surplus as at 01/04/21	5,328
Business Services Group surplus 2021/22	1,809
Depreciation, interest and finance	176
Spending from accumulated surpluses	(399)
Spend from carry forward of Catering Support SLA pooled fund '20/21	(164)
Underspend on Catering Support SLA pooled fund '21/22	271
Closing balance as at 31/03/22	7,021

23. The accumulated surpluses increased by £1.69 million (32%) during 2021/22 to £7.02 million. The trading surplus of £1.8 million (including Covid-19 funding) accounted for the majority of the increase. £271,000 was also transferred to the accumulated surpluses from the underspend on the catering support service level agreement with schools. This is a pooled fund for equipment maintenance, servicing and replacement and was underspent for the second year running because of the impact of the pandemic on equipment replacement cycles. As this is a fund held on behalf of schools, this will be ringfenced for its intended purpose and will be fully spent in the next couple of years as HC3S catches up from the slippage on delivery of equipment and refurbishment projects. This fund will also enable HC3S to accelerate the replacement of sterilisers with dishwashers. As previously reported to Members, replacing a steriliser with a dishwasher reduces water consumption by 125,000 litres a year. £399,000 of investment was made in

line with the approved business plans in technology and IT system improvements and other efficiency projects.

24. Appendix 2 shows the details of the actual and planned spending from the accumulated surpluses in line with the approved business plans. All spending requires a business case approved by the CCBS Departmental Management Team and only items which are business critical or have a clear payback are included as commitments in 2022/23 and future years.
25. Taking account of future known commitments and earmarks relating to the Business Units' transformation, efficiency and business development programmes, there is currently an unallocated balance in the accumulated surpluses of £4.86 million. This is equivalent to just over four weeks of trading income.

Performance and achievements 2021/22

26. BSG's actual performance against the target key performance indicators for 2021/22 is shown in table 3 below.

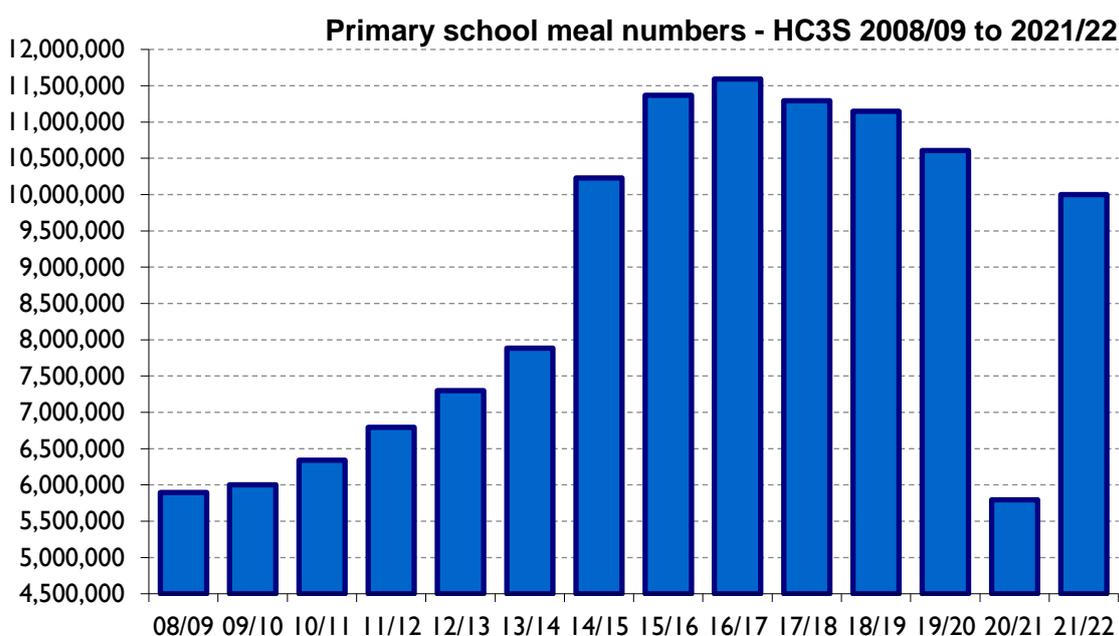
Table 3 – Key Performance Indicators: Targets and Actuals for 2021/22

KPI	Target	Actuals	Variance
	2021/22	2021/22	2021/22
HC3S			
Primary school pupil meals uptake	55.1%	51.3%	-3.8%
Primary school food cost per meal	£0.80	£0.78	-£0.02
Unit labour cost as a % of income	56%	58%	+2%
HTM			
Pool car utilisation	90%	62%	-28%
Fleet downtime	1%	0.82%	-0.18%
Fleet size (external customers and schools)	350	353	+3
Contract hire conversion rate: quotes to orders	60%	100%	+40%
Driver training – number of delegates trained	150	344	194
County Supplies			
Stores turnover	£9.9m	£9.7m	-£0.2m
Stores purchase price inflation	+1.0%	+1.17%	+0.17%
Service levels – top 400 lines	98%	98%	0%
Deliveries on due day	>99%	94.2%	-4.8%

27. HC3S's meal numbers were below target as the Covid-19 pandemic continued to have an impact on meal uptake due to classroom feeding and

pupil absence. In addition, a high level of staff vacancies and absences has, on occasions, led to the service offer being reduced on a short-term basis at some schools, which has reduced the number of meals provided. Despite food cost pressures in the market, the cost per meal continues to be well managed at £0.02 below target and this is a key element of the financial recovery plan as previously reported to Panel. The work carried out by HC3S to reduce food costs has been achieved through smarter purchasing, improved supplier negotiation, careful product selection and identifying and removing unnecessary costs. This cost reduction programme has also included a focus on maintaining, and in some cases improving, food standards and quality. The unit labour cost was 2% above target as a percentage of income which was caused by income being lower than target.

28. 10 million primary school meals were provided in the year, which equates to over 50,500 primary school meals served on average each day by HC3S. The continuing impact of the Covid-19 pandemic is clearly illustrated in the chart below showing annual meal numbers since 2008/09.



29. During the year, HC3S mobilised a total of seven new contracts for the provision of catering services in primary and secondary schools, including two primaries outside of Hampshire. In addition, eleven new contracts were agreed with existing customers and a further four customers extended their current agreements. Unfortunately, HC3S lost business with ten primary schools and one secondary school during the year. In addition, Winchester Discovery Centre café transferred to Hampshire Cultural Trust (HCT) from February 2022.

30. The impact of these changes means that as at April 2022, HC3S was providing catering services to customers at 488 schools and 4 non-school

(commercial) sites. This is a net reduction of 10 customers during the year. Further details are shown in table 4 below.

Table 4 – HC3S customer numbers April 2019 to April 2021

	April 2020	April 2021	April 2022
Hampshire Primary Schools	432	436	426
Outside Hampshire Primaries	42	44	43
Secondary Schools	17	17	19
Commercial Sites	7	5	4
Total	498	502	492

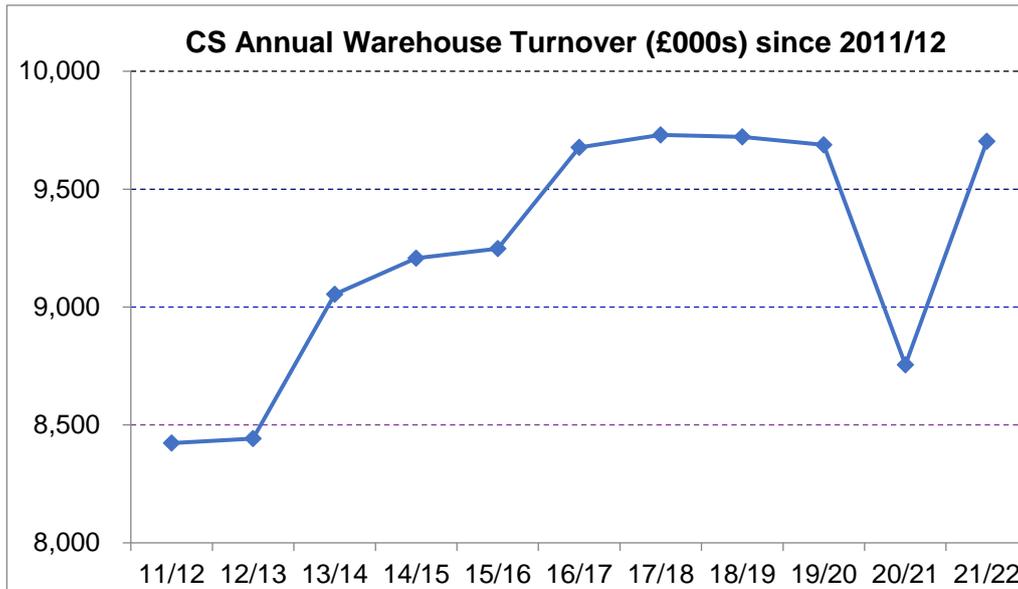
31. HC3S leads on the County Council’s food climate change workstream and during the year reduced red meat on menus by 50% and promoted non-meat options at the top of menus, which research has shown can increase take-up of these options. The aim is to promote food choices with reduced CO₂ emissions. HC3S replaced two of its diesel vehicles with electric vehicles reducing CO₂ emissions by 3.48 tonnes.

32. HC3S launched its new online portal for medically approved special diets in July 2021 enabling parents to register online for a child to have a tailored menu suitable for their food allergy, allowing them to eat school meals safely. This replaced a largely paper driven process and now involves parents and schools in an online menu approval process. HC3S also implemented a new school meals income (SMI) system which was fully rolled out in the last quarter of the year. This has streamlined processes and will also provide HC3S with more detailed management information about meal choices and will help to inform menu development and should assist with increasing meal uptake by tracking the popularity of each daily menu.

33. For the third year running, HC3S took part in the national ‘VegPower’ campaign to encourage children to eat more vegetables. More information on this campaign and some of the activities that were undertaken is on the [HC3S website](#).

34. HTM’s pool car utilisation was 28% below target partly due to the pandemic impact with reduced business travel but also because the externally provided fleet of new self-service electric vehicles on a pilot basis had significant teething problems with the self-service functionality. Now that the pilot has ended, HTM will be purchasing the electric vehicles directly and it will revert to a physical key entry system to improve customer experience. The KPIs for the number of external customer vehicles, contract hire conversion rate (quotes to orders) and the number of driver training delegates were all well above target which demonstrates good progress on HTM’s business development objectives.

35. Following a competitive tender process, HTM successfully retained the winter maintenance contract for National Highways' Area 3. This is an eight-year contract with an annual turnover of approximately £350,000.
36. HTM continues to lead on the travel and transport climate change workstream and during the year transitioned all five of its depot fuel locations to Hydro-treated Vegetable Oil (HVO), reducing annual carbon emissions (CO₂) by an estimated 1,207 tonnes a year.
37. HTM assisted Childrens Services with the short-term provision of both minibuses and drivers for home to school transport, to overcome driver shortages caused by Covid-19 and to meet additional demand including transporting children from Afghan families to school.
38. Some further achievements for HTM during the year included:
 - Continued collaborative working with the Passenger Transport team has enabled further cost savings for the Home to School Transport scheme. To date this has saved the County Council over £310,000 a year, whilst increasing HTM's income.
 - Leased an additional seven gritters to the Hampshire Highways Services Contractor, increasing HTM's contract hire income and providing a saving to the Hampshire Highways contract as it replaced more expensive short term hire arrangements.
 - Created a Microsoft PowerApp that records MOTs and services carried out for private customers, which automatically sends an email reminder 30 days before their next MOT is due to encourage repeat business.
39. County Supplies' stores turnover was only £0.2 million below target due to the pandemic continuing to reduce the sale of some items, particularly office supplies. The warehouse turnover since 2011/12 is shown in the chart below and illustrates good recovery from the pandemic impact in 2020/21, with turnover returning to pre-pandemic levels of sales.



40. Stores purchase price inflation was only 0.17% above target, which is good performance in an inflationary market caused by the pandemic and other global events. This has been achieved through price negotiation, reviewing product selection and seeking alternative sources of supply.
41. Stock availability (service levels) hit target of 98%, though there was some delivery disruption due to staff absence and recruitment difficulties, especially for casual staff, which adversely affected deliveries on due day which was 4.8% below the 99% target.
42. As part of its on-going transport and distribution review project, County Supplies reduced the size of its fleet by six vehicles saving £36,000 a year.
43. County Supplies increased its customer base during the year, with the fleet of multi-functional devices (printers/copiers) leased to customers increasing by 51 (1%) taking the total to 5,341 devices. Most of this growth is from external customers including district councils, colleges and universities. The turnover on the food contracts has increased to over £19 million a year through an increase in the number of other local authorities using the County Supplies framework agreements. This includes Brighton and Hove, East Sussex, West Sussex, Southampton, Portsmouth and BCP councils.
44. County Supplies continues to lead on the County Council's product lifecycle climate change workstream as well as delivering its own sustainability programme. Some key achievements for the year include:
- Working with the supply chain to improve the environmental credentials of goods and services. 40% of contracts now include sustainability key performance indicators and 14% of all stock lines have sustainable credentials.

- The new packaging contract for the warehouse delivered an annual reduction of seven tonnes of CO₂ emissions.
 - County Supplies expanded the use of Hydro-treated Vegetable Oil (HVO) fuel to all County Supplies diesel goods vehicles as part of the climate change programme and this has reduced the CO₂ emissions for the County Supplies fleet by 90%.
45. Further support to the pandemic response was also provided by County Supplies during the year, including joint management (with the Emergency Planning Team) of the Local Resilience Forum (LRF) personal protective equipment (PPE) store and delivery of lateral flow tests to over 100 holiday activity clubs during the Christmas school holidays.
46. County Supplies procured 480 slow cookers and cookbooks and delivered them to community pantries across the county on behalf of Children's Services' holiday activities and food programme.

Apprenticeships

47. HC3S has 22 staff undertaking an apprenticeship programme. Thirteen staff are completing a Level 2 Production Chef programme and three the Level 3 Senior Production Chef. Six staff are embarking on apprenticeships shortly, with four taking Level 2 Production Chef, one Level 3 Senior Production Chef and one Level 4 Hospitality Manager.
48. HTM has been a keen advocate of the apprenticeship scheme since 2006. During this time, HTM has enabled 26 apprentices to enhance their skills by fully completing their apprenticeships as either vehicle technicians or in business administration. There are currently eight apprentices in HTM, two of whom are due to complete their qualification in the coming year. 6 staff are undertaking Level 3 Vehicle Technician, one member of staff is on a Chartered Manager programme and one has recently started a Level 7 Senior Leader apprenticeship. This approach has underpinned the service succession planning, recruitment and retention strategies, with 23 staff being offered permanent positions to fill vacant posts once they have qualified. Without this pool of new talent and investment in learning, HTM would struggle to recruit in a challenging market.
49. County Supplies supported nine apprenticeships during the year. In the purchasing team, three staff successfully completed a Level 4 apprenticeship in Commercial Supply and Procurement, one member of staff began a Level 3 apprenticeship in Business Administration, and one member of staff is registered to begin a Level 4 apprenticeship in Project Management. Two members of the operations team undertook Level 3 Team Leadership apprenticeships, two other staff successfully completed their Business Administration apprenticeships (one at Level 2 and one at Level 3).

Climate Change

50. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

51. The climate change tools were not applicable to this decision report because this is a retrospective financial and performance report for the Business Services Group for the last financial year. It is not proposing any future changes to current service provision and therefore has a neutral impact on climate change.

Conclusions

52. The performance of all three business units continued to be affected by the Covid-19 pandemic during the year, though the impact was much less than in the previous financial year. Due to high levels of staff vacancies, delivering a range of efficiencies, focusing on retaining customers and winning new business, the business units were able to deliver a financial surplus for the year, with the net impact of the Covid-19 losses being funded corporately by the County Council.

53. The business units have contributed to County Council initiatives and objectives during the year, including climate change, providing and promoting healthy and nutritious meals for school children and offering a range of apprenticeship opportunities. The businesses also supported County Council departments with specific projects, programmes and efficiencies and continued to provide support to the Covid-19 pandemic requirements.

54. 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. The business units operate in a highly competitive marketplace and have dealt effectively with increasing costs, supply chain issues and recruitment difficulties during the year to deliver a successful financial outcome and effective and efficient services to a wide range of customers in Hampshire and surrounding areas.

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 2021/22	17 March 2021

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.)

<u>Document</u>	<u>Location</u>
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 and performance of the Business Services Group for 2021/22 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 protective characteristics.

**CCBS Business Services Group
Final Accounts 2021/22**

Hampshire County Council Catering Services (HC3S)					
	Target	Actuals	Variance	Variance	Surplus as %age of income
	2021/22	2021/22	2021/22	2021/22	2021/22
	£'000	£'000	£'000	%	%
Income	37,711	36,079	(1,632)	-4.3%	
Costs	37,301	34,837	(2,464)	-6.6%	
Surplus / (deficit)	410	1,242	832	228%	3.4%

Hampshire Transport Management (HTM)					
	Target	Actuals	Variance	Variance	Surplus as %age of income
	2021/22	2021/22	2021/22	2021/22	2021/22
	£'000	£'000	£'000	%	%
Income	7,936	8,200	264	3.3%	
Costs	7,916	8,105	189	2.4%	
Surplus / (deficit)	20	95	75	375%	1.2%

County Supplies					
	Target	Actuals	Variance	Variance	Surplus as %age of income
	2021/22	2021/22	2021/22	2021/22	2021/22
	£'000	£'000	£'000	%	%
Income	12,044	11,919	(125)	-1.0%	
Costs	11,637	11,446	(191)	-1.6%	
Surplus / (deficit)	407	473	66	16%	4.0%

Business Services Group					
	Target	Actuals	Variance	Variance	Surplus as %age of income
	2021/22	2021/22	2021/22	2021/22	2021/22
	£'000	£'000	£'000	%	%
Income	57,691	56,198	(1,493)	-2.6%	
Costs	56,854	54,389	(2,465)	-4.3%	
Surplus / (deficit)	837	1,809	972	116%	3.2%

Business Services Group Forecast Accumulated Surpluses (Reserves)	
	(£'000)
Opening Balance as at 1st April 2021	5,328
Actuals for 2021/22	
BSG deficit 2021/22	(298)
Corporate Covid-19 funding	2,107
BSG depreciation & capital charges	176
County Supplies e-commerce system re-procurement	(71)
HTM fleet management system re-procurement	(97)
HC3S school meal income system replacement	(141)
HC3S alternative delivery model - external consultancy	(67)
HC3S kitchen and servery improvements	(23)
HC3S Catering Support Pooled Fund ('20/21 underspend)	(164)
HC3S Catering Support Pooled Fund ('21/22 underspend)	271
Balance as at 31 March 2022	7,021
Commitments for 2022/23	
BSG target surplus 2022/23	775
BSG depreciation & capital charges	195
Traded Services Online & CRM system	(34)
HTM fleet management system re-procurement	(50)
County Supplies e-commerce system re-procurement	(229)
HTM Petersfield workshop refurbishment	(600)
HC3S kitchen and servery improvements	(50)
HC3S training software integration	(14)
HC3S Catering Support Pooled Fund ('20/21 underspend)	(186)
HC3S Catering Support Pooled Fund ('21/22 underspend)	(271)
Forecast balance at 31 March 2023	6,557
Future known commitments	
- HC3S mobile electronic catering devices refresh ('23/24)	(176)
- HTM provision for final year capital charges ('24/25)	(340)
Earmarks and Contingencies (no commitments)	
- BSG contingency (1.25% of '22/23 target turnover)	(712)
- County Supplies roof refurbishment building 3, Bar End	(350)
- County Supplies e-commerce phase 2	(120)
Unallocated Balance	4,859