Cabinet – supplementary agenda

SURREY
COUNTY COUNCIL

Date & time	Place	Contact	Chief Executive
Tuesday, 28 February 2017 at 2.00 pm	Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN	Vicky Hibbert or Anne Gowing Room 122, County Hall Tel 020 8541 9229 or 020 8541 9938 vicky.hibbert@surreycc.gov.uk or anne.gowing@surreycc.gov.uk	David McNulty

We're on Twitter: @SCCdemocracy

Cabinet Members: Mr David Hodge CBE, Mr Peter Martin, Mrs Helyn Clack, Mrs Clare Curran, Mr Mel Few, Mr John Furey, Mr Mike Goodman, Mrs Linda Kemeny, Ms Denise Le Gal and Mr Richard Walsh

Cabinet Associates: Mr Tony Samuels, Mr Tim Evans, Mrs Kay Hammond and Mrs Mary Lewis

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This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Vicky Hibbert or Anne Gowing on 020 8541 9229 or 020 8541 9938.

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12 **FINANCE AND BUDGET MONITORING REPORT TO 31 JANUARY 2017** (Pages 1 - 26)

The Council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the Council’s financial position as at 31 January 2017 (month ten).

Given the large forecast variance reported as at 30 September 2016 and despite the improvement reported as at 31 December 2016, following the series of actions instigated by each service director to get the 2016/17 budget back into balance, I remind members about the seriousness of the financial position.

The annex to this report gives details of the Council’s financial position.

[The decision on this item may be called in by the Council Overview Board]

14 **LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING** (Pages 27 - 30)

To note any delegated decisions taken by the Leader, Deputy Leader and Cabinet Members since the last meeting of the Cabinet.

Annex to be tabled at the meeting.

David McNulty
Chief Executive
Monday, 27 February 2017

SURREY COUNTY COUNCIL

CABINET

DATE: **28 FEBRUARY 2017**

REPORT OF: **MR DAVID HODGE, LEADER OF THE COUNCIL**

LEAD OFFICER: **SHEILA LITTLE, DIRECTOR OF FINANCE**

SUBJECT: **FINANCE AND BUDGET MONITORING REPORT TO 31 JANUARY 2017**

SUMMARY OF ISSUE:

The Council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the Council's financial position as at 31 January 2017 (month ten).

Given the large forecast variance reported as at 30 September 2016 and despite the improvement reported as at 31 December 2016, following the series of actions instigated by each service director to get the 2016/17 budget back into balance, the Section 151 Officer takes the view in her report to Full Council in February on the 2017/18 to 2019/20 budget and medium term financial plan that the financial challenges facing the Council are now even more serious: although short term actions have brought the in-year overspend closer to a balanced budget there, there remain significant underlying consequences for future years. With reserves currently at minimum safe levels in view of the risks facing the council, these should be retained to mitigate that risk.

The annex to this report gives details of the Council's financial position.

RECOMMENDATIONS:

Cabinet is asked to note the following.

1. Forecast revenue budget outturn for 2016/17 is -£3.5m underspend, an improvement from +£1.1m last month (Annex, paragraph 1).

2. Forecast efficiencies and service reductions for 2016/17 is £66.3m, up from £65.1m last month (Annex, paragraph 51).

3. The Section 151 Officer's commentary and the Monitoring Officer's Legal Implications commentary (paragraphs 16 to 22).

Cabinet is asked to approve the following.

4. Reduce the 2016/17 capital budget by £0.3m related to superfast broadband (Annex, paragraph 62).

REASON FOR RECOMMENDATIONS:

This report is presented to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval and action as necessary.

DETAILS:

Revenue budget overview

1. Surrey County Council set its gross expenditure budget for the 2016/17 financial year at £1,686m. A key objective of MTFP 2016-21 is to increase the council's overall financial resilience. As part of this, the Council's 2016/17 budget includes plans to make efficiencies totalling £83m.

2. The budget monitoring report to 30 September 2016 showed an unprecedented forecast year end overspend of +£22.4m. The following actions have been agreed to manage this position with the aim of bringing the 2016/17 budget back into balance by the end of the financial year:

   - the Chief Executive and Director of Finance have agreed a series of actions with service directors and are meeting regularly to review progress;
   - all services are reinforcing an approach to reviewing all spending in year;
   - all services are reviewing service demands with a view to managing more efficiently; and
   - Cabinet will, wherever sensible, not agree further spend commitments until a balanced budget is assured and progress towards a sustainable Medium Term Financial Plan (MTFP) made.

3. The Council aims to smooth resource fluctuations over its five year medium term planning period. To support the 2016/17 budget, Cabinet approved use of £24.8m from the Budget Equalisation Reserve and carry forward of £3.8m to fund continuing planned service commitments. The Council currently has £21.3m in general balances.

4. In January 2017, Cabinet approved the Council's Financial Strategy 2017-20. The Financial Strategy aims to:

   - secure the stewardship of public money;
   - ensure financial sustainability
   - enable the transformation of the council's services and
   - build partnerships to achieve better value outcomes.

Capital budget overview

5. Creating public value by improving outcomes for Surrey's residents is a key element of the Council's corporate vision and is at the heart of MTFP 2016-21's £651m capital programme, which includes £207m spending planned for 2016/17.

Budget monitoring overview

6. The Council's 2016/17 financial year began on 1 April 2016. This budget monitoring report covers the financial position at the end of the tenth month of 2016/17 (31 January 2017). The report focuses on material and significant issues, especially monitoring MTFP efficiencies. The report emphasises proposed actions to resolve any issues.

7. The Council has implemented a risk based approach to budget monitoring across all services. The approach ensures the Council focuses effort on monitoring those higher risk budgets due to their value, volatility or reputational impact.

8. A set of criteria categorise all budgets into high, medium and low risk. The criteria cover:

   - the size of a particular budget within the overall council's budget hierarchy (the range is under £2m to over £10m);
   - budget complexity, which relates to the type of activities and data monitored (this includes the proportion of the budget spent on staffing or fixed contracts - the greater the proportion, the lower the complexity);
   - volatility, which is the relative rate that either actual spend or projected spend moves up and down (volatility risk is considered high if either the current year's projected variance exceeds the previous year's outturn variance, or the projected variance has been greater than 10% on four or more occasions during the current year); and
   - political sensitivity, which is about understanding how politically important the budget is and whether it has an impact on the council's reputation locally or nationally (the greater the sensitivity the higher the risk).

9. Managers with high risk budgets monitor their budgets monthly, whereas managers with low risk budgets monitor their budgets quarterly, or more frequently on an exception basis (if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower).

10. Annex 1 to this report sets out the Council's revenue budget forecast year end outturn as at 31 January 2017. The forecast is based upon year to date income and expenditure and financial year end projections using information available as at 31 January 2017.

11. The report provides explanations for significant variations from the revenue budget, with a focus on efficiency targets. As a guide, a forecast year end variance of greater than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so variances over 2.5% may also be material.

12. Annex 1 to this report also updates Cabinet on the Council's capital budget. Appendix 1 provides details of the MTFP efficiencies, revenue and capital budget movements.

CONSULTATION:

13. All Cabinet Members will have consulted their relevant director or head of service on the financial positions of their portfolios.

RISK MANAGEMENT AND IMPLICATIONS:

14. Risk implications are stated throughout the report and each relevant director or head of service has updated their strategic and or service risk registers accordingly. In addition, the leadership risk register continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council.

Financial and Value for Money Implications

15. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus.

Section 151 Officer Commentary

16. The Section 151 Officer confirms the financial information presented in this report is consistent with the Council's general accounting ledger and forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.

17. In light of the large forecast variance reported as at 30 September 2016 and despite the improvement reported as at 31 December 2016, the Section 151 Officer takes the view expressed in her Budget Report to the Full Council in February 2017 that the financial situation facing the Council is now even more serious.

18. Although short term actions have brought the in-year overspend closer to a balanced budget since September, there remain significant underlying consequences for future years.

19. Furthermore, during 2017/18, the council must deliver already stretching service reduction plans of £93m and identify and deliver an additional £30m permanent service reductions. Plus the council must also deliver sufficient one-off savings to account for any part year effect of delays in achieving the additional £30m new permanent reductions (likely to be significant).

20. With the council's reserves already at minimum safe levels, these should be retained to mitigate against the risk of non-delivery of significant savings targets and not used to balance the 2016/17 or 2017/18 budgets.

21. The Chief Executive and Director of Finance have agreed a series of actions with service directors to recover the position in year and are meeting regularly with the directors to monitor the effectiveness of these actions. Progress will be reported in each subsequent budget monitoring report to Cabinet.

22. As well as these actions to bring the in-year budget back into balance, each directors is reviewing their service approaches to manage down the financial consequences for future years.

Legal Implications – Monitoring Officer

23. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available. In view of the situation reported as at 30 September 2016, Cabinet should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget she must formally draw this to the attention of the Cabinet and Council and they must take immediate steps to ensure a balanced in-year budget.

Equalities and Diversity

24. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary.

WHAT HAPPENS NEXT:

25. The relevant adjustments from the recommendations will be made to the council's accounts.

Contact Officer:
Sheila Little, Director of Finance
020 8541 7012

Consulted:
Cabinet, strategic directors, heads of service.

Annexes:
Annex 1 – Revenue budget, staffing costs, efficiencies, capital programme.
Appendix 1 – Service financial information (revenue and efficiencies), revenue and capital budget movements.

Sources/background papers:
None

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Budget monitoring period ten 2016/17 (January 2017)

Summary recommendations

Cabinet is asked to note the following.

1. Forecast revenue budget outturn for 2016/17 is -£3.5m underspend, an improvement from +£1.1m last month (paragraph 1).
2. Forecast efficiencies and service reductions for 2016/17 is £66.3m, up from £65.1m last month (paragraph 51).
3. The Section 151 Officer's commentary and the Monitoring Officer's Legal Implications commentary (main report, paragraphs 16 to 22).

Cabinet is asked to approve the following.

4. Reduce the 2016/17 capital budget by £0.3m related to superfast broadband (paragraph 62).

Revenue summary

As at 31 January 2017, the council forecasts achieving a -£3.5m underspend at year end.

Following the budget monitoring report to Cabinet in October 2016, which showed a +£22.4m forecast overspend as at 30 September 2016, Cabinet required officers to take effective measures to bring the 2016/17 budget back into balance. This report confirms that the measures taken over the past four months by the Chief Executive and the Director of Finance, with the support of directors have resulted in a -£25.9m improvement in the council's forecast outturn position.

Cabinet has continued to avoid further spending commitments, wherever possible, until it has assurances of a balanced budget for 2017/18 and a sustainable Medium Term Financial Plan (MTFP).

The measures to achieve a balanced budget outturn in 2016/17 have included one-off measures and delays to spend and therefore do not address the fundamental issue of service overspends, particularly in social care. These overspends are driven by: the increased numbers of those who need services, the increased complexity of the needs to be addressed and the increasing costs of meeting those needs. That mix and the levels of savings already achieved, linked with the continuing reduction in central government funding make the longer term financial resilience of the council a serious challenge.

In February 2016 Surrey County Council set its £1,686m revenue gross expenditure budget for the 2016/17 financial year. The 2016/17 budget includes measures determined at short notice aimed at mitigating the impact of the shock funding reduction by Government. A key objective of MTFP 2016-21 is to increase the council's overall financial resilience. This plan includes making efficiencies totalling £82.9m during 2016/17. As at 31 January 2017, the council forecasts achieving £66.3m efficiencies.

The cost reductions the council has achieved in 2016/17 are largely due to spending delays and one off savings measures. These short term actions do not remove the continuing pressures on the council's financial position shown by the £17m shortfall against its planned efficiencies. Significant underlying consequences of this shortfall remain for future years. For example, despite improvement in its forecast outturn again this month, Adult Social Care still carries a £19m shortfall against its planned ongoing savings (plus £2m planned one off savings) and the underlying effect will continue into 2017/18.

The Section 151 Officer expressed the view in her Annex to the Budget Report to Full County Council in February 2017 that the risks to the council's financial situation have become even more serious in the last year. During 2017/18, the council must deliver already stretching service reduction plans of £93m, plus it must identify and deliver an additional £30m permanent service reductions. Furthermore, the council must also deliver sufficient one-off savings to cover any part year effect of delays in achieving the additional £30m new permanent reductions. This total is also likely to be significant.

The forecast underspend mainly relates to +£25.5m demand increases affecting the council's main social care services to adults and children, offset by reductions in other services.

- +£15.8m overspend in Adult Social Care (-£1.9m change) largely due to demand and price pressures preventing the service from achieving its demanding £55m savings target (paragraphs 10 to 18); and
- +£9.7m overspend in Children's Services (+£0.4m change) due to demand (paragraphs 19 to 21).
- -£3.0m underspend in Schools & SEND (Special Educational Needs & Disabilities) (-£0.4m change) largely due to underspends on centrally held budgets (paragraphs 22 and 24);
- -£0.1m underspend in Commissioning & Prevention within Children, Schools & Families directorate (-£0.3m change) (paragraph 25);
- -£15.4m net underspend in Central Income & Expenditure and Local Taxation (-£0.3m change) from revisions to minimum revenue provision (MRP), higher Investment Strategy income, reduced interest charges and deferral of some business rates income (paragraphs 26 to 28 and 31);
- -£3.4m additional savings in Property (-£0.9m change) (paragraph 29); and
- -£1.7m additional savings from the council's contribution to the Orbis Joint Operating Budget (-£0.1m change) (paragraph 30).

This report also outlines areas for Cabinet to be aware of in: Environment & Planning, Highways & Transport, Finance and potential carry forward requests (paragraphs 33 to 38).

To support 2016/17, Cabinet approved use of £24.8m reserves and £3.9m carry forward to fund continuing planned service commitments. The council has £21.3m general balances.

Capital summary

Creating public value by improving outcomes for Surrey's residents is a key element of Surrey County Council's corporate vision and it is at the heart of its £638m capital programme in MTFP 2016-21. As at 31 January 2017, services forecast spending £129m against the £142m current 2016/17 budget

As part of increasing the council's overall financial resilience, it plans £115m net investment in long term capital investment assets in 2016/17 (paragraphs 60 and 61). This means total capital spending, including long term investments, will be £244m in 2016/17.

Revenue budget

Overview

1. As at 31 January 2017, the forecast year end budget variance is -£3.5m underspend (down from +£1.1m as at 31 December 2016).

2. The overall forecast underspend is mainly due to +£25.5m overspends in social care of: +£15.8m in Adult Social Care, and +£9.7m in Children's Services. These are offset by the following underspends: -£15.3m in Central Income & Expenditure, -£3.4m in Property Services, -£1.7m against the Orbis Joint Operating Budget, -£3.0m in Schools & SEND, and -£5.6m from other smaller underspends.

3. While the forecast outturn position is underspent, the underlying forecast budget variance remains significant. The Section 151 Officer now takes the view that the council's financial situation has become even more serious in the last year. The cost, demand (such as the growth across the whole health and social care system in Surrey and care for looked after children) and funding pressures the council had expected to face from 2017/18 onwards are already having significant and detrimental impact on the council's finances in 2016/17.

4. The following actions have been agreed to manage this position with the aim of bringing the budget back into balance by the end of the financial year:

   - the Chief Executive and Director of Finance have agreed a series of actions with service directors and are meeting regularly to review progress;
   - all services are delaying planned spending in year;
   - all services are reviewing all options to identify how they can manage service demands more effectively; and
   - Cabinet will, wherever sensible, not agree further spend commitments until a balanced budget is assured and progress towards a sustainable MTFP made.

5. All services have committed to reduce expenditure including:

   - freezing recruitment where possible;
   - reducing meetings and attendance at meetings to bring down travel costs;
   - avoiding or reducing all administrative costs such as printing, venue hire, IT equipment, telephony etc.

Revenue budget monitoring position

6. Table 1 summarises the council's year to date and forecast year end gross income and expenditure positions compared to the full year revised budget. The full year revised net expenditure budget to be met from reserves is £24.8m. Table App1 in the appendix outlines the updated revenue budget by service after in year budget virements and carry forward of budgets from the 2015/16 financial year.

7. Table 1 shows the actual year to date total net expenditure is £24.2m. This compares to the profiled, budgeted year to date net expenditure of £34.2m.The difference between the two is -£10.0m year to date underspend (down from -£11.3m underspend as at 31 December 2016). Table App3 in the appendix shows more detail.

Table 1: 2016/17 revenue budget subjective summary as at 31 January 2017

Subjective summary	Full year revised budget £m	YTD actual £m	Full year projection £m	Full year variance £m
Gross income	-1,653.0	-1,379.2	-1,662.9	-9.9
Gross expenditure	1,677.8	1,403.4	1,684.2	6.4
Total net expenditure	24.8	*24.2	21.3	-3.5

Note: * Profiled year to date net budget is £34.2m compared to actual net expenditure of £24.2m
All numbers have been rounded - which might cause a casting difference

8. In March 2016, Cabinet approved the council's 2016/17 revenue expenditure budget at £1,686.0m. Changes in the first ten months of 2016/17 to reflect agreed carry forwards and other budgetary adjustments, reduced the expenditure budget as at 31 January 2017 to £1,677.8m. Table 2 shows the updated budget, including services' net expenditure budgets (gross expenditure less income from specific grants and fees, charges and reimbursements) and funding of -£672.2m from local taxation and £24.8m from reserves.

9. Table 2 shows the revenue budget position analysed by services and the council's general funding sources. For each service, Table 2 shows the net expenditure position (gross expenditure less income from specific grants and fees, charges and reimbursements). The council's general funding sources include general government grants, local taxation (council tax and business rates) and planned use of reserves.

Table 2: 2016/17 updated revenue budget forecast as at 31 January 2017

Service	Full year revised budget £m	YTD actual £m	Full year projection £m	Full year variance £m
Economic Growth	1.7	0.8	1.1	-0.6
Strategic Leadership	1.0	0.8	0.9	-0.1
Adult Social Care	367.4	319.6	383.2	15.8
Children's and Safeguarding services	94.8	85.0	104.5	9.7
Commissioning & Prevention	40.7	31.6	40.4	-0.3
Schools & SEND (Special Educational Needs & Disabilities)	63.2	49.3	60.2	-3.0
Delegated Schools	0.0	0.0	0.0	0.0
Community Partnership & Safety	3.7	2.3	2.9	-0.8
Coroner	1.8	1.3	1.6	-0.2
Cultural Services	9.6	7.4	9.1	-0.5
Customer Services	3.5	2.7	3.3	-0.2
C&C Directorate Support	1.0	0.7	0.9	-0.1
Emergency Management	0.5	0.4	0.4	-0.1
Surrey Fire & Rescue Service	33.1	27.7	32.9	-0.2
Trading Standards	2.0	1.5	1.9	-0.1
Environment & Planning	79.6	67.3	80.5	0.9
Highways & Transport	45.4	36.3	44.4	-1.0
Public Health	0.3	0.3	0.6	0.3
Central Income & Expenditure	54.8	26.3	39.5	-15.3
Communications	2.2	1.7	2.2	0.0
Finance	3.1	2.0	2.3	-0.8
Human Resources & Organisational Development	4.3	2.9	3.5	-0.8
Information Management & Technology	13.2	9.7	12.6	-0.6
Democratic Services	3.9	3.2	4.0	0.1
Legal Services	4.5	3.7	4.4	-0.1
Strategy & Performance	1.8	1.3	1.6	-0.2
Procurement	0.9	0.7	0.8	-0.1
Property	21.0	13.5	17.6	-3.4
Orbis Joint Operating Budget	38.2	29.4	36.5	-1.7
Business Operations	-0.1	0.2	-0.1	0.0
Total services' net revenue expenditure	**897.1**	**729.6**	**893.7**	**-3.4**
General funding sources				
General Government grants	-200.1	-165.8	-200.1	0.0
Local taxation (council tax and business rates)	-672.2	-539.6	-672.3	-0.1
Total general funding	**-872.3**	**-705.4**	**-872.4**	**-0.1**
Total movement in reserves	**24.8**	**24.2**	**21.3**	**-3.5**

Note: All numbers have been rounded - which might cause a casting difference

Significant revenue budget variances

Adult Social Care - +£15.8m overspend (-£1.9m change since 31 December 2016)

10. Adult Social Care (ASC) forecasts +£15.8m year end overspend. The -£1.9m improvement in ASC's forecast overspend is mainly due to service reductions and additional fees and charges. Savings and reductions in pressures made a smaller contribution to the improved position.

11. The remaining forecast overspend is still very significant and almost entirely due to failure to achieve the ambitious additional savings budgeted for 2016/17 over and above the level of savings that ASC has typically achieved in recent years. Seismic change to demand growth and large scale service redesign were required for ASC to

achieve these additional savings in such a short amount of time. Huge effort continues to progress health and social care integration, which will improve both the cost and quality of service delivery in the long term. However this is not yet reducing demand, indeed demand continues to grow in terms of hospital admissions and social care packages. When combined with the need to pay higher prices for social care provision to maintain market sustainability (particularly since the introduction of the National Living Wage) it has not been possible to achieve this scale of additional savings in the timescale required.

12. Demand in most of the key service areas which support the highest volume of individuals has continued to rise compared to the budgeted demand, resulting in significant service pressures. In addition, demand growth was most significant in the first half of the financial year which has the greatest cost impact on this year's budget.

13. It is evident adult social care requires a new funding model to be sustainable. In September 2016, the Kings Fund estimated the national social care funding gap will rise to between £2.8bn and £3.5bn by 2019/20 without funding reform. The council is actively making the case to government for additional social care funding and this year's forecast outturn position is a stark indication of the scale of financial pressure if the government does not provide local authorities a means for additional funding.

14. ASC's action plan to reduce its 2016/17overspend includes the following measures.

- Reduce demand through a more robust assessment process across three areas:
    - work closely with CCGs (clinical commissioning groups) to manage care services for older people at a locality level, with renewed emphasis on managing demand within budgetary constraints;
    - specialised assessors and managers will manage care packages for people aged 18-64 with physical & sensory disabilities and with learning disabilities;
    - robustly manage the Transition 18-25 budget for individuals moving from Children's or education services to ensure best value in all new care packages.

- Continue emphasis on maximising income following implementation of the new charging policy.

15. Initial modelling indicates that these measures could bring down the ASC overspend reported in September by £4-5m.

16. As at 31 January 2017, ASC has reduced care costs by -£2.6m and forecasts raising -£1.5m additional fees & charges income for this year. This represents -£4.1m towards the £4-5m target to reduce the overspend.

17. The principal reason for the forecast overspend is +£20.9m forecast shortfall against ASC's savings target (of which +£18.7m is a shortfall against ongoing savings) adding pressure to the budget as described below.

- +£10.4m from the Family, Friends & Community (FFC) programme, which continues to face challenges in reducing the cost of new care packages in the context of increasing price pressures in the market and (as in previous years) not fully achieving the 20% stretch savings target. FFC also forecasts a +£2m shortfall on direct payment reclaims.

- +£5.9m from the high rate of demand growth across the whole health and social care system in Surrey is preventing delivery of savings from demand management and from a shift in the care pathway for older people.
- +£2.3m from ASC's contracts & grants review's budgeted 50% expenditure reductions. After completing impact assessments, ASC decided implementing the savings fully would impinge on delivery of statutory duties, leave some people at risk and potentially lead to higher medium term costs. ASC identified -£3.5m savings against the -£5.8m target, leaving a +£2.3m pressure on the ASC budget.
- +£0.5m from the considerable work continues on health and social care integration, within which the development of Sustainability and Transformation Plans is shifting the focus, nature and timing of the planned 2016/17 savings.
- +£0.3m from implementation of the pay & reward proposals reducing forecast staff turnover savings.
- +£1.5m from underachievement against other savings plans affected by the continued demand growth.

18. In addition to these challenges with its savings plans, ASC's other variances that reduce the overall forecast overspend to +£15.8m are:

- +£1.3m increased contractual commitments for the provision of some services;
- -£2.3m lower costs of conducting Deprivation of Liberty Safeguard (DoLS) assessments;
- -£1.5m increased fees & charges from the increase in demand and the change in the charging policy; and
- -£2.6m reduction in the spot care forecasts from actions as part of implementing the new system and gatekeeping access to services.

Children's Services - +£9.7m overspend (+£0.4m change since 31 December 2016)

19. Children's Services estimates an overspend of +£9.7m as at 31 January 2017, an increase of +£0.4m since 31 December 2016. This increased forecast overspend is mainly due to external placements for looked after children.

20. Improvements such as investment in Child and Adolescent Mental Health Service (CAMHS) and creating a Multi Agency Safeguarding Hub (MASH) are progressing with the intention of reducing longer term demand. However demand for services, particularly care for looked after children (LAC) and unaccompanied asylum seekers continues to exceed that planned. As at 31 January 2017, the number of LAC was 903. This higher than average level is leading to budget pressures.

- +£2.4m need for social work capacity due to higher demand, including cost pressure for 20 more posts than budgeted and from the large number of locums (77 at 31 January 2017, compared to 78 at 31 December 2016). On average, each locum costs £20,000 a year more than permanent staff.
- +£3.6m additional placement costs for the 224 children currently in ongoing placements compared to the 204 budgeted. Within this: demand for much more expensive residential placements (average cost £206,000 a week, more than four times the average cost of external foster placements) is currently higher (68) than planned (46); and the number of residential family assessment placements (average cost £36,000 each) is 25 for the year to 31 January 2017, compared to 12 budgeted for the whole year. Children's services had anticipated the number of

external residential and external fostering placements would reduce over the remainder of the year in line with previous years. This has not happened as expected, increasing the pressures against this budget further.

- +£2.1m cost of care for a high level of asylum seeking children following demand increases over the past 18 months. With world events, these are not expected to fall. The Home Office has increased the level of funding. However, this only applies to new cases from 1 July 2016. A thorough review of the forecast by Children's Services confirmed the cost of unaccompanied asylum seeking children has risen by 7% since 2015/16 and the costs for those over 18 has increased by +£0.5m due to the number of young people continuing in their external fostering placement in line with the Government's "staying put" initiative.
- +£1.0m greater demand for services to support children with disabilities, particularly care packages.

21. Also +£0.8m additional resources have been required for the MASH. The MASH began operation in October and additional staff have been needed to manage demand as new approaches and processes bed in. The resources needed to operate the MASH are being reviewed in the context of the wider social care system.

Schools & SEND - -3.0m underspend (-£0.4m change since 31 December 2016)

22. Overall Schools & SEND (Special Educational Needs and Disabilities) forecasts to underspend by -£3.0m as at 31 January 2017. This is continuing reduction is mainly due to an improvement in the position of Commercial Services.

23. Following the Dedicated Schools Grant (DSG) funding settlement for 2017/18, Schools & SEND plan to manage the significant pressures on the Early Years and High Needs blocks within DSG in 2016/17 and 2017/18. Schools & SEND will monitor these budgets closely as the risk remains that DSG funding may not be enough to meet all of the pressure.

24. Within the overall Schools & SEND forecast underspend position, the significant forecast variances include:

- +£1.0m overspend on transport overall, with +£1.2m SEND transport, +£0.3m overspend on alternative provision and -£0.5m underspend on mainstream transport;
- +£0.7m overspend on the social care element of external residential education placements reflecting the ongoing pressure on placement budgets across social care and education;
- -£3.0m underspend on centrally held budgets; and
- -£0.9m contribution to overheads by Commercial Services.

Commissioning & Prevention - -£0.3m underspend (-£0.2m change since 31 December 2016)

25. Commissioning & Prevention forecasts -£0.3m underspend as at 31 January 2017. The main reasons for this include the following.

- -£1.3m planned investment in Early Help is unlikely to be spent fully in 2016/17.
- -£0.5m lower costs from careful management of vacancies in the central transformation team.

- +£1.2m expenditure on free early education for two year olds in excess of the grant funding available from DSG.
- +£0.4m additional staffing to support work with Children in Need as part of the Children's Service improvement plan.
- +£0.2m shortfall on SOLD's (Surrey Outdoor Learning Development) stretch income target.

Central Income & Expenditure - -£15.3m underspend (-£1.7m since 31 December 2016)

26. Central Income & Expenditure forecasts -£15.3m year end underspend. The main reason for the improvement is forecast interest rates are to stay lower for longer than anticipated and the requirement to borrow in advance of need is considered unlikely, leading to a further projected underspending of -£1.8m.

27. -£8.8m is due to a change in the council's minimum revenue provision (MRP) for amounts set aside for repayment of loans. The changes are consistent with the council's approved policy and realise significant short to medium term savings.

28. The remaining underspend is mainly due to forecast savings on the interest payable budget, including: -£3.9m additional contributions from the Investment Strategy, as new investments undertaken since setting the MTFP budget have led to increased income; -£1.2m savings from minimising cash balances and using internal cash to fund capital expenditure and -£1.8m from lower interest rates.

Property Services - -£3.4m (-£0.9m change since 31 December 2016)

29. Property's forecast -£3.4m underspend largely as a consequence of the decision to stop some spend, such as building maintenance, with the plan to reprioritise the maintenance programme over several years. However there is a risk that reactive maintenance spend may be higher than forecast due to unforeseen weather conditions.

Orbis Joint Operating Budget - -£1.7m (-£0.1 change since 31 December 2016)

30. Orbis Joint Operating Budget services are on track to deliver £1.2m efficiencies in 2016/17 and continue to review their costs and income to deliver a further challenging £3.9m next year. Services are holding vacancies and managing non staffing costs ahead of the savings required in 2017/18. As a result Orbis Joint Operating Budget in total is likely to deliver £2.4m of 2017/18's savings early and -£0.2m one off savings, so the council's 70% contribution to Orbis will be -£1.7m lower than budgeted.

Local taxation - -£0.1m (+£1.4m change since 31 December 2016)

31. The change in local taxation's forecast underspend is because the council will receive business rates pool income due from the final 2015/16 business rates receipts in 2017/18, not 2016/17.

Areas to be aware

32. At this point in the financial year, services may still encounter issues, which could present risks to their 2016/17 outturn positions.

Environment & Planning

33. Environment & Planning currently forecasts +£0.9m overspend primarily against the Waste budget. Some savings have been delayed (e.g. introduction of charges for some non-household waste at community recycling centres and contract cost reductions). Other smaller financial pressures within Environment & Planning include bus contract costs, Countryside management and shortfalls against some savings plans. The forecast overspend takes account of steps taken during the year to reduce costs in order to offset these pressures, including delaying or stopping recruitment and maximising income.

Highways & Transport

34. Pressures totalling +£1.6m exist across the Highways & Transport service including delayed implementation of savings, increased street lighting energy costs following the introduction of a new pricing tariff, increased drainage maintenance costs, and higher than budgeted insurance claim costs. A number of measures have been agreed to offset these pressures and these are expected to create a -£1.0m underspend this financial year, including maximising income, delaying or stopping recruitment, and deferring non-essential works and equipment purchases.

Finance

35. Finance’s forecast underspend follows a review of its services. As a result of reduced costs and volume of insurance claims it will reduce its contribution to the insurance reserve by -£0.8m. This is an ongoing saving.

Potential carry forward requests

36. The interest payable budget includes expenditure on the New Homes Bonus grant for infrastructure projects. A further -£2m of this funding may be unused at year end. If this underspend materialises, Central Income & Expenditure will request a carry forward to 2017/18.

37. Redundancies due to service restructuring plans to meet MTFP savings have been lower in 2016/17 that initially anticipated. This budget is difficult to predict and the number of redundancies is expected to be weighted towards the year end. Consequently, it might underspend by approximately -£1.9m. If this materialises Central Income & Expenditure will request a carry forward to 2017/18.

38. The Community Improvements Fund and Member allocations have committed expenditure of £0.4m and £0.1m respectively that will not be incurred until the next financial year. These areas intend to request carry forwards to 2017/18.

39. Funds were returned to the council from Surrey Connects in 2014/15. These were carried forward into 2015/16 with the remaining balance subsequently carried forward into 2016/17, while an investment plan was developed. It is projected that £157,000 of funding will remain at year end, of which the Economic Development team intends to request to carry forward £115,000.

Revolving Infrastructure & Investment Fund

40. Table 3 shows net income of £1.8m is being generated this year by the joint venture project to deliver regeneration in Woking town centre, various property acquisitions which have been made for future service delivery or regeneration and the Halsey Garton Property group. It is anticipated that the net income will be transferred to the Revolving Infrastructure & Investment Fund at the year-end. However the option to utilise the income against the current year position is being considered.

41. The net revenue income is reported after the deduction of assumed funding costs. The council may fund its capital expenditure through the use of its reserves, capital receipts and prudential borrowing. As the council does not hypothecate these funding sources against individual projects or acquisitions, we assume that all the council's activities in progressing the Investment Strategy will increase the requirement to borrow. All investments are therefore required to demonstrate a return in excess of the assumed cost of capital which is calculated with reference to assumptions made in the MTFP and adjusted if required in accordance with market conditions. As a result of changes in the treasury management strategy, the reduction in base rates since August 2016 and the expectation of continued low long-term interest rates, the assumed funding rate has reduced leading to an increase in the overall return.

42. The assumed cost of capital is charged to each individual investment in a similar way to an inter-company charge with the credit entry recorded within the Central Income & Expenditure account. As the council has made extensive use of cash resources rather than borrowing this year, an underspend on interest payable is reported in the monitoring under the Central Income & Expenditure heading.

43. Net capital expenditure this year includes equity investment and loans to the Halsey Garton Property group, development of the former Thales site in Crawley and a capital receipt from the sale of an office asset in the portfolio. Loans to Woking Bandstand have now been repaid in full as the project moves into its second phase. The forecast excludes proposals going to Cabinet in February – they will be added next month assuming they are approved.

Table 3: Summary revenue and capital position as at 31 January 2017

Revenue	**YTD actual £m**	**Full year forecast £m**
Income	-7.3	-9.7
Expenditure	0.2	0.4
Net income before funding	-7.1	-9.3
Funding costs	6.1	7.5
Net revenue income after funding	-1.0	-1.8
Capital expenditure	113.5	115.0

Note: All numbers have been rounded - which might cause a casting difference

12

Staffing costs

44. The council employs three categories of staff.

- Contracted staff employed on a permanent or fixed term basis and paid through the council's payroll. These staff are contracted to work full time, or part time.
- Bank staff are contracted to the council and paid through the payroll but have no guaranteed hours.
- Agency staff employed through an agency with which the council has a contract.

45. Bank and agency staff enable managers to manage short term variations in service demand, or contracted staff vacancies. This is particularly the case in social care. Some flexibility in the staffing budget is sensible, as it allows the council to vary a portion of staffing costs.

46. The council sets its staffing budget on the estimated labour needed to deliver its services. It expresses this as budgeted full time equivalent (FTEs) staff and converts it to a cost for the budget. The budget includes spending on all three categories of staff and is the key control in managing staffing expenditure. The council's full year staffing budget for 2016/17 is currently £277.8m based on 7,145 budgeted FTEs.

47. The council has 677 vacancies, measured as the difference between budgeted and occupied FTEs. It is recruiting for 375 of these vacancies (down from 424 last month). 277 of these live vacancies are in social care (down from 279 last month).

Table 4: Full time equivalents in post and vacancies as at 31 January 2017

	FTE
Budget	7,145
Occupied contracted FTEs	6,468
FTE vacancies (budget less occupied FTEs)	677
Live vacancies (i.e. actively recruiting)	375

48. Table 5 shows staffing cost as at 31 January 2017 against service budgets and analysed among the three staff categories of contracted, bank and agency staff. Table 5 also shows services' budgeted FTEs. Budget variances can arise for several reasons including: the budget for some FTEs is held in a different service from where the postholder works in the organisation (for example the HR&OD budget covers apprentices' costs, but the occupied FTEs appear in the services where the apprentices work); secondees' budgeted posts appear in the seconding service, but the occupied FTE appears in the service they are seconded to (or not at all if the secondment is to an external body). The income from recharges for secondments is within services' other income.

49. Agency or bank staff often cover vacancies on a temporary basis. The number of temporary staff does not translate easily into an FTE number as these may be for a few hours only, part time etc. The easiest measure for monitoring staffing is cost, using the total expenditure and variance shown in Table 5 and the Staffing expenditure line in Table App3 in the appendix.

50. Table 5 shows the year to date budget as at 31 January 2017 is £230.6m and expenditure incurred is £231.2m. Table App 3 shows +£0.7m overspend at year to date on employment costs and services forecast a balanced position at year end.

Table 5: Staffing costs and FTEs to 31 January 2017

		<------- Staffing spend by category -------->						
Service	**YTD staff budget £m**	**Contracted £m**	**Agency £m**	**Bank & casual £m**	**Total £m**	**Variance £m**	**Amended Budgeted FTE**	**Occupied contracted FTEs**
Strategic Leadership	0.8	0.7	0.0	0.0	0.7	-0.1	*10*	7
Adult Social Care	50.9	47.9	2.3	1.6	51.7	0.8	*1,860*	1,538
Children, Schools & Families [1]	97.7	89.1	6.9	3.8	99.8	2.0	*2,951*	2,799
Community Partnership & Safety	1.0	1.0	0.0	0.0	1.0	0.0	*25*	24
Coroner	0.3	0.2	0.2	0.0	0.4	0.1	*2*	2
Cultural Services	15.7	14.1	0.0	1.3	15.5	-0.2	*529*	527
C&C Directorate Support	0.9	0.8	0.0	0.0	0.8	0.0	*26*	24
Emergency Management	0.4	0.4	0.0	0.0	0.4	0.0	*12*	10
Surrey Fire & Rescue Service	23.1	22.2	0.1	1.3	23.6	0.5	*648*	585
Trading Standards	2.7	2.4	0.1	0.0	2.5	-0.2	*75*	61
Environment & Planning	7.8	7.5	0.1	0.2	7.7	-0.1	*215*	193
Highways & Transport	13.3	11.4	0.2	0.1	11.7	-1.6	*370*	315
Public Health	2.0	2.0	0.0	0.0	2.0	0.0	*48*	41
Central Income & Expenditure	0.0	0.1	0.0	0.0	0.1	0.1	*0*	0
Communications	1.1	1.0	0.1	0.0	1.1	0.0	*27*	28
Customer Services	2.9	2.6	0.2	0.0	2.8	-0.1	*107*	97
Legal & Democratic Services	4.5	4.1	0.1	0.0	4.2	-0.3	*129*	110
Strategy & Performance	1.7	1.7	0.0	0.0	1.7	0.0	*27*	27
Orbis Joint Operating Budget and Business Services [2]	3.7	3.2	0.3	0.1	3.5	-0.2	*84*	80
Service net budget	**230.7**	**212.2**	**10.8**	**8.4**	**231.4**	**0.7**	***7,145***	***6,468***

Note: All numbers have been rounded - which might cause a casting difference

1 - Children, Schools & Families' FTEs include: Children's & Safeguarding, Commissioning & Prevention, Schools & SEND and Delegated Schools

2 - The Orbis Joint Operating Budget is formally delegated to the Joint Operating Committee for management (including staffing), as such the council's monitoring only reports its contribution to the joint budget. The cost of staff that are managed by the partnership but sit outside of the Joint Operating Budget is reported in the table above (for example staff delivering the Local Assistance Scheme).

Efficiencies

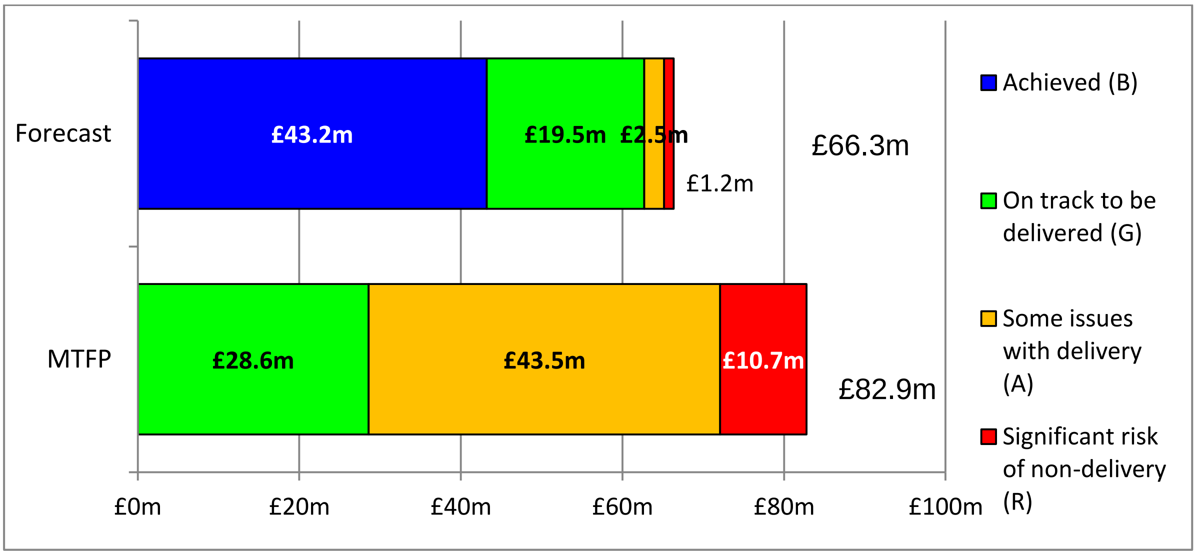
51. MTFP 2016-21 incorporates £82.9m efficiencies in 2016/17. Council services currently forecast to achieve £66.3m of this target (£1.2m improvement since 31 December 2016). This represents a £16.6m shortfall overall.

52. Services review progress with their efficiency plans to assess:

- the extent of each efficiency's deliverability,
- the risks to delivery and
- the value of the savings they will achieve.

53. Figure 1 summarises services' overall efficiency targets, their forecasts for achieving the efficiencies and the risks to achieving them.

Figure 1: 2016/17 overall risk rated efficiencies as at 31 January 2017

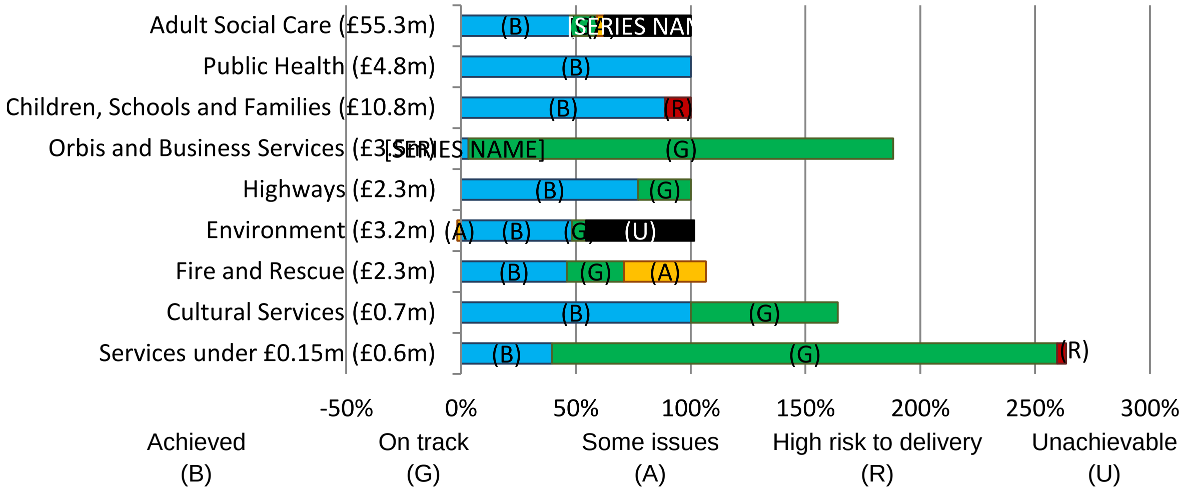


54. Each service's assessment of its progress on achieving efficiencies uses the following risk rating basis:

- RED – significant or high risk of saving not being achieved, as there are barriers preventing the necessary actions to achieve the saving taking place;
- AMBER - a risk of saving not being achieved as there are potential barriers preventing the necessary actions to achieve the saving taking place;
- GREEN – plans in place to take the actions to achieve the saving;
- BLUE – the action has been taken to achieve the saving.

55. Figure 2 overleaf, shows services' risk ratings for achieving their efficiencies.

Figure 2: 2016/17 efficiencies risk ratings by service as at 31 January 2017



56. As at 31 January 2017, the main significant variations in services' progress against their MTFP 2016-21 efficiencies & service reductions were as follows.

- £20.9m shortfall in Adult Social Care is unachievable due to issues affecting savings planned from: Friends, Family & Community programme, demand management, health and social care integration, staff turnover and optimising transition as outlined in paragraph 15.
- £1.5m shortfall in Environment & Planning, primarily Waste Management, where the introduction of charges for non-household waste at community recycling centres was delayed, and waste contract savings have not yet been secured.

12

Capital budget

57. The council demonstrated its firm long term commitment to supporting Surrey's economy by setting a £638m 2016-21 MTFP capital programme.

58. Cabinet approved the original capital expenditure budget for 2016/17 at £194.4m and carry forward of £13.0m scheme budgets requested in the 2015/16 Outturn report. Cabinet approved -£55.8m reprofiling from the 2016/17 capital budget into the remaining years of the capital programme in July 2016 and £4.8m for the Fire Service joint transport transformation project in October 2016. In December 2016, £12.3m further reprofilings were approved as follows: £10.7m Highways Local Growth Fund, £0.8m Highway Maintenance and £0.8m Property Fire replacement. Table App 4 shows as at 31 January 2017, capital virements totalled £7.1m.

59. Table 6 shows the derivation of the current year capital expenditure budget from the MTFP budget.

Table 6: Capital expenditure budget 2016/17 as at 31 January 2017

	MTFP budget £m	2015/16 budget c/fwd £m	Budget virement £m	Reprofile £m	Current full year budget £m
School basic need	**75.6**	-8.1	0.0	-34.2	**33.2**
Highways recurring programme	**58.1**	-0.2	-11.7	0.0	**46.2**
Property & IT recurring programme	**25.8**	5.2	-0.4	0.5	**31.2**
Other capital projects	**34.9**	16.0	7.0	-27.0	**30.9**
Service capital programme	**194.4**	13.0	-5.1	-60.7	**141.5**
Long term investments					**0.0**
Overall capital programme	**194.4**	**13.0**	**-5.1**	**-60.7**	**141.5**

Note: All numbers have been rounded - which might cause a casting difference

60. Table 7 compares the current full year overall capital programme budget of £141.5m to the current forecast expenditure for the service capital programme of £128.8m and the current forecast expenditure for the overall capital programme, including long term investments, of £244.5m.

Table 7: Forecast capital expenditure 2016/17 as at 31 January 2017

	Current full year budget £m	Apr - Jan actual £m	Feb - Mar projection £m	Full year forecast £m	Full year variance £m
Schools basic need	**33.2**	29.1	4.2	**33.2**	0.0
Highways recurring programme	**46.2**	33.3	13.4	**46.7**	0.5
Property & IT recurring programme	**31.2**	19.7	6.0	**25.7**	-5.5
Other capital projects	**30.9**	16.2	7.0	**23.2**	-7.7
Service capital programme	**141.5**	**98.3**	**30.6**	**128.8**	**-12.7**
Long term investments	**0.0**	113.5	1.5	**115.0**	115.0
Overall capital programme	**141.5**	**211.8**	**32.1**	**243.8**	**102.3**

Note: All numbers have been rounded - which might cause a casting difference

61. Approved Investment Strategy spending is expected to be £115.0m in 2016/17 (as outlined in paragraphs 40 to 43) and total capital expenditure £244.5m. There are no significant variances to the current service capital programme.

Capital virements

62. Superfast broadband forecasts -£0.3m underspend. In December 2016 Cabinet decided to deploy superfast broadband infrastructure further. To continue funding the associated project team costs needs this balance to be reprofiled into future years.

12

Appendix to Annex

Updated budget - revenue

App 1. The council's 2016/17 revenue expenditure budget was initially approved at £1,686.0m. Adding virement changes in the first ten months of 2016/17 decreased the expenditure budget as at 31 January 2017 to £1,677.8m. Table 1 summarises the updated budget, Table App1 shows the original and updated income and expenditure budgets by service, including the overall net expenditure the council plans to meet from reserves.

Table App1: 2016/17 updated revenue budget as at 31 January 2017

	MTFP income £m	Carry fwds & internal movements £m	Approved income £m	MTFP expenditure £m	Carry fwds & internal movements £m	Approved expenditure £m	Updated net expenditure budget £m
Economic Growth	0.0	0.0	0.0	1.7	0.0	1.7	1.7
Strategic Leadership	0.0	0.0	0.0	1.0	0.0	1.0	1.0
Adult Social Care	-60.9	-10.1	-71.1	429.5	8.9	438.6	367.4
Children, Schools & Families	-167.7	2.3	-165.4	365.3	-1.3	364.0	198.7
Delegated Schools	-457.7	13.1	-444.5	457.7	-13.1	444.5	0.0
Community Partnership & Safety	-0.2	0.0	-0.2	3.0	0.9	3.9	3.7
Coroner	0.0	0.0	0.0	1.8	0.0	1.8	1.8
Cultural Services	-13.1	0.1	-13.1	22.7	0.0	22.7	9.6
Customer Services	-0.1	0.0	-0.1	3.6	0.0	3.6	3.5
Directorate Support	-0.1	0.0	-0.1	1.1	0.1	1.1	1.0
Emergency Management	0.0	0.0	0.0	0.5	0.0	0.6	0.5
Surrey Fire & Rescue Service	-13.6	-0.9	-14.5	46.8	0.9	47.7	33.1
Trading Standards	-1.7	0.0	-1.7	3.7	0.0	3.7	2.0
Environment & Planning	-6.5	-2.1	-8.7	86.3	2.0	88.2	79.6
Highways & Transport	-7.6	-0.1	-7.6	51.9	1.1	53.0	45.4
Public Health	-38.5	0.0	-38.5	38.8	0.0	38.8	0.3
Central Income & Expenditure	-0.5	-0.3	-0.8	60.0	0.0	57.8	54.8
Communications	0.0	0.0	0.0	2.0	0.2	2.2	2.2
Orbis - Joint and Managed	-17.2	6.2	-11.0	97.7	-6.2	91.6	80.6
Legal & Democratic Services	-0.5	0.0	-0.5	9.0	0.0	9.0	8.4
Strategy & Performance	-0.8	0.0	-0.8	1.9	0.6	2.5	1.8
Service total	-786.7	6.0	-780.7	1,686.0	-8.2	1,677.8	897.1
Government grants	-202.3	2.2	-200.1			0.0	-200.1
Local taxation	-672.2	0.0	-672.2		0.0	0.0	-672.2
Grand total	**-1,661.2**	**8.2**	**-1,653.0**	**1,686.0**	**-8.2**	**1,677.8**	**24.8**

Note: All numbers have been rounded - which might cause a casting difference

App 2. When the County Council agreed the MTFP in February 2016, some government departments had not determined the final amount for some grants. Cabinet agreed the principle that services would estimate their likely grant and services' revenue budgets would reflect any changes in the final amounts, whether higher or lower.

App 3. To control their budgets during the year, managers occasionally need to transfer, or vire budgets from one area to another. In most cases these are administrative or technical in nature, or of a value the Director of Finance can approve. Virements above £500,000 require the relevant Cabinet Member's approval. There were two virements above £500,000 in the first ten months of 2016/17, none in January.

App 4. Table App 2 summarises the movements to the revenue expenditure budget.

Table App 2: 2016/17 revenue expenditure budget movements as at 31 January 2017

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m	Virement count
MTFP	-1,661.2	1,686.0		24.8	
Carry forwards		3.9	-3.9	0.0	1
	-1,661.2	1,689.9	-3.9	24.8	1
Q1 Movements	5.7	-5.7		0.0	75
Q2 movements	-7.2	7.2		0.0	49
Q3 Movements	9.9	-9.9		0.0	81
January movements					
Internal service movements	-0.2	0.2	0.0	0.0	20
Funding changes	0.0	0.0	0.0	0.0	1
Total January movements	-0.2	0.2	0.0	0.0	21
January approved budget	**-1,653.0**	**1,681.7**	**-3.9**	**24.8**	**227**

Note: All numbers have been rounded - which might cause a casting difference

App 5. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2016/17 Revenue budget forecast position as at 31 January 2017

	Year to date			← Full year →			
	Budget £m	Actual £m	Variance £m	Budget £m	Remaining forecast £m	Projection £m	Variance £m
Income:							
Local taxation	-539.6	-539.6	-0.1	-672.2	-132.6	-672.3	-0.1
Government grants	-702.7	-685.0	17.7	-825.0	-119.7	-804.7	20.3
Other income	-129.6	-154.6	-25.0	-155.8	-31.3	-185.9	-30.1
Income	-1,371.9	-1,379.2	-7.4	-1,653.0	-283.6	-1,662.9	-9.9
Expenditure:							
Staffing	230.7	231.4	0.7	278.4	47.0	278.4	0.0
Service provision	780.5	777.2	-3.3	954.9	184.3	961.3	6.4
Non schools sub-total	1,011.1	1,008.5	-2.6	1,233.3	231.4	1,239.7	6.4
Schools expenditure	394.9	394.9	0.0	444.5	49.6	444.5	0.0
Total expenditure	1,406.0	1,403.4	-2.6	1,677.8	281.0	1,684.2	6.4
Movement in balances	**34.2**	**24.2**	**-10.0**	**24.8**	**-2.7**	**21.1**	**-3.5**

Note: All numbers have been rounded - which might cause a casting difference

12

Updated budget – capital

App 6. Cabinet approved £13.0m carry forward of scheme budgets requested in 2015/16's Outturn report and approved -£55.8m reprofiling of expenditure from 2016/17 to the remaining years of the 2016-21 capital programme in July 2016. Capital virements made in January amount to £0.2m to add to the net total £6.9m virements made between April and December 2016. Table App 4 summarises the capital budget movements for the year.

Table App 4: 2016/17 Capital budget movements as at 31 January 2017

	1 Apr 2016 £m	**31 Dec 2016 £m**	**31 Jan 2017 £m**
MTFP (2016-21) (opening position)	194.4	194.4	194.4
In year changes			
Carry forwards from 2015/16		13.0	13.0
Property Services' reprofiling		-55.4	-55.4
Environment & Infrastructure reprofile		-0.5	-0.5
Joint Fire transport transformation project		-4.8	-4.8
Fire station reconfiguration			-0.8
Local Growth Fund Projects			-10.7
Highway maintenance			-0.8
Reprofiling & carry forwards		-47.7	-60.0
Virements - In year changes			
Limnerlease (Watts Gallery Trust)		1.0	1.0
Woodfuel & timber grant		0.3	0.3
Lindon Farm		-1.8	-1.8
Salt barns		0.2	0.2
Horley Library		2.1	2.1
IMT contributions to Equipment Replacement Reserve		0.5	0.5
Schools contributions		3.2	3.2
Developer contributions to schools		0.2	0.5
East Surrey Integrated Care unit - ASC		0.9	0.9
Local transport systems		0.3	0.3
In year budget changes		6.9	7.1
2016/17 updated capital budget		**153.6**	**141.5**

Note: All numbers have been rounded - which might cause a casting difference

SURREY COUNTY COUNCIL

CABINET

DATE: **28 FEBRUARY 2017**

REPORT OF: **N/A**

LEAD OFFICER: **ANN CHARLTON, DIRECTOR OF LEGAL, DEMOCRATIC AND CULTURAL SERVICES**

SUBJECT: **LEADER/DEPUTY LEADER/CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING**

SUMMARY OF ISSUE:

To note the delegated decisions taken by Cabinet Members since the last meeting of the Cabinet.

RECOMMENDATIONS:

It is recommended that the Cabinet note the decisions taken by Cabinet Members since the last meeting as set out in Annex 1.

REASON FOR RECOMMENDATIONS:

To inform the Cabinet of decisions taken by Cabinet Members under delegated authority.

DETAILS:

1. The Leader has delegated responsibility for certain executive functions to the Deputy Leader and individual Cabinet Members, and reserved some functions to himself. These are set out in Table 2 in the Council's Scheme of Delegation.

2. Delegated decisions are scheduled to be taken on a monthly basis and will be reported to the next available Cabinet meeting for information.

3. **Annex 1** lists the details of decisions taken by Cabinet Members since the last Cabinet meeting.

Contact Officer:
Andrew Baird, Regulatory Committee Manager, Tel: 020 8541 7609

Annexes:
Annex 1 – List of Cabinet Member Decisions

Sources/background papers:
- Agenda and decision sheets from the Cabinet Member meetings (available on the Council's website)

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Annex 1

CABINET MEMBER DECISIONS

February 2017

CABINET MEMBER FOR SCHOOLS, SKILLS AND EDUCATIONAL ACHEIVEMENT

(1) PROPOSED EXPANSION OF DE STAFFORD SCHOOL, CATERHAM

Details of decision:

That the formal decision of the Governing Body of de Stafford School to expand by 1 Form of Entry (1FE) be ratified and approved.

Reasons for decision:

There is an increasing demand for primary school places in the Tandridge area which reflects a rise in the primary-age population over recent years that is beginning to transition into the secondary sector. In order to meet this demand, SCC is overseeing an ongoing school expansion programme designed to increase the capacity of the school estate. The proposal to expand the capacity of de Stafford School by 1FE is a core element of SCC's strategy to deliver additional places in this area. In line with this, the Governing Body of the school have undertaken the requisite statutory consultation process and, on this basis, have made the formal education decision to expand the school. For these reasons, it is recommended that the Cabinet Member for Schools, Skills and Educational Achievement formally ratify the decision of the school in this respect, so as to provide the necessary platform on which to proceed with the project.

(Decision taken by the Cabinet Member for Schools, Skills and Educational Achievement – 20 February 2017)

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