Cabinet – Budget Monitoring & Cabinet Member Decisions Annex

Date & time	Place	Contact	Acting Chief Executive
Tuesday, 30 January 2018 at 2.00 pm	Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN	Vicky Hibbert or Angela Guest Room 122, County Hall Tel 020 8541 9229 or 020 8541 9075 vicky.hibbert@surreycc.gov.uk o angela.guest@surreycc.gov.uk	Julie Fisher

We're on Twitter: @SCCdemocracy

Cabinet Members: Mr David Hodge CBE, Mr John Furey, Mrs Helyn Clack, Mr Mel Few, Mr Mike Goodman, Mr Colin Kemp, Mrs Mary Lewis, Mr Tim Oliver, Ms Denise Turner-Stewart and Mrs Clare Curran

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9122, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 9698, fax 020 8541 9009, or email vicky.hibbert@surreycc.gov.uk or angela.guest@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Vicky Hibbert or Angela Guest on 020 8541 9229 or 020 8541 9075.

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11 **MONTHLY BUDGET MONITORING REPORT** (Pages 1 - 40)

Surrey County 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 December 2017 (month nine).

The Section 151 Officer stated in her report of February 2017 to Full Council on the 2017/18 to 2019/20 budget and Medium Term Financial Plan (MTFP) that the financial challenges facing the council have become even more serious in the last year. During 2017/18, the council must deliver already stretching service reduction plans of £104m to balance the 2017/18 budget, in the context of increasing demand pressures, and move towards a sustainable budget for future years. This total includes £9m savings it has yet to identify.

[The decisions on this item can be called in by the Overview and Budget Scrutiny Committee]

17 **LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING** (Pages 41 - 42)

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

Julie Fisher
Acting Chief Executive
Monday, 22 January 2018

QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

The Cabinet will consider questions submitted by Members of the Council, members of the public who are electors of the Surrey County Council area and petitions containing 100 or more signatures relating to a matter within its terms of reference, in line with the procedures set out in Surrey County Council's Constitution.

Please note:

1. Members of the public can submit one written question to the meeting. Questions should relate to general policy and not to detail. Questions are asked and answered in public and so cannot relate to "confidential" or "exempt" matters (for example, personal or financial details of an individual – for further advice please contact the committee manager listed on the front page of this agenda).
2. The number of public questions which can be asked at a meeting may not exceed six. Questions which are received after the first six will be held over to the following meeting or dealt with in writing at the Chairman's discretion.
3. Questions will be taken in the order in which they are received.
4. Questions will be asked and answered without discussion. The Chairman or Cabinet Members may decline to answer a question, provide a written reply or nominate another Member to answer the question.
5. Following the initial reply, one supplementary question may be asked by the questioner. The Chairman or Cabinet Members may decline to answer a supplementary question.

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SURREY COUNTY COUNCIL

CABINET

DATE: **30 JANUARY 2018**

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

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

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

SUMMARY OF ISSUE:

Surrey County 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 December 2017 (month nine).

The Section 151 Officer stated in her report of February 2017 to Full Council on the 2017/18 to 2019/20 budget and Medium Term Financial Plan (MTFP) that the financial challenges facing the council have become even more serious in the last year. During 2017/18, the council must deliver already stretching service reduction plans of £104m to balance the 2017/18 budget, in the context of increasing demand pressures, and move towards a sustainable budget for future years. This total includes £9m savings it has yet to identify.

The annexes to this report give details of the council's financial position.

RECOMMENDATIONS:

Cabinet is asked to note the following.

1. Forecast revenue budget outturn for 2017/18 is £11m overspend (Annex 1, paragraphs 1 and 8 to 43). This includes:
   £9m savings to be identified,
   £16m savings considered unachievable in 2017/18,
   £13m service demand and cost pressures
   less
   £27m underspends, additional savings and income.

2. Significant risks to the revenue budget (Annex 1, paragraphs 44 to 46) could add £8m to the forecast overspend, including: £7m in Children, Schools & Families and £1m in Adult Social Care.

3. Forecast planned savings for 2017/18 total £79m against £95m agreed savings and £104m target (Annex 1, paragraph 47).

4. All services continue to take all appropriate action to keep costs down and optimise income (e.g. minimising spending, managing vacancies wherever possible etc.).

5. The Section 151 Officer's commentary and the Monitoring Officer's Legal Implications commentary in paragraphs 16 to 19 state that the council has a duty to ensure its expenditure does not exceed resources available and move towards a sustainable budget for future years.

Cabinet is asked to approve the following

6. Reprofile £356,000 capital underspends on Superfast Broadband project from 2017/18 across 2018/19 to 2020/21 (Annex 1, paragraph 63)

REASON FOR RECOMMENDATION:

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 2017/18 financial year at £1,672m. A key objective of MTFP 2017-20 is to increase the council's overall financial resilience. As part of this, the council's 2017/18 budget requires it to make efficiencies totalling £104m including £9m savings it has yet to identify.

2. The council aims to smooth resource fluctuations over its three year medium term planning period. To support the 2017/18 budget, Cabinet approved use of £11.8m from the Budget Equalisation Reserve and carry forward up to £1.6m to fund continuing planned service commitments. The council currently has £21.3m in general balances.

3. 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

4. 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 its £387m capital programme in MTFP 2017-20 and £185m budget for 2017/18.

Budget monitoring overview

5. The council's 2017/18 financial year began on 1 April 2017. This budget monitoring report covers the financial position at the end of the ninth month of 2017/18 (31 December 2017). The report focuses on material and significant issues, especially monitoring MTFP efficiencies. The report emphasises proposed actions to resolve any issues.

6. 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.

7. 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).

8. 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).

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

10. 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.

11. 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, balance sheet, earmarked reserves, debt and treasury management.

12. Annex 2 lists the progress of the Medium Term Financial Plan savings projects for 2017/18.

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. The council has a duty to ensure its expenditure does not exceed resources available. During 2017/18, the council had to plan to deliver already stretching service reduction targets of £104m, of which it identified plans for £95m of service reductions to balance the 2017/18 budget and move towards a sustainable budget for future years. All services must continue to take all reasonable action to keep costs down and optimise income (e.g. through minimising spending, managing vacancies wherever possible etc.).

18. The council's reserves are already at minimum safe levels and these should be retained to mitigate the risk of non-delivery of significant savings targets.

LEGAL IMPLICATIONS – MONITORING OFFICER

19. 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. 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

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

WHAT HAPPENS NEXT:

21. 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, capital and efficiencies), revenue and capital budget movements, balance sheet, earmarked reserves, debt and treasury management.

Annex 2 – Medium Term Financial Plan savings projects 2017/18

Sources/background papers:

None

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Budget monitoring for period nine of 2017/18 (December 2017)

Summary

The Council set its 2017/18 budget in the context of significant rising demand pressures (particularly in social care), falling Government funding and continuing restraint on the council's ability to raise funds locally. Consequently, to achieve a sustainable budget, the council would have needed to make £151m savings. However, the use of a series of one off measures meant the council faced having to plan to deliver an unprecedentedly high level of £104m savings to balance the 2017/18 budget. Delivering this on top of over £450m savings already made since 2010 is a significant challenge.

To help meet this significant challenge Finance and directors support budget holders to monitor savings closely using an efficiency tracker outlined in paragraph 47. The tracker enables remedial action where appropriate and reporting of key messages to Cabinet.

Within 2017/18's £104m savings target, the council has agreed plans for £95m savings, with £9m savings to be identified. As at 31 December 2017 services forecast making £79m of these planned savings. Services have already achieved £65m savings with another £13m on track for delivery, while £1m face potential barriers. £16m savings are considered to be unachievable at this stage in 2017/18 (mainly in Adult Social Care, Early Help and Waste Disposal).

In setting the 2017/18 budget, the council faced significant demand and cost pressures, mostly in social care. In some services a small change in volume can lead to significantly increased costs. The experience of the first nine months of 2017/18 has seen numbers increase above what was expected even a short period ago. In Children's Services, demand continues to increase and is expected to add a £10m pressure by the end of the financial year. In Adult Social Care, increased market inflation costs have added £3m to the forecast overspend. In Public Health, retendering of a major contract is forecast to result in a delay to planned changes and a pressure of nearly £2m in this financial year. Currently, there are offsetting forecast underspends, including in: Orbis, Children, Schools & Families, Highways & Transport, Place Development & Waste, Central Income & Expenditure, and other aspects of Adult Social Care.

After nine months of 2017/18, mitigating actions have reduced the forecast to the £11m forecast overspend as at 31 December 2017. The £8m improvement since November is mainly due to specific actions Orbis has taken to stop or reschedule work to deliver savings in 2017/18 and further savings on interest payable.

While the scale and scope of risks in some key budgets that are outside the council's control have reduced, some remain and the forecast position for the year end could worsen by about £1m. This would increase the council's forecast overspend to around £12m.

Given the forecast overspend, services need to continue to take all appropriate action to manage costs within available resources by keeping costs down and maximising income.

Summary recommendations

The council has a duty to ensure its expenditure does not exceed available resources. The forecast financial position could worsen and the outlook for future years remains uncertain.

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As the council proposes to use £24m reserves to balance the 2018/19 budget, using reserves to balance 2017/18 is not a sustainable solution to the council's financial position.

Cabinet is asked to note the following.

1. Forecast revenue budget outturn for 2017/18 is £11m overspend (paragraphs 1 and 8 to 43). This includes:
   £9m savings to be identified,
   £16m savings considered unachievable in 2017/18,
   £13m service demand and cost pressures
   less
   £27m underspends, additional savings and income.

2. Significant risks to the revenue budget (paragraphs 44 to 46) could add £8m to the forecast overspend, including: £7m in Children, Schools & Families and £1m in Adult Social Care.

3. Forecast planned savings for 2017/18 total £79m against £95m agreed savings and £104m target (paragraph 47).

4. All services continue to take all appropriate action to keep costs down and optimise income (eg minimising spending, managing vacancies wherever possible etc.).

5. The Section 151 Officer's commentary and the Monitoring Officer's Legal Implications commentary in paragraphs 16 to 19 of the main budget monitoring report to Cabinet state that the council has a duty to ensure its expenditure does not exceed resources available and move towards a sustainable budget for future years.

Cabinet is asked to approve the following

6. Reprofile £356,000 capital underspends on Superfast Broadband project from 2017/18 across 2018/19 to 2020/21 (paragraph 63)

Revenue budget summary

In March 2017 Cabinet approved Surrey County Council's Medium Term Financial Plan (MTFP) 2017-20. This incorporates the £1,672m gross expenditure budget for the 2017/18 financial year set by Full County Council in February 2017. MTFP 2017-20 is a key means for delivering the council's strategic aims in the face of rising pressures from growth in demand for services (particularly social care) and continuing falls in Government funding, which both put significant strains on the council's finances.

The Section 151 Officer's Annex to the Budget Report in February 2017 expressed the view that the risks to the council's financial position had become even more serious during 2016/17. To alleviate these risks and move towards a sustainable financial position, the council needs to achieve £104m savings in 2017/18 to balance this year's budget.

As at 31 December 2017, the council forecasts £11m overspend at year end with £1m additional budget risk. The main variances (paragraphs 8 to 43) relate to:

- £9m savings yet to be identified;
- £16m forecast total underachievement of savings, including
  £11m in Adult Social Care

£3m in Early Help and
£4m in Waste

- £13m service pressures including
  £8m demand in Children's Services
  £3m price pressures in Adult Social Care
  £2m contractual issues in Public Health
- Less £27m net underspends, including
  £6m net underspends, additional income and other pressures in Adult Social Care
  £4m cost reductions in Environment & Infrastructure
  £7m underspends and early achievement of savings in Orbis
  £6m net underspend in Children, Schools & Families and
  £4m underspends in Central Income & Expenditure .

At year end, the council currently forecasts to have £21m general balances and £65m reserves earmarked for specific purposes. The Director of Finance and Leader of the Council regard this as being at the minimum safe level in the context of the future uncertainty the council faces.

Capital budget 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 £387m capital programme in MTFP 2017-20. As at 31 December 2017, services forecast spending £116m against the £145m current 2017/18 capital budget. The main significant variances are: Local Growth Deal programme changes; agreement with Department for Transport for works to take place in 2018/19; reprofiling and project delays in Orbis plus Surrey Fire & Rescue Service's underspend on the joint transport project (paragraph 62).

As part of increasing its overall financial resilience, the council currently plans £103m net investment in long term capital investment assets in 2017/18 (paragraphs 64 to 67). This brings total forecast capital spending in 2017/18, including long term investments, to £219m.

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Revenue budget

Overview

1. As at 31 December 2017, the forecast year end budget variance is £11m overspend, a £8m reduction on the position reported as at 30 November 2017. The main changes since November include £5m increase in Orbis' forecast underspend due to service reviews and deliberately pausing some projects to deliver savings in 2017/18 and £3m increase in Central Income & Expenditure's underspend due to reductions in interest payable.

2. These changes mean the overall forecast overspend includes: £9m savings that remain unidentified; £16m forecast underachievement on savings; and £14m net service underspends (paragraphs 8 to 43).

3. In addition, risks of volatility remain in some budgets that are outside of the council's control and the forecast position for the year end could worsen by up to £1m (paragraphs 44 to 46).

4. At this point in the year, a forecast outturn overspend position of this size remains significant and the council needs to continue to act to keep costs down and optimise income while balancing actions so as not to affect service delivery unnecessarily.

Revenue budget monitoring position

5. In March 2017, Cabinet approved the council's 2017/18 gross revenue expenditure budget at £1,672.4m, gross revenue income budget at £1,660.6m and use of reserves at £11.8m.

6. Changes in the first nine months of 2017/18 to reflect agreed carry forwards and other budgetary adjustments, decreased the gross expenditure budget as at 31 December 2017 to £1,657.9m and the gross income budget to £1,646.0m. Approved use of reserves remains unchanged. Table App1 in the appendix outlines the updated revenue budget by service after in year budget virements and budget carry forwards from the 2016/17 financial year.

7. Table 1 shows the updated net revenue expenditure budget position analysed by service. Net revenue expenditure budgets are services' gross expenditure less income from specific grants and fees, charges and reimbursements. Net revenue budgets do not include income from the council's general funding sources, which are general government grants and local taxation (council tax and business rates). Table App3 in the appendix shows year to date and forecast year end positions for the council's general funding sources.

Table 1: 2017/18 updated net revenue budget forecast as at 31 December 2017

Service	Full year revised budget £m	YTD actual £m	Full year projection £m	Full year variance £m
Economic Growth	1.0	0.6	1.1	0.1
Strategic Leadership	0.9	0.7	0.8	-0.1
Adult Social Care	362.2	270.5	369.8	7.6
Children's and Safeguarding services	106.3	84.9	114.2	7.9
Commissioning & Prevention	33.8	21.8	36.3	2.5
Schools & SEND (Special Educational Needs & Disabilities)	61.2	44.4	57.6	-3.6
Delegated Schools	0.0	0.0	0.0	0.0
Community Partnership & Safety	0.0	0.0	0.0	0.0
Coroner	1.7	1.3	1.9	0.2
Cultural Services	9.3	6.6	8.9	-0.4
Customer Services	3.4	2.3	3.1	-0.3
C&C Directorate Support	0.8	0.5	0.7	-0.1
Emergency Management	0.5	0.4	0.5	0.0
Surrey Fire & Rescue Service	31.8	23.6	31.6	-0.2
Trading Standards	1.9	1.5	1.8	-0.1
Place Development & Waste	82.0	61.4	82.0	0.0
Highways & Transport	46.6	32.5	46.1	-0.5
Public Health	0.0	0.0	2.1	2.1
Communications	2.0	1.3	1.8	-0.2
Finance	2.8	1.9	2.6	-0.2
Human Resources & Organisational Development	3.9	1.9	3.0	-0.9
Information Management & Technology	12.5	7.8	11.6	-0.9
Legal Services	4.0	2.8	4.1	0.1
Democratic Services	5.8	4.5	5.4	-0.4
Strategy & Performance	1.4	1.2	1.3	-0.1
Procurement	0.9	0.6	0.9	0.0
Property	21.3	12.1	18.3	-3.0
Joint Operating Budget ORBIS	37.6	25.5	34.5	-3.1
Business Operations	-0.1	-0.1	-0.1	0.0
Central Income & Expenditure	54.0	30.2	44.7	-9.3
Savings to be identified	-9.0		0.0	9.0
Services' total net revenue expenditure	**880.6**	**642.8**	**886.6**	**6.0**
General funding sources				
General Government grants	-150.1	-100.7	-145.2	4.9
Local taxation (council tax and business rates)	-718.6	-639.5	-718.6	0.0
Total general funding	**-868.7**	**-740.2**	**-863.8**	**4.9**
Total movement in reserves	**11.9**	**-97.4**	**22.8**	**10.9**

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

Significant net revenue budget variances

Adult Social Care - £7.6m overspend (£0.3m deterioration since 30 November 2017)

8. As at 31 December 2017, Adult Social Care (ASC) forecasts £7.6m year end overspend. The £0.3m increase in overspend is mainly due to increased market inflation costs.

9. ASC forecasts to achieve £15.0m against its £25.9m efficiency target, a £10.9m shortfall. The shortfall relates to underachievement of savings including:

   - £4.0m in reducing ASC demand pressures;

- £2.9m in services to people with learning disabilities;
- £1.6m from continuing healthcare plans
- £1.1m from support package guidelines in services for older people;
- £0.6m from contracts, grants and housing related support; and
- £0.5m other savings - optimising staff travel and Section 256 client savings.

10. Aside from its savings shortfall, ASC also has £3.2m other pressures, largely price pressures on services to people with learning disabilities.

11. Significant underspends include: £2.4m staffing budget underspends not linked to savings plans and £3.9m overachievement of fees and charges income due to increased demand in Older People and the work undertaken by ASC to review financial assessments, ensure benefit entitlements are claimed and changes in circumstances are accounted for in assessments.

Children's Services - £7.9m overspend (£0.2m improvement since 30 November 2017)

12. Children's Services continues to experience exceptional demand for services continuing patterns seen in recent months and forecasts £7.9m overspend.

13. The level of demand is leading to £3.2m pressures against staffing budgets and £6.7m significant demand pressures around the cost of placements for looked after children (LAC), care leavers and Unaccompanied Asylum Seeker Children (UASC). These pressures are partly offset by £2.1m net underspends in other areas of the service.

14. Increased demand from children requiring support has led to the need for additional social work capacity and the need to have 27 staff above establishment at this time. Although the number of locums has been reducing, the service has 86 locums to staff both the Multi Agency Safeguarding Hub (MASH) and the Children's Services frontline teams, reflecting plans to recruit more locums to meet current work pressures.

15. Pressures from increases in the number of LAC are mainly seen in the external placement budget, particularly the highest cost residential placements (£219,000 a year). The majority of these children have very complex needs and the service expects a £3.0m overspend. As at 31 December 2017 there were 307 children in external placements. The number of placements is volatile and the forecast assumes external placement numbers will continue to increase during the remainder of the year.

16. As in previous years, the council has to subsidise UASC costs, as the grant funding is insufficient to cover total cost. In 2017/18 the service expects £2.2m overspend on direct placement costs. The government raised the level of grant for UASC direct placement costs from July 2016 and Surrey receives the higher rate of grant for 61% of the young people concerned who are under 18. The proportion on the higher grant rate is increasing with new arrivals and as young people turn 18. Nevertheless the new higher rate of grant is insufficient to cover direct placement costs and the shortfall for a 16 or 17 year old against full cost is £18,000 a year for the new rate and £24,000 a year for the legacy rate.

17. The number of UASC supported as LAC has reduced as a high number turn 18 and move on to the leaving care service. Again the grant is insufficient to cover costs and

most of the young people are on the lower legacy grant rate of £150 a week whereas current support costs are £337 a week. These pressures do not include any of the staffing costs associated with supporting looked after asylum seeking children and care leavers that contribute to the demand for social work staff and the consequent overspends described above. The service estimates the total unsubsidised annual cost of supporting asylum seeking children is £4m in 2017/18.

18. In addition the service anticipates £1.1m overspend for the leaving care service, mainly arising from the need for more supportive packages for young people as they turn 18 and for more staff to support the rising numbers.

Schools & SEND - £3.6m underspend (£1.2m deterioration since 30 November 2017)

19. Overall Schools & SEND estimates £3.6m underspend at year end. The main reason for this underspend relates to the centrally held inflation and demographic growth budgets which are expected to underspend by £4.7m, offsetting pressures across Children, Schools & Families.

20. Commercial Services expects £1.7m underspend due to a greater than budgeted contribution to overheads, particularly for school catering. This represents £0.9m improvement in the forecast, reflecting continued strong trading conditions in line with that experienced in 2016/17.

21. These underspends are in part offset by an anticipated £2.2m overspend on SEND transport. The number of pupils travelling usually settles at the start of the autumn term, but this year numbers have continued to rise through October and November. Schools & SEND's forecasts had been based on an increase of 100 pupils across the year, but the latest data suggests this will be 137. This reflects the rise in the number of Education Health and Care Plans. It is now unlikely Schools & SEND will achieve 2017/18's savings in full, adding £0.4m to the expected overspend. It had expected some savings from process improvement and the new transport policy. As the new policy can now only be implemented fully from September 2018.

22. There is £0.8m pressure on the school agency budget related to the social care element of placements.

23. As at 31 December 2017, SEND services funded by Dedicated Schools Grant (DSG) forecast £9.3m overspend. There are some significant challenges in the 2017/18 high need block budget as the number of pupils requiring support has increased by 1,000 since January 2017. This is mainly reflected in additional placements in the Non Maintained Independent sector resulting in expenditure significantly higher than planned. As in previous years it is anticipated any overspend or underspend on the high needs services funded from DSG, will be managed across the financial years and within DSG funding. Schools' Forum has agreed this principle and the local authority is currently expecting and planning for DSG spend to be contained within DSG funding.

Commissioning & Prevention - £2.5m overspend (£0.3m improvement since 30 November 2017)

24. Commissioning & Prevention anticipates £2.5m year end overspend. The main reason for the overspend is the planned delay implementing the transformation programme for Early Help. The service is developing a new operational model for

Early Help to provide a cohesive and coordinated support offer for families. The service extended the development phase to ensure the offer is right for Surrey in the context of increasing demand currently experienced across the social care system locally. As a result, the related savings will not be delivered in 2017/18. However, the reconfiguration of support and commissioning services has delivered £2.3m savings for 2017/18.

25. The £0.3m improvement in the forecast overspend reflects decisions to avoid non essential spend for Early Years services ahead of implementing the early help transformation programme from 2018/19.

Place Development & Waste - balanced (no change since 30 November 2017)

26. Place Development & Waste (PDW) forecasts a balanced year end position resulting from a number of pressures and offsetting savings, primarily within waste disposal.

27. Waste disposal currently forecasts a shortfall against £3.6m planned savings, which are not expected to be achieved this year, or only partially achieved. These include savings from further improvements to kerbside recycling performance, better management of recycled materials, contract changes, and further changes at community recycling centres. These shortfalls are expected to be offset by the financial implications of delayed construction of the Eco Park, which in turn delays costs until 2018/19. Should these delays lead to an underspend at the end of the year, the service will seek approval to transfer this to the Waste Sinking Fund in order to meet those costs next year.

28. Other pressures include £0.3m residual savings from 2016/17 and pressures against the Rights of Way service. PDW (and the wider Environment & Infrastructure directorate) has reviewed planned income and expenditure and identified £0.3m additional savings to compensate for overspends, including taking advantage of bus contract retender savings and holding vacant posts. Through these measures it currently expects to offset this pressure and spend in line with budget.

Highways & Transport - £0.5m underspend (no change from 30 November 2017)

29. Highways & Transport (H&T) forecasts a £0.5m net underspend at year end. The service has reviewed planned income and expenditure to identify additional savings to help offset higher than expected inflation on street lighting energy costs (the budget assumed a 5% increase, but inflation is currently 11%) and overspends elsewhere.

30. H&T has agreed several measures to reduce costs, including deferring planned hedge flailing, sign replacement and tree works, deferring drainage investigations and a safety barrier survey, and deferring equipment purchases. It has reviewed these measures to ensure safety is not compromised and the Cabinet Member has agreed them on the basis that should there be a need to respond to any safety critical work or risk to income, delayed work may need to be reinstated. At this stage, taking account of the above measures, H&T expects to achieve £0.5m net underspend.

Surrey Fire & Rescue Service - £0.2m underspend (£0.2m improvement since 30 November 2017)

31. Surrey Fire & Rescue Service (SFRS) forecasts £0.2m year end underspend. SFRS has significant savings plans of £3.6m for the year and is on target to achieve them in full.

32. SFRS has confirmed £1.4m cost pressures. These are from: £0.9m delayed fire cover re-configuration saving, which will not be achieved while continuing to operate two appliances within Spelthorne; £0.4m blue light collaboration activities as no collaboration savings are expected this year due to the positioning of partners; and £0.1m contingency crewing due to part year savings. In addition SFRS expects a £0.2m payroll cost pressure to reflect an anticipated higher than budgeted national fire fighter pay award.

33. These pressures are offset by £1.8m savings which include: £0.5m early achievement of planned middle management staff savings; £0.4m reductions in employer's pension contribution rates; £0.2m in house restructuring of fleet operations; and £0.3m staffing savings; and £0.4m, supplies and services savings.

Public Health - £2.1m overspend (no change since 30 November 2017)

34. Public Health (PH) forecasts £2.1m year-end overspend. £1.7m of this is due to having to extend the existing sexual health service contract. The remaining forecast £0.4m overspend is mainly on public health services for children and young people (0-19).

Central Income & Expenditure – £4.4m underspend (£3.0m improvement since 30 November 2017)

35. Central Income & Expenditure (CIE) forecasts £4.4m year end underspend. This is mainly due to underspends on; the projected amount of interest payable; and the amount the council needs to set aside for the minimum revenue provision (MRP).

36. CIE projects a £3.0m full year underspend on interest payable. Quarterly reconciliation found the increase in investments means the contribution from the investment strategy to cover the cost of borrowing for those investments is higher than expected. The contribution is also more than the actual costs incurred due to the success of the council's continued short term borrowing strategy. These combine to give a forecast £2.0m underspend. In addition, at this point in the year it is now clear that amounts held within this budget to cover the potential costs of interest rate rises will not be required, leading to a further £1.0m forecast underspend.

37. MRP is the amount the council needs to set aside for the future repayment of external borrowing, calculated with reference to the council's balance sheet as at the end of the previous financial year. Following completion of the council's audited accounts, the amount the council needs to set aside as MRP is £1.4m less than budgeted. The council's 2017/18 underspend on MRP is mainly due to underspends in 2016/17's general capital programme.

Orbis - £8.1m underspend (£5.4m improvement since 30 November 2017)

38. Orbis forecasts £8.1m year end underspend. The £5.4m improvement in the forecast outturn is a result of specific actions Orbis has taken to stop or reschedule work to deliver savings in 2017/18.

39. Orbis' forecast underspend comprises: £5.1m underspend on budgets Orbis manages on behalf of the council, £1.7m underspend on the council's investment in the Orbis partnership and £1.3m underspend on the council's 70% contribution to Orbis' operating and investment costs.

40. Orbis is on target to deliver its £2.3m savings target from the budgets it manages on behalf of the council. Because of specific and considered actions Orbis has taken to secure savings in 2017/18, it forecasts a further £5.1m total underspend at year end. The significant forecast underspends are: £3.0m in Property, £0.9m in Human Resources & Organisational Development and £0.9m in IT & Digital. Services have reduced maintenance forecasts as a result of service reviews and deliberately paused some schemes and projects to deliver savings in 2017/18. There have been delays to both the leadership training programme, as HR&OD develop bespoke training; and the IT&D modern worker programme.

41. Orbis anticipates requesting to carry forward £0.8m from its 2017/18 underspend to fund: planned maintenance, IT modern worker programme and investment in a new learning management system.

42. 2017/18 is the second year of a three year Orbis investment programme to integrate services fully and deliver initial savings. Orbis is likely to spend less than anticipated in the agreed original business plan. The IT connectivity and application changes required to ensure effective joint working are nearly complete, have cost less than estimated and have partly been funded from orbis IT&D. The total effect is a saving of £1.7m. In addition the likely total investment cost is unlikely to increase as a result of Brighton & Hove City Council joining the partnership. These two factors mean there is £1.7m saving to the council's contribution towards Orbis investment.

43. Orbis is on target to deliver its total £3.9m 2017/18 efficiencies across the partnership plus a further £0.9m early achievement of total 2018/19 savings. Overall, Orbis forecasts £1.9m underspend on its total operating budget mainly from continued vacancy management and restructures ahead of delivering £4.6m further savings in 2018/19. The council makes a 70% contribution to Orbis' operating budget, equal to £1.3m underspend.

Additional budget risks

44. At this point in the financial year, some services still face significant additional risks to their 2017/18 outturn positions.

Children, Schools & Families – Early Years

45. Free early education (FEE) for three and four year olds now forecasts £2.1m underspend. Numbers fell in the autumn term meaning the council will be funded for a higher number of children than the average number in placement over the year. Uncertainties remain as funding is based on pupil counts in January so will not be confirmed until the end of the financial year and the position on two year olds and in

particular the new provision for 30 hours free childcare from September will be confirmed once more data is available.

Adult Social Care

46. ASC faces £1.2m additional risks to its budget. These risks arise from: service demand rising above current levels and some savings not being achieved.

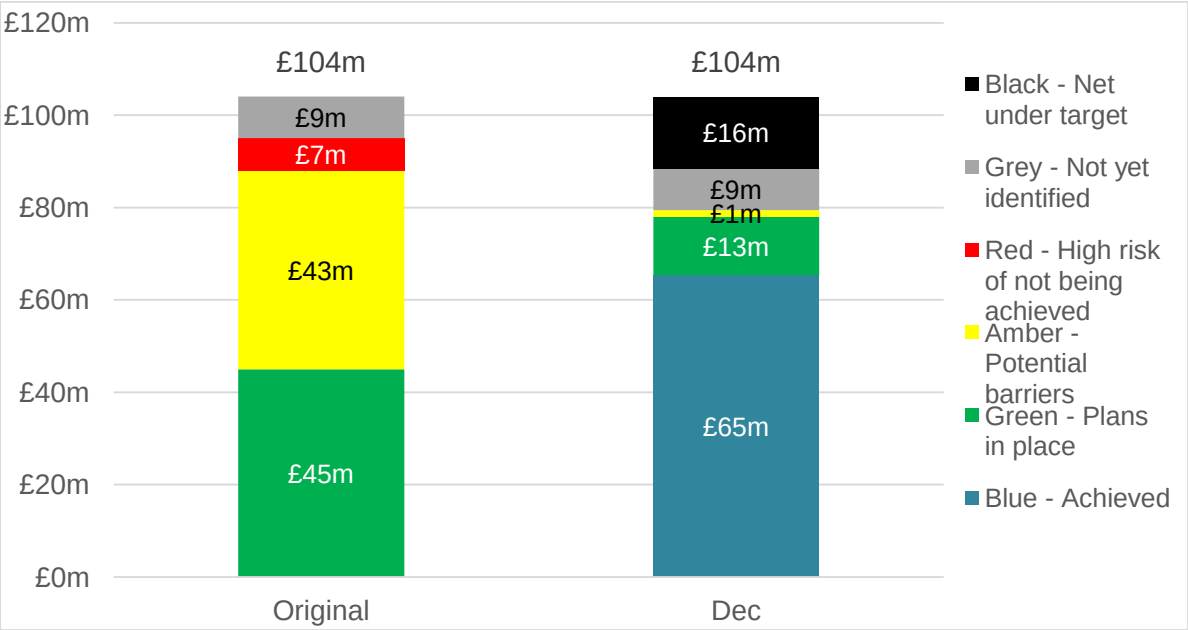
Efficiencies

47. MTFP 2017-20 includes £104m efficiencies in 2017/18. Council services currently forecast to achieve £79m of this target. This is a £25m shortfall, comprising £9m savings the council has yet to identify and £16m savings considered unachievable in 2017/18. As outlined in the summary to this annex, services have increased the rigour with which they track their savings plans' progress. The tracker includes:

- achievement of savings to date;
- significant milestones and key actions, including required EIA or consultations;
- the extent of each efficiency plan's deliverability and the risks to delivery;
- the value of the savings the plans will achieve; and
- additional and offsetting savings to help meet the overall target.

48. Figure 1 summarises the council's overall efficiency targets, the forecast for achieving them and the deliverability risks. By month nine of 2017/18, services have: achieved £65m savings, with £13m plans on track and £1m plans potentially facing barriers to achievement. However, the most significant issues are: £16m MTFP planned savings now considered not to be achievable in 2017/18, mainly in the areas of ASC, Early Help and Waste Disposal; plus a further £9m of savings yet to be identified. To help mitigate the impact of these on the overall budget, services need to continue to take all reasonable actions to keep costs down and optimise income (eg minimising spending, managing vacancies wherever possible etc).

Figure 1: 2017/18 risk rated efficiencies as at 31 December 2017 compared to MTFP

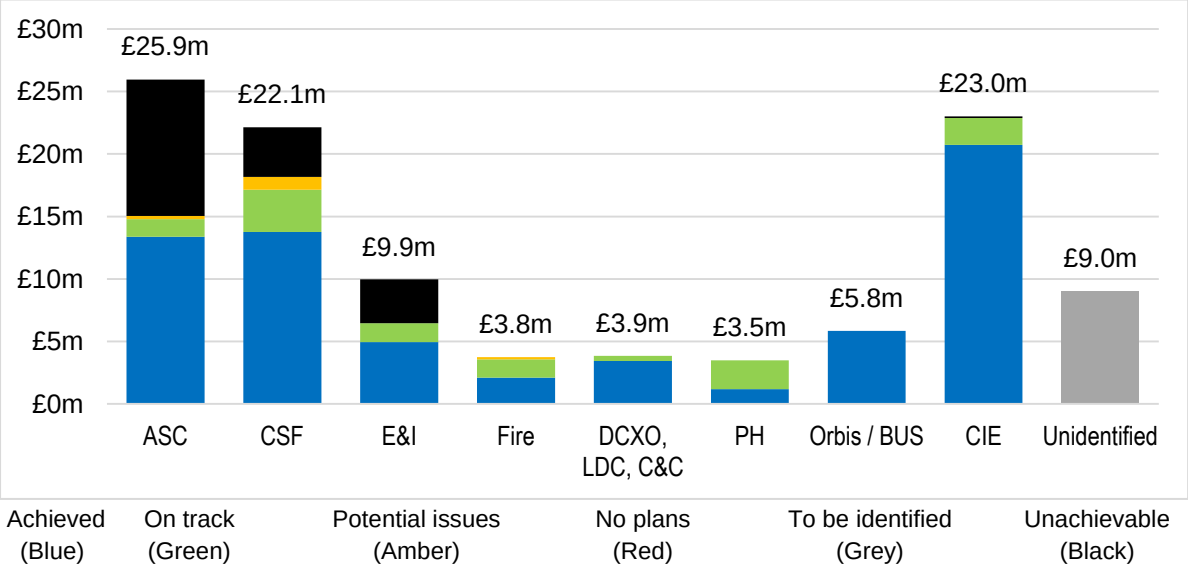


49. Figure 2 shows service directorates' updated risk ratings for achieving their efficiencies this year. The main areas of concern are: non-achievement of planned savings in Adult Social Care, Commissioning & Prevention and Place Development & Waste, plus savings yet to be identified.

50. As at 31 December 2017, the main significant variations in services' progress against their MTFP 2017-20 efficiencies and service reductions include:

- £9.0m shortfall for savings yet to be identified;
- £10.9m shortfall in ASC related to whole systems demand and market pressures (paragraphs 8 and 9);
- £2.7m shortfall in Early Help as outlined in paragraph 24 and
- £3.6m shortfall in Waste Disposal as outlined in paragraph 26

Figure 2: 2017/18 efficiencies risk ratings by directorate as at 31 December 2017



Staffing costs

51. 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.

52. 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.

53. 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 2017/18 is £278.6m based on 7,039 budgeted FTEs.

54. The council has 784 FTE vacancies (the difference between budgeted and occupied FTEs). It is recruiting to 513 of these vacancies, 341 of them are in social care.

55. Table 2 shows staffing costs as at 31 December 2017 against service budgets and analysed among the three staff categories of contracted, bank and agency staff. Table 2 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 post holder 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.

56. 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 2 and the Staffing expenditure line in Table App3 in the appendix.

57. Table 2 shows £3.7m year to date underspend against the £208.9m budget as at 31 December 2017. Table App 3 shows services forecast £2.1m year end underspend on employment costs. This includes the impact of demand for increased social work and safeguarding capacity in Children's Services outlined in paragraph 14.

Table 2: Staffing costs and FTEs to 31 December 2017

		<------- Staffing spend by category -------->						
Service	**YTD staff budget £m**	**Contracted £m**	**Agency £m**	**Bank £m**	**Total £m**	**Variance £m**	***Amended budgeted FTE***	***Occupied contracted FTEs***
Strategic Leadership	0.6	0.6	0.0	0.0	0.7	0.0	*9*	*9*
Adult Social Care	46.3	41.7	1.5	1.1	44.3	-2.0	*1,754*	*1,434*
Children, Schools & Families [1]	89.3	80.5	6.1	3.5	90.2	0.9	*3,013*	*2,775*
Community Partnership & Safety [2]	0.0	0.0	0.0	0.0	0.0	0.0	*25*	*0*
Coroner	0.3	0.2	0.1	0.0	0.3	0.0	*2*	*3*
Cultural Services	14.0	12.6	0.0	1.3	13.9	-0.1	*529*	*522*
Communities Support Function	0.5	0.5	0.0	0.0	0.5	0.0	*26*	*15*
Emergency Management	0.4	0.4	0.0	0.0	0.4	0.0	*12*	*10*
Surrey Fire & Rescue Service	20.1	18.8	0.1	1.1	20.0	-0.1	*608*	*556*
Trading Standards	2.4	2.2	0.1	0.0	2.3	-0.1	*74*	*67*
Place Development & Waste	8.8	8.0	0.1	0.3	8.4	-0.3	*200*	*190*
Highways & Transport	11.0	9.3	0.6	0.0	10.0	-1.0	*371*	*307*
Public Health	1.9	1.8	0.0	0.0	1.8	-0.1	*46*	*40*
Central Income & Expenditure	0.9	1.0	0.0	0.0	1.0	0.0	*0*	*0*
Communications	1.0	1.0	0.0	0.0	1.0	0.0	*31*	*28*
Customer Services	2.6	2.2	0.0	0.0	2.3	-0.3	*102*	*90*
Legal Services	2.7	2.4	0.1	0.0	2.4	-0.3	*79*	*68*
Democratic Services	1.4	1.3	0.0	0.0	1.4	-0.1	*46*	*37*
Strategy & Performance	1.4	1.3	0.0	0.0	1.3	-0.1	*27*	*24*
Managed ORBIS	3.3	2.7	0.3	0.0	3.1	-0.2	*85*	*79*
Service net budget	**208.9**	**188.6**	**9.1**	**7.5**	**205.2**	**-3.7**	***7,039***	***6,255***

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 – Following reorganisation, Community Partnership & Safety FTEs now appear within Highways & Transport

3 - The Orbis Joint Operating Budget is formally delegated to the Joint Operating Committee for management (including staffing) as such the council's monitoring reports its contribution to the joint budget only. Table 2 does show staff managed by Orbis who are outside the Joint Operating Budget (e.g. delivering the Local Assistance Scheme).

Capital budget

58. The council demonstrated its firm long term commitment to supporting Surrey's economy by setting a £387m 2017-20 MTFP capital programme.

59. Cabinet approved the original capital expenditure budget for 2017/18 at £186.0m and carry forward of £17.0m scheme budgets requested in the 2016/17 Outturn report. Up to 31 December 2017, Cabinet approved £14.1m draw down of carry forwards, -£54.2m net reprofilings and -£0.9m net capital virements to give £145.1m current full year overall capital programme budget. Paragraph App 6 and Table App 4 show the movements.

60. Table 3 shows the MTFP budget and the current year capital expenditure budget.

Table 3: Capital expenditure budget 2017/18 as at 31 December 2017

	MTFP budget £m	2016/17 budget c/fwd £m	Reprofile £m	Budget virement £m	Current full year budget £m
School basic need	72.2	0.4	-40.9		31.8
Highways recurring programme	49.3	0.0	1.6	-2.4	48.4
Property & IT recurring programme	52.2	11.0	-14.3	-1.2	47.7
Other capital projects	12.3	2.7	-0.6	2.8	17.2
Service capital programme	**186.0**	**14.1**	**-54.2**	**-0.9**	**145.1**
Long term investments					0.0
Overall capital programme	**186.0**	**14.1**	**-54.2**	**-0.9**	**145.1**

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

61. Table 4 compares the £145.1m current service capital programme budget to the £115.8m forecast expenditure to show a £29.2m underspend. The overall 2017/18 capital programme also includes £103.4m approved Investment Strategy spending on long term investments (as outlined in paragraphs 64 to 67). Adding this to the service capital programme gives £219.3m overall forecast expenditure for 2017/18.

Table 4: Forecast capital expenditure 2017/18 as at 31 December 2017

	Current full year budget £m	Apr - Nov actual £m	Dec - Mar projection £m	Full year forecast £m	Full year variance £m
Schools basic need	31.8	28.1	3.7	31.8	0.0
Highways recurring programme	48.4	22.8	15.0	37.8	-10.6
Property & IT recurring programme	47.7	22.9	11.9	34.8	-12.9
Other capital projects	17.2	6.7	4.8	11.5	-5.7
Service capital programme	**145.1**	**80.5**	**35.3**	**115.8**	**-29.2**
Long term investments	0.0	90.4	13.0	103.4	103.4
Overall capital programme	**145.1**	**170.9**	**48.3**	**219.3**	**74.2**

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

Significant capital budget variances

62. The £29.2m forecast underspend on the 2017/18 service capital programme is mainly for the following reasons.

- £8.0m underspend in Place Development & Waste due to changes within the Local Growth Deal programme of road and transport improvement schemes. This underspend spans a number of schemes and is caused by various factors, such

as where works have been reprogrammed (e.g. to take account of other planned highway schemes) or delayed, or where schemes are awaiting approval from the LEPs.

- £2.7m underspend in Highways & Transport (H&T) primarily in respect of the National Productivity Improvement Fund (NPIF) grant where £1.8m has been earmarked for works agreed with the Department for Transport to take place in 2018/19.
- £12.9m underspend in Orbis includes £5.1m underspend on building maintenance following the asset strategy review, planning and environmental delays on Property projects, school schemes, SEN strategy plus reprofiling IT server and network replacement to future years.
- £4.5m underspend in Surrey Fire & Rescue Service's grant funded joint transport project due to the scale and timing of the project. The council holds the grant on behalf of the three fire and rescue authorities in Surrey and Sussex. The funds have been allocated to individual workshop projects across Surrey and Sussex. Business plans for each workshop are progressing.

Capital budget virement requests

63. The Superfast Broadband project is forecast to underspend by £166,000 this year, as external funding is utilised. Cabinet also previously approved a carry forward of £190,000 from 2016/17 which is held centrally. H&T requests a re-profile of these underspends across 2018/19 to 2020/21 to fund ongoing costs in future years (2018/19 £140,000, 2019/20 £145,000, 2020/21 £71,000).

Revolving Infrastructure & Investment Fund

64. Table 5 shows that the council will generate £3.8m net income this year from various property acquisitions made by the council and the Halsey Garton Property group. The council anticipates transferring this net income to the Revolving Infrastructure & Investment Fund at the year end.

65. The council portfolio comprises properties purchased for future service delivery or economic regeneration. The portfolio forecasts £0.5m net cost this year, largely due to the development underway at the former Thales site in Crawley. In 2017/18 this scheme will cost the council an estimated £1.3m. However once the second phase building becomes fully operational in 2019/20 the development will generate £1.3m net income a year.

66. The Halsey Garton portfolio will generate £4.3m net income this year, comprising £1.6m estimated dividend and £2.7m net interest margin on loans provided to the company by the council.

67. Net capital expenditure in 2017/18 of £103.4m includes additional equity investment and loans to the Halsey Garton Property group and the development of the former Thales site in Crawley. The forecast for the year is net of £2.3m estimated in tenant contributions to capital works.

Table 5: Summary revenue and capital position as at 31 December 2017

Revenue statement	YTD actual £m	Full year forecast £m
Council portfolio		
Income	-3.2	-4.3
Expenditure	0.5	0.8
Funding	3.0	4.0
Net income/cost	0.3	0.5
Halsey Garton portfolio		
Dividend	0.0	-1.6
Net interest margin	-1.9	-2.7
Net income	-1.9	-4.3
Total net income	**-1.6**	**-3.8**
Capital expenditure	**90.4**	**103.4**

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

11

Appendix to Annex

Updated budget - revenue

App 1. The council's original 2017/18 revenue expenditure budget was approved as £1,672.5m. Adding virement changes in the first nine months of 2017/18 reduced the expenditure budget as at 31 December 2017 to £1,657.9m. 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: 2017/18 updated revenue budget as at 31 December 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	1.0	0.0	1.0	1.0
Strategic Leadership	0.0	0.0	0.0	0.9	-0.1	0.9	0.9
Adult Social Care	-99.1	-4.2	-103.3	460.8	4.7	465.5	362.2
Children's Services	-10.6	-0.4	-11.0	112.8	4.5	117.3	106.3
Commissioning & Prevention	-62.5	0.3	-62.2	97.2	-1.2	96.0	33.8
Schools & SEND	-109.9	-4.2	-114.1	175.2	0.1	175.3	61.2
Delegated Schools	-415.8	22.5	-393.3	414.6	-21.3	393.3	0.0
Community Partnership & Safety	-0.2	0.2	0.0	2.9	-2.9	0.0	0.0
Coroner	0.0	0.0	0.0	1.7	0.0	1.7	1.7
Cultural Services	-13.3	0.3	-13.0	22.6	-0.3	22.3	9.3
Customer Services	-0.1	0.0	-0.1	3.5	0.0	3.5	3.4
Communities Support function	-0.2	0.1	-0.1	0.9	0.0	0.9	0.8
Surrey Fire & Rescue Service	-0.1	0.0	-0.1	0.6	0.0	0.6	0.5
Community Partnership & Safety	-12.2	-0.1	-12.3	44.0	0.1	44.1	31.8
Trading Standards	-1.8	0.0	-1.8	3.7	0.0	3.7	1.9
Place Development & Waste	-8.0	0.0	-8.0	89.3	0.8	90.0	82.0
Highways & Transport	-8.1	-0.1	-8.2	52.8	2.0	54.8	46.6
Public Health [1]	-37.9	6.2	-31.7	37.9	-6.2	31.7	0.0
Central Income & Expenditure	-0.4	-0.2	-0.6	54.5	0.2	54.7	54.0
Communications	0.0	0.0	0.0	2.1	-0.1	2.0	2.0
Finance	-1.4	0.0	-1.4	4.2	0.0	4.2	2.8
Human Resources & Organisational Development	0.0	0.0	0.0	4.3	-0.4	3.9	3.9
Information Technology & Digital	-0.4	0.0	-0.4	12.9	0.0	12.9	12.5
Legal Services	-0.4	0.0	-0.4	4.4	0.0	4.4	4.0
Democratic Services	-0.2	0.0	-0.2	6.1	-0.1	6.0	5.8
Strategy & Performance	-0.8	0.0	-0.8	2.3	-0.1	2.2	1.4
Procurement	0.0	0.0	0.0	0.9	0.0	0.9	0.9
Property	-8.5	-0.3	-8.8	30.1	0.0	30.1	21.3
Joint Operating Budget ORBIS	0.0	0.0	0.0	37.6	0.0	37.6	37.6
Business Operations	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.1
Service total	**-792.0**	**20.3**	**-771.7**	**1,681.5**	**-20.2**	**1,661.3**	**889.6**
Savings to be identified				-9.0		-9.0	-9.0
Total	**-792.0**	**20.3**	**-771.7**	**1,672.5**	**-20.2**	**1,652.3**	**880.6**
General funding sources							
Government grants	-150.1		-150.1			0.0	-150.1
Local taxation	-718.6		-718.6			0.0	-718.6
Grand total	**-1,660.6**	**14.6**	**-1,646.0**	**1,672.5**	**-14.6**	**1,657.9**	**11.9**

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

1 - Public Health receives £38.5m grant funding, to which it matches its gross expenditure budget to give a net expenditure budget of £0.0m

2 – Community Partnership & Safety is now reported within Highways & Transport

App 2. When Full Council agreed the 2017-20 MTFP in February 2017, some government departments had not determined final amounts for some grants. Cabinet agreed the principle that services would estimate their likely grant and their 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 three virements above £500,000 in the first nine months of 2017/18.

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

Table App 2: 2017/18 revenue expenditure budget movements as at 31 December 2017

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m	Virement count
MTFP	-1,660.6	1,672.4		11.8	
Carry forwards				0.0	0
	-1,660.6	1,672.4	0.0	11.8	0
Total Quarter 1 movements	0.5	-0.5	0.0	0.0	66
Total Quarter 2 movements	0.1	-0.1	0.0	0.0	65
October movements	14.1	-14.1	0.0	0.0	28
November movements	0.0	0.0	0.0	0.0	14
December movements					
New funding and expenditure	-0.4	0.4	0.0	0.0	4
Internal service movements	5.8	-5.8	0.0	0.0	15
Total December movements	5.4	-5.4	0.0	0.0	19
Final approved budget	**-1,640.5**	**1,652.3**	**0.0**	**11.9**	**192**

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: 2017/18 Revenue budget forecast position as at 31 December 2017

	Year to date			← Full year			→
	Budget £m	Actual £m	Variance £m	Budget £m	Remaining forecast £m	Projection £m	Variance £m
Income:							
Local taxation	-639.9	-639.5	0.4	-718.6	-79.0	-718.6	0.0
Government grants	-558.3	-537.5	20.8	-733.6	-180.3	-717.8	15.8
Other income	-139.9	-163.8	-23.9	-188.1	-48.8	-212.6	-24.5
Income	**-1,338.1**	**-1,340.8**	**-2.7**	**-1,640.4**	**-308.1**	**-1,649.0**	**-8.6**
Expenditure:							
Staffing	208.9	205.2	-3.7	278.5	71.0	276.4	-2.1
Service provision	725.8	720.4	-5.4	978.7	273.7	1,000.3	21.6
Non schools sub-total	934.7	925.6	-9.1	1,257.3	344.7	1,276.7	19.5
Schools expenditure	317.9	317.9	0.0	395.1	77.2	395.1	0.0
Total expenditure	**1,252.6**	**1,243.5**	**-9.1**	**1,652.3**	**421.9**	**1,671.8**	**19.5**
Movement in balances	**-85.6**	**-97.4**	**-11.8**	**11.9**	**113.7**	**22.8**	**10.9**

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

11

Updated budget – capital

App 6. Cabinet approved the original capital expenditure budget for 2017/18 at £186.0m and £17.0m carry forward of scheme budgets requested in 2016/17's Outturn report. In the period to 31 December 2017, Cabinet approved -£0.9m net virements, £14.1m draw down of carry forwards and -£54.2m reprofiling. Table App 4 summarises the -£40.9m net movement in the capital budget for the year to 31 December 2017.

Table App 4: 2017/18 capital budget movements as at 31 December 2017

	30 Nov 17 £m	31 Dec 17 £m
MTFP (2017-20) (opening position)		**186.0**
Reprofiling & carry forwards drawn down		
Carry forwards drawdown - Property services	10.0	
Carry forwards drawdown – IT & Digital	1.0	
Carry forwards drawdown - Schools Devolved Budget	2.6	
Carry forwards drawdown - Highways Maintenance	0.3	
Carry forwards drawdown - Highways Local Schemes	-0.3	
Carry forwards drawdown – Schools Kitchens and other scheme	0.1	
Carry forwards drawdown - Schools third party contributions	0.4	
Sub-total – carry forwards drawn down		*14.1*
Reprofiling –from 2016/17 to 2017/18	1.9	
Reprofiling - Property services	-14.4	
Reprofiling - School Basic Need	-40.9	
Reprofiling - Fire	-0.9	
Reprofiling - IT & Digital	0.1	
Sub-total - reprofiling		*-54.2*
Total reprofiling & carry forwards drawn down		**-40.1**
Virements		
Local Growth Deal configured in March 2017 (reduced grant)	-2.6	
Schools Devolved Budget	-0.2	
School Capital Maintenance (reduced grant)	-0.7	
Free Early Education 30hrs (new grant)	0.9	
Schools third party contributions	1.8	
Total virements		**-0.9**
In year budget changes		**-40.9**
2017/18 updated capital budget		**145.1**

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

Balance sheet

App 7. Table App 5 summarises the council's balance sheet as at 31 December 2017.

Table App 5: Balance sheet

As at 31 Mar 2016 £m	As at 31 Mar 2017 £m		As at 31 Dec 2017 £m
1,793.0	1,752.3	Property, plant & equipment	1,676.0
1.0	1.0	Heritage assets	1.0
62.9	54.1	Investment property	76.9
5.5	7.0	Intangible assets	6.3
3.2	46.7	Long term investments	71.2
28.7	124.5	Long term debtors	198.0
1,894.3	**1,985.7**	**LONG TERM ASSETS**	**2,029.4**
65.0	0.0	Short term investments	0.0
0.8	0.8	Intangible assets	1.0
24.2	10.9	Assets held for sale	10.9
1.4	1.4	Inventories	0.7
152.1	144.7	Short term debtors	121.4
0.0	56.1	Cash & cash equivalents	79.1
243.4	**213.9**	**CURRENT ASSETS**	**213.1**
-19.6	0.0	Short term cash & cash equivalents	0.0
-30.9	-140.7	Short term borrowing	-252.1
-182.1	-190.8	Creditors	-198.6
-3.1	-4.3	Provisions	-2.5
-0.1	-0.1	Revenue grants receipts in advance	0.0
-0.3	-9.2	Capital grants receipts in advance	0.0
-7.6	-13.3	Other short term liabilities	-13.3
-243.7	**-358.3**	**CURRENT LIABILITIES**	**-466.6**
-30.6	-25.2	Provisions	-20.8
-397.8	-397.8	Long term borrowing	-397.8
-1,383.5	-1,696.2	Other long term liabilities	-1,696.4
-1,811.9	**-2,119.1**	**LONG TERM LIABILITIES**	**-2,115.0**
82.1	**-277.9**	**NET ASSETS**	**-339.1**
-317.1	-341.1	Usable reserves	-413.0
235.0	619.0	Unusable reserves	752.1
-82.1	**277.9**		**339.1**

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

11

Earmarked reserves

Table App 6: Earmarked revenue reserves as at 31 December 2017

	Opening balance 1 Apr 2017 £m	Balance at 31 Dec 2017 £m	Forecast 31 Mar 2018 £m
Revolving Infrastructure & Investment Fund	11.1	11.1	11.1
Budget Equalisation Reserve	12.5	9.7	11.1
Eco Park Sinking Fund	4.4	4.4	4.4
Insurance Reserve	7.7	8.6	7.7
Investment Renewals Reserve	5.0	4.9	4.8
General Capital Reserve	5.3	5.4	4.4
Street lighting PFI Reserve	4.4	3.7	3.7
Economic Downturn Reserve	9.2	9.2	9.2
Economic Prosperity Reserve	2.5	2.5	2.5
Equipment Replacement Reserve	0.7	2.1	2.0
Business Rate Appeals Reserve	1.3	3.6	3.6
Interest Rate Reserve	1.0	1.0	1.0
Total earmarked revenue reserves	**65.1**	**66.2**	**65.5**
General Fund Balance	**21.3**		**21.3**

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

Debt

App 8. During the nine months to 31 December 2017, Accounts Payable raised invoices totalling £237.2m (up from £153.8m as at 30 September 2017 and compared to £299.2m during 2016/17). The amount outstanding on these invoices was £45.1m of gross debt as at 31 December 2017 (up from £35.2m at 30 September 2017). Table App 7 shows the age profile of the council's debts. The overdue debt is the gross debt less those balances not immediately due (i.e. less than 30 days old). Overdue debt as at 30 December is £24.0m (up from £21.5m as at 30 September 2017). Non care related debt includes £1.1m with clinical commissioning groups and £1.1m with other local authorities.

Table App 7: Age profile of the council's debts as at 31 December 2017

Account group	<1 month £m	2-12 months £m	1-2 years £m	+2 years £m	Gross debt £m	Overdue debt £m
Care debt – unsecured	3.0	6.3	2.2	3.6	15.1	12.0
Care debt – secured	0.3	2.4	1.9	4.0	8.7	8.4
Total care debt	**3.3**	**8.7**	**4.1**	**7.5**	**23.7**	**20.4**
Schools, colleges and nurseries	1.0	0.1	0.0	0.0	1.1	0.1
Clinical commissioning groups	7.3	0.7	0.3	0.0	8.3	1.1
Other local authorities	6.1	0.7	0.2	0.3	7.2	1.1
General debt	3.6	1.0	0.1	0.2	4.9	1.3
Total non-care debt	**17.9**	**2.5**	**0.6**	**0.5**	**21.5**	**3.6**
Total debt	**21.2**	**11.2**	**4.7**	**8.1**	**45.2**	**24.0**

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

App 9. Adjusting the overdue debt to take into account those balances not secured (on property) produces the overdue, unsecured debt figures shown in Table App 8.

App 10. Changes introduced under the Care Act mean it is no longer possible to place a charge on an individual's property resulting in a rise in the level of unsecured debt

(as this debt would previously have been reported as secured). Over the quarter to 31 December 2017 overdue, unsecured debt rose by £3.8m.

Table App 8: Overdue, unsecured debt summary as at 31 December 2017

	2017/18 Q3 £m	2017/18 Q2 £m	2017/18 Q1 £m	2016/17 Q4 £m	2015/16 Q4 £m	2014/15 Q4 £m
Care related debt	12.0	7.6	8.0	8.9	10.8	8.9
Non care related debt	3.6	4.2	3.9	3.8	7.6	4.2
Total	**15.6**	**11.8**	**11.9**	**12.7**	**18.4**	**13.1**

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

App 11. The council's debt policy includes a target of 30 days to collect non-care debt. The average number of debtor days for December 2017 was 27 days (compared to 24 debtor days averaged over each of the nine months of the year to date).

App 12. The Director of Finance has delegated authority to write off irrecoverable debts in line with financial regulations. During the quarter to 31 December 2017, the Director of Finance wrote off 125 such debts with £224,496 total value, of which £190,685 (85%) is care related and £33,811 (15%) is non care related debt.

Treasury management

Borrowing

App 13. The council borrows money to finance the amount of its capital spending that exceeds receipts from grants, third party contributions, capital receipts and reserves. The council must demonstrate its costs of borrowing are affordable, prudent and sustainable under the Prudential Code. Table App 9 shows movements in the council's long term borrowing.

Table App 9: Long term borrowing as at 31 December 2017

	£m
Debt outstanding as at 1 April 2017	397.2
Loans raised	0.0
Loans repaid	0.0
Current balance as at 31 December 2017	**397.2**

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

App 14. The weighted average interest rate of the council's long term debt portfolio is 4.1% as at 31 December 2017.

App 15. The Treasury Strategy, approved by Full County Council in February 2017, continued the policy of internal borrowing and where necessary to borrow short term to meet cash flow liquidity requirements. Table App 10 shows the council's short term borrowing activity in 2017/18.

Table App 10: Short term borrowing as at 31 December 2017

	£m
Debt outstanding as at 31 March 2017	115
Loans raised	447
Loans repaid	-330
Current balance as at 31 December 2017	**232**

Note: All numbers have been rounded - which might cause a casting difference
Figures are for Surrey County Council only and do not include Surrey Police Authority

App 16. The weighted average interest rate of the council's short term external debt is 0.5% as at 31 December 2017. The council also manages cash on behalf of Surrey Police Authority (£20m as at 31 December 2017) which it accounts for as temporary borrowing.

Authorised limit and operational boundary

App 17. The following prudential indicators control the overall level of borrowing:

- The authorised limit represents the limit beyond which borrowing is prohibited. The limit reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing needed with headroom for unexpected cash flow. This is a statutory limit determined under section 3(1) of the Local Government Act 2003.
- The operational boundary is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an indicator to ensure the authorised limit is not breached.

Table App 11: Borrowing against the authorised limit and operational boundary as at 31 December 2017

	Authorised limit £m	**Operational boundary £m**
Gross borrowing	649	649
Limit / boundary	1,274	872
Headroom	**625**	**223**

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

Capital Financing Requirement

App 18. The Capital Financing Requirement (CFR) represents the council's underlying need to borrow for a capital purpose. The council must ensure that, in any one year, net external borrowing does not, except in the short term, exceed its estimated CFR for the next three years. Table App 12 shows the council's position against the estimated CFR, as reported to the County Council in February 2017. As at 31 December 2017, the council shows a net borrowing position (total borrowing for any purpose) of £649m. The difference between net borrowing and the estimated CFR reflects the council's under borrowed position as a result of the strategy to maximise internal borrowing.

Table App 12: The council's position against the estimated CFR

Capital Financing Requirement			**Net borrowing**
2017/18	**2018/19**	**2019/20**	
£1,144m	£1,155m	£1,125m	£649m

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

Maturity profile

App 19. The council sets limits for the maturity structure of borrowing in accordance with the Prudential Code. Table App 13 shows the actual amounts as at 31 December 2017, excluding balances invested on behalf of Surrey Police Authority.

Table App 13: Maturity structure of the council's borrowing as at 31 December 2017

	Upper limit	Lower limit	Actual
Repayable in 1 year*	50%	0%	38.8%
Repayable in 1-2 years	50%	0%	0%
Repayable in 2-5 years	50%	0%	1.5%
Repayable in 5-10 years	75%	0%	0%
Repayable in 10-15 years	100%	25%	0%
Repayable in 15-25 years	100%	25%	1.1%
Repayable in 25-50 years	100%	25%	58.6%

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

Early debt repayment and rescheduling

App 20. The council has not made early repayments or rescheduled debt in 2017/18.

Investments

App 21. The council has had an average daily level of investments of £72m in the first nine months of 2017/18 and had an average of £79.3m during 2016/17.

App 22. The council invests cash on the money markets through one of five brokers, directly with counterparties through the use of call accounts, money market funds or direct deal facilities, or with the Debt Management Office (DMO). No new fixed term deposits have been agreed during 2017/18. Table App 14 shows activity during the financial year to 31 December 2017.

Table App 14: Deposit activity for the nine months up to 31 December 2017

Timed deposits	Number	Average value £m	
Deals using a broker	0	0	
Direct deal facilities	0	0	
Deals with DMO	0	0	
Instant access	**Number**	**Individual limit £m**	**Total limit £m**
Active call accounts	0	20.0	20.0
Active money market funds	5	25.0	125.0

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

App 23. The weighted average return on all investments the council received in the nine months to 31 December 2017 is 0.20%. This compares to the 0.19% average 7-day London Interbank Bid Rate (LIBID) for the same period. Taking quarter three in isolation the council achieved 0.19% compared to 0.38% LIBID. This is because LIBID reflects the effect of the base rate rise straight away, while the money markets take time to adjust. During 2016/17, the council's weighted average return on all investments was 0.38%, compared to the 0.20% average 7-day LIBID rate. Table App 15 shows the comparisons.

Table App 15: Weighted average return on investments compared to 7-day LIBID

	Average 7-day LIBID	Weighted return on investments
2017/18, quarter 3	0.38%	0.17%
2017/18, quarter 2	0.11%	0.18%
2017/18, quarter 1	0.11%	0.21%
2016/17 total	0.20%	0.38%
2015/16 total	0.36%	0.54%

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

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Annex 2

Service	Savings title	2017/18 savings target £000	2017/18 savings forecast £000	Over/ (under) target £000	RAG for remaining savings forecast
ASC	Whole system demand management - FFC core target	2,500	2,500	0	G
ASC	Whole system demand management - FFC stretch target	1,000	977	-23	A
ASC	Whole system demand management - demand management through Consistency Practice Meetings process	4,021	0	-4,021	A
ASC	Whole system demand management - OP support package guidelines	1,141	0	-1,141	A
ASC	Whole system demand management - ensure correct application of national CHC framework	3,000	2,762	-238	G
ASC	Whole system demand management - resolution of significant outstanding CHC disputes/assessments	2,100	724	-1,376	A
ASC	Whole system demand management - PLD transport care packages review	500	0	-500	A
ASC	Whole system demand management - optimisation of transition pathways	1,000	1,500	500	G
ASC	Whole system demand management - personalised strategic shift for people with disabilities	1,268	104	-1,164	A
ASC	Whole System Demand Management - housing related support	453	78	-375	G
ASC	Whole systems demand management - section 256 client group savings	2,000	1,322	-678	G
ASC	Whole systems demand management - strategic review of in-house services	2,664	2,897	233	B
ASC	Market management & pricing strategies - Commissioning for Older People with Learning Disabilities	663	17	-646	A
ASC	Market management & pricing strategies - strategic supplier review rebates	1,000	416	-584	A
ASC	Market management & pricing strategies - day care commission review	575	0	-575	A
ASC	Whole System Demand Management - contract & grant review	1,250	1,076	-174	B
ASC	Market management & pricing strategies - optimisation of main block contract rates	75	0	-75	G
ASC	Market management & pricing strategies - optimisation of other contracts and grants rates	368	368	0	B
ASC	Workforce Development - workforce synergies	250	289	39	A
ASC	Workforce development - optimise staff travel	110	7	-103	G
Adult Social care Total		25,938	15,037	-10,901	

Service	Savings title	2017/18 savings target £000	2017/18 savings forecast £000	Over/ (under) target £000	RAG for remaining savings forecast
Public Health	Wider Public Health service redesign	187	187	0	B
Public Health	End Mental Health promotion contract on expiry 31 March	335	335	0	B
Public Health	Substance misuse prog reduction	500	500	0	G
Public Health	Alcohol IBA removal	400	400	0	B
Public Health	Lifestyle service (smoking) reduction	200	200	0	B
Public Health	Lifestyle service (physical activity) reduction	55	55	0	B
Public Health Total		1,677	1,677	0	
Fire	Capital financing vehicle and equipment replacement	1,470	1,470	0	B
Fire	Fire cover re-configuration	900	0	-900	A
Fire	Contingency cover and specialist rescue contract	718	645	-73	B
Fire	Blue light collaboration - fleet	200	0	-200	A
Fire	Internal reduction to fleet operations costs	0	200	200	A
Fire	Blue light collaboration mobilising	200	0	-200	A
Fire	Internal review - mobilising	0	-100	-100	G
Fire	Senior management restructure	50	50	0	G
Fire	Back office and support review	50	34	-16	G
Fire	Middle management savings	0	500	500	G
Fire	Other uniform savings	0	519	519	G
Fire	Fire Pension employer contribution	0	439	439	G
Fire Total		3,588	3,757	169	

Service	Savings title	2017/18 savings target £000	2017/18 savings forecast £000	Over/ (under) target £000	RAG for remaining savings forecast
Legal	Legal Services - additional income	70	70	0	B
Legal	Legal Services - staffing review	48	48	0	B
Legal	Legal Services - staffing review	0	399	399	B
Dem Srvs	Democratic Services –reduce voluntary sector support	22	22	0	B
Dem Srvs	Democratic Services - staffing review	22	171	149	B
Dem Srvs	Democratic Services - modern councillor review	22	22	0	B
Dem Srvs	Democratic Services - modern councillor review	0	341	341	B
Cultural Servs	Cultural Services - Libraries reclassification	121	121	0	G
Cultural Servs	Hold vacancies	0	20	20	B
Cultural Servs	Cultural Services - Libraries staffing restructure	30	293	263	B
Cultural Servs	Cultural Services - libraries resources reduction	246	246	0	G
Cultural Servs	Cultural Services - Surrey Arts subsidy reduction	15	15	0	G
Cultural Servs	Cultural Services - Registration & Nationality Service increased income	26	162	136	B
Cultural Servs	Cultural Services - improve marketing In Adult & Community Learning	22	22	0	G
Cultural Servs	Cultural Services - support services savings	6	6	0	B
Coroner	Coroner savings to be identified	64	64	0	B
Legal, Democratic and Cultural services Total		714	2,022	1,308	
Dir Supp	Support function review	155	155	0	G
Trad Stand	Buckinghamshire partnership and additional income	159	159	0	G
Emergency Management	Income generation	20	20	0	G
E&I - Communities Total		334	334	0	

Service	Savings title	2017/18 savings target £000	2017/18 savings forecast £000	Over/ (under) target £000	RAG for remaining savings forecast
Orbis	Business Operations efficiencies	500	500	0	B
Orbis	Finance efficiencies	525	755	230	B
Orbis	HR&OD efficiencies	400	590	190	B
Orbis	IT&D efficiencies	1,099	1,549	450	B
Orbis	Management efficiencies	100	100	0	B
Orbis	Procurement efficiencies	345	345	0	B
Orbis	Property efficiencies	729	729	0	B
Finance	Insurance self fund	750	750	0	B
Finance	Reversal of one-off savings	-25	-25	0	B
HR&OD	Training reduction	207	207	0	B
HR&OD	Apprentices reduction	216	216	0	B
IT&D	Infrastructure reduced application costs	346	452	106	B
Property	Fees reduced application costs	100	100	0	B
Property	Utilities reduced application costs	200	300	100	B
Property	Building running costs reduced application costs	440	540	100	B
Property	Building running costs reduced application costs	0	160	160	B
Orbis	ESCC share	-1,163	-1,424	-261	B
Business Services Total		4,770	5,845	1,075	
Central Income & Expenditure	Treasury management (interest payable)	8,600	8,600	0	G
Central Income & Expenditure	Other initiatives	2,503	2,503	0	B
Central Income & Expenditure	Minimum Revenue Provision	8,000	8,000	0	B
Central Income & Expenditure	Education Services Grant	3,000	3,000	0	B
Central Income & Expenditure	Pension fund contribution for Members	165	165	0	B
Central Income & Expenditure	Contributions to reserves	611	611	0	B
Central Income & Expenditure	Public Health – other initiatives	1,805	1,805	0	G
Central Income & Expenditure	Communications / Democratic services -stop Surrey Matters; move to digital communications; paper-free committee meetings by end of first year of new council.	110	0	-110	A
Central Income and Expenditure Total		24,794	24,684	-110	

Service	Savings title	2017/18 savings target £000	2017/18 savings forecast £000	Over/ (under) target £000	RAG for remaining savings forecast
Strategy & Performance	Staffing review	173	290	117	B
Strategy & Performance	Surrey Growth Fund	300	300	0	B
Strategy & Performance	Health & wellbeing	30	30	0	B
Strategy & Performance	Corporate subscriptions	10	10	0	B
Comms	Communications - central spend	81	181	100	B
Comms	Communications - staffing review	36	80	44	B
Comms	Communications - Surrey Matters	185	185	0	B
Customer Services	Customer Services - senior management restructure	50	50	0	B
Customer Services	Service reductions	130	241	0	B
Strategic Leadership	Strategic Leadership	110	129	19	B
Organisational Leadership & Performance Total		1,105	1,496	280	

Service	Savings title	2017/18 savings target £000	2017/18 savings forecast £000	Over/ (under) target £000	RAG for remaining savings forecast
Children's Services	Support functions review	280	0	-280	R
Children's Services	Productivity efficiencies	335	335	0	A
Children's Services	Market management -containing inflation	559	559	0	G
Commissioning and Prevention	Market management -containing inflation	224	224	0	G
Schools & SEND	Market management -containing inflation	2,417	2,417	0	G
Commissioning and Prevention	Reorganisation of Commissioning and Prevention	1,300	1,300	0	G
Commissioning and Prevention	Early Help contract savings	250	250	0	B
Commissioning and Prevention	Early Help reconfiguration	1,426	0	-1,426	R
Children's Services	Children's Services Early Help reductions in demand	400	0	-400	R
Commissioning and Prevention	Early Help Reconfiguration asset related savings	700	0	-700	R
Commissioning and Prevention	Review schools traded offer and opportunities to bid for grants and other resources	128	8	-120	R
Schools & SEND	Home to school transport - SEND	1,499	0	-1,499	B
Schools & SEND	Productivity efficiencies	1,337	1,736	399	B
Schools & SEND	Home to school transport - mainstream	600	600	0	B
Schools & SEND	Support functions reductions	75	75	0	B
Schools & SEND	Reductions in school support	600	600	0	B
Schools & SEND	Review of special school funding	2,300	400	-1,900	G
Schools & SEND	No inflation on Individual Statemented Pupil Support Budget	1,200	300	-900	B
Schools & SEND	Traded model for SEN support services	600	300	-300	A
Schools & SEND	Trade specialist teachers	500	0	-500	B
Schools & SEND	Post 16 SEND	1,000	1,000	0	B
Schools & SEND	Review provision of SEND support to early years providers	1,000	1,000	0	B
Schools & SEND	Service cost reduction and/or recommissioning	800	200	-600	B
Schools & SEND	New operating model for SEN pathway	500	500	0	B
Schools & SEND	Alternative provision	500	500	0	B

Service	Savings title	2017/18 savings target £000	2017/18 savings forecast £000	Over/ (under) target £000	RAG for remaining savings forecast
Schools & SEND	Trade or reduce non-statutory services	500	0	-500	B
Schools & SEND	Review and share costs with health & social care	500	250	-250	G
Schools & SEND	Decommissioning of SEN planned places	300	300	0	B
Schools & SEND	Hard to place pupils	100	0	-100	G
Schools & SEND	More place to be charged to OLEAs for their pupils.	200	904	704	B
Schools & SEND	Post 19 - review plans in light of further guidance	0	1,000	1,000	G
Schools & SEND	Commissioning savings	0	0	0	A
Schools & SEND	Carry forward of overspend of DSG into 2018/19	0	2,513	2,513	B
Schools & SEND	Use of DSG originally earmarked for 2016/17 deficit	0	900	900	B
Children, Schools & Families Total		22,130	18,171	-3,959	

Service	Savings title	2017/18 savings target £000	2017/18 savings forecast £000	Over/ (under) target £000	RAG for remaining savings forecast
Comm Part Team	Members allocations	348	348	0	B
Comm Part Team	Community improvement fund	264	500	236	B
Comm Part Team	Other savings	22	22	0	G
Highways & Transport	Highway information team income	40	40	0	G
Highways & Transport	Integrated team structure	200	200	0	B
Highways & Transport	Local committee funding	1,700	1,700	0	B
Highways & Transport	Marginal gains	178	178	0	B
Highways & Transport	Support service review	141	141	0	B
Place Development	Local transport review	735	735	0	G
Place Development	Countryside & Surrey Wildlife Trust	350	228	-122	A
Place Development	Planning & Development	350	350	0	G
Place Development	Place & Sustainability review	200	137	-63	A
Place Development	Road Safety review	100	100	0	G
Place Development	E&I support service review	59	59	0	B
Place Development	Place Development marginal gains	200	200	0	G
Place Development	Fall out of prior year one off saving (marginal gains)	-500	-500	0	B
Waste	Community Recycling Centres and Transfer Stations	1,300	279	-1,021	G
Waste	Materials management - residual waste & sweepings contract	-792	-31	761	G
Waste	Waste : contract structure	1,000	0	-1,000	A
Waste	Waste : recycling management	1,115	115	-1,000	A
Waste	Waste : Kerbside recycling performance	1,334	106	-1,228	A
Waste	Waste : Single waste approach	1,587	1,522	-65	G
Environment & Infrastructure Total		9,931	6,429	-3,502	
All services	Unidentified savings	9,000		-9,000	N/A
Grand Total		103,981	79,452	-24,640	

Annex 1

CABINET MEMBER DECISIONS
JANUARY 2018

CABINET MEMBER FOR EDUCATION

(i) PETITION

Details of decision:

That the response, attached as Appendix 1, be approved

Reasons for decision:

To respond to the petition.

(Decision taken by the Cabinet Member for Education – 23 January 2018)

CABINET MEMBER FOR HIGHWAYS

(ii) PROPOSED STOPPING UP OF KNIGHTS PLACE, REDHILL

Details of decision:

It was agreed that an application be made to the Magistrates' Court for an order stopping up Knights Place (identified on the plan at Annex 1) as highway, in accordance with the provisions of Section 116 and 117 of the Highways Act 1980 and subject to the conditions of the County Council's approved policy on stopping up applications.

Reasons for decision:

Knights Place is a small cul-de-sac serving three blocks of private flats providing little or no function for the public at large. On completion of a successful application the County Council would be relinquished from any future maintenance liability for the road in question.

(Decision taken by the Cabinet Member for Highways – 23 January 2018)

Appendix 1

Cabinet Member for Education

23 January 2018

RESPONSE TO PETITION REGARDING THE EXPANSION OF ST PETER AND ST PAUL TO A PRIMARY SCHOOL

Petition:

St Peter and St Paul is a Church of England infant school located in Chaldon that feeds into St John's in Caterham Valley for KS2 (7-11 year olds). Following the recent announcement by St Johns of their proposed change to admissions policy from 90 to 60 children from Y3 we are looking to expand St Peter and St Paul to a Primary School.

Submitted by: Sarah Shoebridge

Signatures: 664

Response:

The Council is currently working in tandem with its local partners to explore options with respect to the expansion of St. Peter & St. Paul School and how this may viably be funded. Whatever the outcome of these discussions, stakeholders can be assured that the Council will continue to deliver on its statutory duty to provide sufficient pupil places in the local area to meet demand. Should a viable option for expanding St. Peter & St. Paul not materialise in advance of the relevant cut-off date (15 May 2018), it would be necessary for the Council to object to the St. John's proposed Y3 Published Admission Number (PAN) removal and refer this matter to the Office of the Schools Adjudicator, in order that it can continue to deliver on its statutory duty. However, even if this proves necessary, the Council will continue to explore options regarding the potential reformulation of these schools with the Diocese, the school governing bodies and all other interested parties. If the requisite funding were subsequently located it would then be possible to bring the proposals to expand St. Peter & St. Paul and close the Y3 entry at St. John's at a later date.

Mary Lewis
Cabinet Member for Education
Surrey County Council