Budget monitoring period 8 2013/14 (November 2013)

Summary recommendations

Cabinet is asked to note the following.

1. Forecast revenue budget for 2013/14 is balanced on services, adding the unused £13m risk contingency brings this to £13m overall underspend (paragraph 1).
2. Forecast ongoing efficiencies and service reductions achieved by year end is £61m (paragraph 67).
3. Forecast capital budget position for 2013/14 is -£2.7m on services and +£26.6m overall (paragraphs 71 to 75).
4. Management actions to mitigate overspends appear throughout this report.

Cabinet is asked to approve the following:

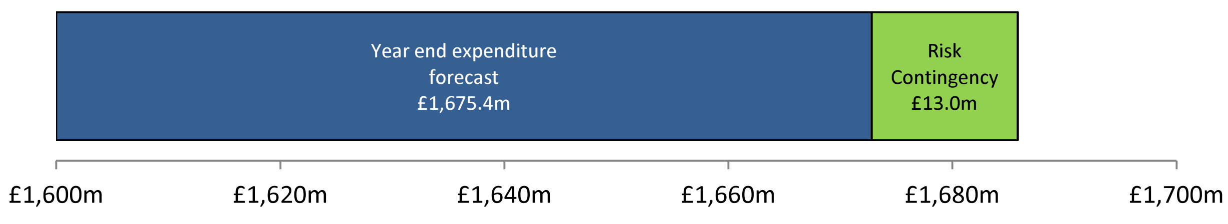
5. request to drawdown the 2012/13 winter pressures funding (£1.7m) to cover slippage on Family, Friends & Community Support saving (paragraph 14); and
6. re-profiling of the capital expenditure on road and highway repairs from £20m each year of the five year 2013-18 capital programme to £31m in 2013/14, with the remainder spread over the four years 2014/15 to 2017/18 (paragraph 75).

Summary - Revenue

The Council set its budget for the 2013/14 financial year in the context of the Government's continuing austerity programme, with reducing public spending and rising demand for services. In setting a balanced 2013/14 budget, the Council developed plans for efficiencies and service reductions totalling £68m and approved the use of £11m earmarked reserves and £12m general balances. In developing its five year Medium Term Financial Plan (MTFP) for 2013-18, the Council approved plans to achieve efficiencies and service reductions totalling £167m, following achievement of £225m efficiencies from 2009 to 2012. Cabinet carried out a review of the MTFP after the first quarter of 2013/14. The review identified additional savings services could realistically deliver for 2014-18 of £56.0m (£19.5m in 2014/15).

The Local Government Peer Review of March 2013 recognised the council's longer term view and multi-year approach to financial management. As part of this approach, Cabinet approved carry forward of £7.9m underspend from 2012/13 to fund projects and commitments in 2013/14.

Figure 1: Year end forecast revenue position



At the end of November 2013, services forecast a balanced year end position (balanced at the end of October). In addition, the £13m risk contingency is not expected to be used and will increase reserves and balances. The council will continue to seek further savings this year in line with the corporate strategy of using our resources responsibly to plan for future years of financial uncertainty.

The balanced forecast position on services is a net result of: Adult Social Care (ASC) slippage implementing its innovative Family, Friends & Community Support strategy, offset by draw down of contingent funding (+£5.2m), Children's Services' volume pressures offset by School & Learning (+£1.2m); plus waste management pressure and support for local bus routes (+£1.1m); offset by underspends within Business Services (-£3.2m), Customer and Communities (-£0.3m), Chief Executive's Office (-£0.3m) and Central Income & Expenditure (-£3.6m).

Summary – Efficiencies

A key objective of MTFP 2013-18 is to increase the council's overall financial resilience, including by reducing reliance on government grants in the long term. MTFP 2013-18 includes savings and reductions totalling £68.3m in 2013/14 (£167m for 2013-18). At the end of November 2013, services forecast to achieve £61.0m efficiencies by year end. This under-achievement is due to slippage in ASC's innovative Family, Friends and Community Support (FF&C) strategy.

The overall position on efficiencies also includes £9.7m ASC savings re-categorised as one-off measures. These savings, budgeted for 2013/14, will need to be made in 2014/15.

Summary - Capital

A key element of Surrey County Council's corporate vision is to create public value by improving outcomes for Surrey's residents. This vision is at the heart of the capital programme and the MTFP 2013-18 set a £699m five year capital programme. Following cabinet approved of re-profiling the 2012/13 carry forward budgets and virements, the revised 2013/14 capital budget is £191.9m.

At the end of November 2013, services forecast overall capital spending against budget will be -£2.7m underspent by year end (-£10.7m at the end of October). This is mainly due to delays in acquiring land for waste schemes (-£5.9m); from archaeological finds at Guildford Fire Station (-£3.0m); deliveries for the fire vehicle and equipment replacement programme (-£1.4m); rephasing some short stay schools (-£1.2m); the school basic need programme (-£0.7m), and obtaining planning permission to improve a travellers' site (-£1.1m). Work to improve the resilience of the road network for winter (+£11.8m) offsets these underspends. There are other smaller underspends in the capital programme within Adult Social Care (-£0.2m), Children Schools and Families (-£0.2m), Environment & Infrastructure (-£0.2m) and Business Services (-£0.5m).

In addition, the council is investing £29.3m in long term capital investment assets.

Revenue budget

1. The updated revenue budget for the 2013/14 financial year, including schools, was supported by £23.0m of earmarked and general reserves, plus £7.9m revenue carried forward from 2012/13 to fund committed 2013/14 expenditure. The current projection for the council funded services net revenue budget for is for a balanced budget. This excludes the £13m risk contingency in the 2013/14 budget. The overall year end forecast is for the council to be -£13.0m underspent on its revenue budget. (-£13.0m at the end of October).

2. The year to date budget variance at the end of November is a -£19.5m underspend. This is predominately due to:
   - Dedicated Schools Grant – nursery provision underspends (-£3.6m),
   - the income ahead of budget for business rate and government grants and reduced capital financing costs(-£2.9m),
   - delayed maintenance work for both Highways and Property (-£2.6m and -£1.6m),
   - brought forward saving plans for Business Services and better contracts combined with rent and rates rebates (-£2.8m),
   - timing of expenditure and income on third party grants, member allocations and cultural service income and trading standards income (-£1.6m),
   - scheduling of IMT projects (-£0.9m), and
   - government grants for schools budgets (-£0.6m).

3. Schools funding is determined by an agreed formula under statute and expenditure decisions are the responsibility of each school's governing body.

4. Table 1 shows the year to date and forecast year end net revenue position for services and overall. Net revenue position for services is gross expenditure less income from specific grants plus fees, charges and reimbursements.

Table 1: 2013/14 Revenue budget - net positions by directorate

Oct's forecast variance £m	Directorate	YTD budget £m	YTD actual £m	**YTD variance £m**	Full year (revised) budget £m	Dec – Mar remaining forecast £m	Full year forecast £m	**Full year variance £m**
4.4	Adult Social Care	224.3	225.6	1.3	336.5	116.1	341.7	5.2
1.1	Children, Schools & Families	119.1	115.3	-3.8	181.0	66.9	182.2	1.2
0.0	Schools (gross exp £505.0m)	0.0	-0.6	-0.6	0.0	0.6	0.0	0.0
-0.4	Customer & Communities	40.2	38.2	-2.0	60.0	21.4	59.6	-0.4
1.3	Environment & Infrastructure	83.1	80.5	-2.6	131.7	52.3	132.8	1.1
-2.6	Business Services	54.1	48.4	-5.7	83.2	31.6	80.0	-3.2
-0.3	Chief Executive's Office	14.0	11.1	-2.9	16.2	4.8	15.9	-0.3
-3.5	Central Income & Expenditure	-196.2	-197.4	-1.2	-210.4	-16.6	-214.0	-3.6
0.0	**Service net budget**	**338.6**	**321.1**	**-17.5**	**598.2**	**277.1**	**598.2**	**0.0**
0.0	Local taxation	-423.9	-425.6	-1.7	-599.3	-173.7	-599.3	0.0
0.0	Revolving Infrastructure & Investment Fund		-0.3	-0.3		0.3		0.0
-13.0	Risk contingency	0.0	0.0	0.0	13.0	0.0	0.0	-13.0
-13.0	**Overall net budget**	**-85.3**	**-104.8**	**-19.5**	**11.9**	**103.7**	**-1.1**	**-13.0**

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

5. Both the year to date and forecast revenue budget positions are shown by directorate in the graphs below. Table App 3 in the appendix to this annex shows the overall income and expenditure year to date and year end forecast positions.

6. The balanced forecast position on services is a result of: Adult Social Care slippage implementing its innovative FF&C strategy (+£4.4m), Children's Services' volume pressures offset by Schools & Learning (+£1.1m); plus waste management pressure and support for local bus routes (+£1.3m); offset by underspends in Business Services (-£3.3m) and Central Income & Expenditure (-£3.5m).

7. Table 2 below summarises the main movements in forecast year end variances over the last month. The Directorate commentaries provide further information on the forecasts.

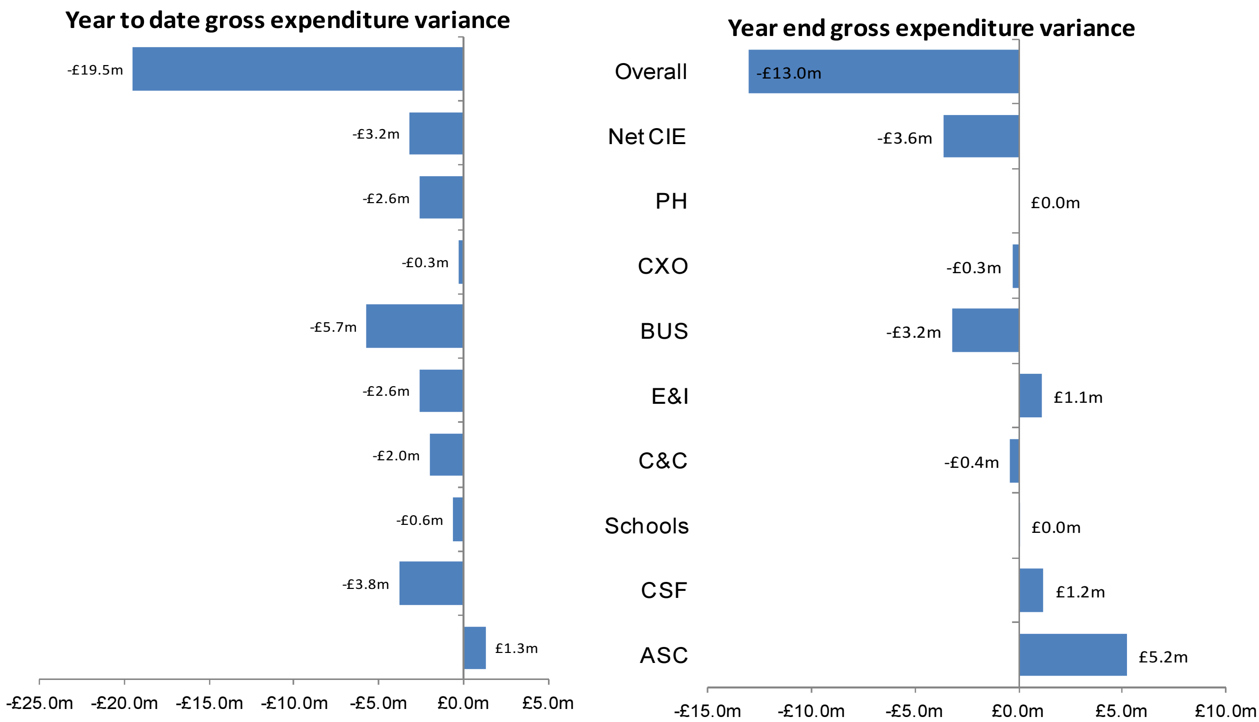
Table 2: 2013/14 Revenue budget year end variance monthly movement by directorate

Directorate	Oct YE Variance £m	Movement £m	**Nov YE Variance £m**
Adult Social Care	4.4	0.8	**5.2**
Children, Schools & Families	1.1	0.1	**1.2**
Schools	0.0		**0.0**
Customer & Communities	-0.4		**-0.4**
Environment & Infrastructure	1.3	-0.2	**1.1**
Business Services	-2.6	-0.6	**-3.2**
Chief Executive's Office	-0.3		**-0.3**
Central Income & Expenditure	-3.5	-0.1	**-3.6**
Service net budget	**0.0**	**0.0**	**0.0**

Summarised movements:	**Movement £m**	**Directorate**
Increased demand pressure	0.8	ASC
Amended training allocation	0.1	CSF
Academy grant reduction & Interest payable	-0.1	CIE
Surrey Growth fund transferred to Legacy team	-0.2	E&I
Business rates review rebate and property maintenance review	-0.6	BUS
Overall movement	**0.0**	

8. Figure 2 shows services' gross expenditure variances for year to date and forecast year end positions.

Figure 2: Year to date and forecast year end expenditure variance



9. Below, each directorate summarises its year to date and forecast year end income and expenditure position and service and policy financial information. These explain the variances, their impact and services' actions to mitigate adverse variances. The appendix gives the updated budget with explanations of budget movements.

Adult Social Care

Table 3: Summary of the revenue position for the directorate

Adult Social Care	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Dec – Mar Forecast £m	Full Year Projection £m	Nov Full Year Variance £m
Summary by subjective							
Income	-45.9	-53.5	-7.6	-68.9	-26.5	-80.0	-11.1
Expenditure	270.2	279.1	8.9	405.4	142.6	421.7	16.3
Net position	**224.3**	**225.6**	**1.3**	**336.5**	**116.1**	**341.7**	**5.2**
Summary by service							
Income	-45.9	-53.5	-7.6	-68.9	-26.5	-80.0	-11.1
Older People	109.8	117.1	7.3	164.7	56.8	173.9	9.2
Physical Disabilities	31.6	33.1	1.5	47.4	16.6	49.7	2.3
Learning Disabilities	83.7	86.2	2.5	125.6	46.8	133.0	7.4
Mental Health	6.0	6.3	0.3	9.0	3.2	9.5	0.5
Other Expenditure	39.1	36.4	-2.7	58.7	19.2	55.6	-3.1
Total by service	**224.3**	**225.6**	**1.3**	**336.5**	**116.1**	**341.7**	**5.2**

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

10. The November projected outturn for Adult Social Care is +£5.2m (1.54%) overspend at year end. This represents an increase of +£0.8m from last month. The year to date position at end of November shows a +£1.3m overspend.

11. A projected overspend was highlighted as a risk during the budget planning process and needs to be set in context of ASC's very challenging savings target of £45.9m. The directorate has made good progress in many of the savings actions and judges that £25.0m of savings have either been achieved or will be achieved without needing further management action. While there is considerable work ongoing to generate savings, the directorate is unlikely to be able to bring the budget completely back in line by year end.

12. The most significant element of the directorate's savings plans is the Family, Friends and Community Support (FF&C) strategy. It is a new and innovative strategy designed to provide more personalised community support options to individuals requiring care, while at the same time reducing direct costs to the council. ASC is implementing the new strategy and it has been a key driver in the recent rapid improvement events on the social care and financial assessment processes.

13. The FF&C savings target for 2013/14 is £15.5m. FF&C savings have been re-profiled based on the year to date position and it is now expected that only £3.0m of ongoing savings will be achieved, meaning slippage of £12.5m is currently projected against the original target. The future savings are anticipated to be achieved on a phased approach: £0.5m each month in December 2013 and January 2014 and £1.0m each month in February and March 2014. The slippage in the FF&C programme reflects the amount of cultural and systems change and community development required to implement the strategy in full.

14. ASC is looking at all possible opportunities to cover the slippage on FF&C and smaller shortfalls on some other savings plans. At present, ASC has identified two main counter-measures:

    i. draw down £7.5m of unused 2011/12 whole system funding, approved by Cabinet in September

    ii. request £1.7m draw down of previous years' winter pressures funding submitted for Cabinet to approve.

15. Although these measures help improve this year's budget position they do not prevent a pressure arising for next year's budget as they need to be replaced by new on-going savings.

16. The current year end projection relies on ASC implementing £6.8m of management action savings plans in the remainder of the financial year. Table 4 summarises the management actions included in the November projections.

17. The key driver of the underlying pressures the service faces is individually commissioned care services. The gross spend to date on spot care, excluding Transition, has on average been £21.5m per month for April to November. That compares with £22.0m per month at the end of 2012/13, indicating that while ASC is largely containing new in year demand pressures, expenditure has not yet decreased as planned. Assuming all savings occur as currently forecast or are replaced by other means, ASC can afford to spend only £20.2m per month in the remainder of the financial year. Therefore, it needs to reduce expenditure on individually commissioned care services by 6%. At the end of quarter 3, a review will be undertaken to assess the extent to which a 6% reduction is realistic.

18. The evaluation of whether the use of FF&C has reduced expenditure on spot care is critical for planning the 2014/15 budget as well as for the 2013/14 outturn. Next year's budget builds in a further £10m of FF&C savings.

Table 4: Summary of Adult Social Care forecast

	£m	£m
ASC MTFP efficiency target		**(45.9)**
Additional demand pressure above those anticipated in 2013-18 MTFP		0.3
Savings achieved (or not needing further management action) to date		(25.0)
Savings forecast in remainder of the year through use of FF&C	(3.0)	
Other savings forecast in the remainder of the year and included as management actions	(3.8)	
Total savings forecast in remainder of the year		(6.8)
Total forecast savings before draw downs		(31.8)
Whole systems funding 2011/12 draw down		(7.5)
Proposed winter pressure funding 2011/12 draw down		(1.7)
Total forecast savings		(41.0)
Under / (over) performance against MTFP target		**5.2**

Children, Schools & Families

Table 5: Summary of the revenue position for the directorate

Children, Schools & Families	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Dec - Mar Forecast £m	Full Year Projection £m	Nov Full Year Variance £m
Summary by subjective							
Income	-97.1	-96.2	0.9	-150.2	-53.9	-150.1	0.1
Expenditure	216.2	211.5	-4.7	331.3	120.8	332.3	1.0
Net position	**119.1**	**115.3**	**-3.8**	**181.1**	**66.9**	**182.2**	**1.1**
Summary by Service:							
Income	-97.1	-96.2	0.9	-150.2	-53.9	-150.1	0.1
Strategic Services	4.4	4.0	-0.4	5.8	1.5	5.5	-0.3
Children's Services	59.1	60.9	1.8	89.0	31.5	92.4	3.4
Schools and Learning	137.2	130.4	-6.8	211.5	79.0	209.4	-2.1
Services for Young People	15.5	16.2	0.7	25.0	8.8	25.0	0.0
Total by service	**119.1**	**115.3**	**-3.8**	**181.1**	**66.9**	**182.2**	**1.1**

19. The forecast outturn position for the Children Schools and Families directorate (CSF) is a +£1.1m overspend, similar to the position reported last month. The main reasons for the overspend continue to be pressures in Children's Services and increasing demand for transport in relation to children with special education needs (SEN). This is partly offset by an improved trading position for Commercial Services and underspends elsewhere within Schools and Learning.

20. The year to date underspend of -£3.8m is mainly due to DSG underspends on nursery provision (-£2.3m) and staffing across the directorate (-£1.3m). These are partly offset by non-staffing overspends in Children's Services (+£1.1m) and transport (+£1.2m)

Children's Services

21. In Children's Services the projected overspend is +£3.4m although this is partly offset by additional income of -£0.4m. This is unchanged compared to the end of October. The main reasons for this overspend are as follows.

- The services for children with disabilities budgets are overspending by +£2.3m, of which +£1.5m relates to the budget reduction for the MTFP efficiency in this service area. The full saving will not be achieved this financial year and CSF heads of service are looking at alternative savings as a key management action.
- The service is experiencing a significant shift towards more complex needs for children with disabilities: recent reviews of care packages have resulted in more costly support arrangements. There is a management action to review the increase in these care projections to confirm the ongoing pressures and future impact of these assessments.
- The remaining element of the overspend on services for children with disabilities forms part of the overall +£0.3m overspend on agency placements. The position remains volatile given the high cost of some places. Efforts continue to divert children from the most expensive agency placements, two young people have now been placed in Ruth House avoiding agency costs although additional support costs have been incurred to support them in this setting.
- There continues to be pressures on fostering allowances and in the cost of adoption and other allowances (+£0.4m). The number of foster placements is higher than the number the service budgeted for. In addition the number of Special Guardianship Orders (SGOs) continues to increase. The council funded a total of 45 new SGOs in 2012/13. It budgeted for a similar increase in 2013/14. However, by the end of November, the

council was already paying for 42 new SGOs and expects this to rise to 65 new SGOs in 2013/14.

- Area care services forecast a +£0.5m overspend. This is mainly due to an increase in the instances of court proceedings (there are 190 looked after children cases to the end of November 2013, compared to 169 for the whole of 2012/13) together with an increase in fees. In addition there is continued pressure from supervising contact and special guardianship or residency orders for Children in Need.
- A +£0.6m overspend is anticipated due to ongoing difficulties recruiting permanent social workers and a resulting reliance on more expensive agency staff. The market for good quality agency staff is increasingly competitive which pushes agency costs even higher. This has been an ongoing problem and CSF has plans to improve recruitment and retention of social workers through the career progression framework and the recruitment programme in the North East Area to grow our own skilled workforce, though the results of these initiatives will take time to be realised.
- The budgets for leaving care and asylum seekers are expected to overspend by +£0.4m as the number of cases continues at a similar level to that experienced in 2012/13 when a similar overspend occurred.
- Offsetting these overspends are net underspends of -£1.0m in Children's Services. These are planned to continue in order to help alleviate the cost pressures.

<u>Schools and Learning</u>

22. The Schools and Learning forecast a -£2.1m underspend on county funded services. Although this is in part offset by a shortfall in income of £0.3m mainly due to low take up by academies for traded Race and Ethnic Minority Achievement (REMA) services.

23. The main pressure on the Schools and Learning budget is a +£2.1m overspend on transport, mainly in relation to SEN. The school transport service already faced a budget pressure of £0.7m, reported as an overspend in the 2012/13 outturn report. In addition to this, pupil numbers and costs have continued to rise, particularly around SEN. The total number of pupils transported reached 2,550 in September, 113 higher than at the same point last year and leading to additional costs of +£0.6m.

24. Offsetting the transport overspend is a -£2.0m underspend on centrally held budgets. This is mainly against the budget for demographics and inflation. Given its £7m savings requirement, CSF prudently decided to hold this budget centrally to cover pressures arising from demand led budgets where the position and impact of funding changes would not become clear until the start of the new academic year.

25. In addition the current number and cost of out county placements has been reviewed following the start of the new academic year. This covers both pre and post 16 including the county's new responsibilities for learners with learning difficulties and disabilities (LLDD). The review suggests that, although uncertainties remain, the county's £1.5m contribution will not be required in full and a -£0.5m underspend is likely.

26. Commercial Services projects a higher than budgeted contribution to corporate overheads of -£0.8m. This projection takes into account the reduced contribution due to the loss of cleaning and catering contracts which is more than offset by improved contract prices and increased school meals income from September 2013.

27. Although not included in the reported county position services funded by Dedicated Schools Grant (DSG) are forecast to underspend by -£4.0m. The main reason being less demand for two, three and four year old nursery provision than the grant funding level which underpins the budget. There are other small underspends on DSG services, though overall these are partly offset by increasing demand for support to children with SEN, particularly paediatric therapy services (£0.8m).

Services for Young people and Strategic Services

28. Services for Young People is broadly on budget at this stage. Strategic Services anticipates an underspend of -£0.3m mainly due to recognition that resources set aside for one off service initiatives are now unlikely to be required this financial year.

Schools (delegated budget)

Table 6: Summary of the revenue position for the delegated schools budget

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Dec - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-337.8	-354.1	-16.3	-505.1	-151.0	-505.1	0.0
Expenditure	337.8	353.5	15.7	505.1	151.6	505.1	0.0
Net position	**0.0**	**-0.6**	**-0.6**	**0.0**	**0.6**	**0.0**	**0.0**

29. The position is unchanged since the beginning of the year. The budget has been updated for the recent transfers of Surrey schools to academy status (-£2.9m) There also were volume related grant changes of +£2.9m. The schools delegated budget is reviewed each month.

Customer & Communities

Table 7: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Dec - Mar Forecast £m	Full Year Projection £m	Nov Full Year Variance £m
Income	-16.0	-16.8	-0.8	-24.1	-7.7	-24.5	-0.4
Expenditure	56.2	55.0	-1.2	84.1	29.1	84.1	0.0
Net position	**40.2**	**38.2**	**-2.0**	**60.0**	**21.4**	**59.6**	**-0.4**
Summary by service							
Cultural Services	7.2	6.7	-0.5	10.8	4.0	10.7	-0.1
Fire & Rescue	24.0	23.7	-0.3	35.6	11.9	35.6	0.0
Customer Services	2.7	2.6	-0.1	4.0	1.4	4.0	0.0
Trading Standards	1.4	1.4	0.0	2.2	0.8	2.2	0.0
Community Partner & Safety	2.7	1.9	-0.8	4.1	2.2	4.1	0.0
County Coroner	0.7	0.7	0.0	1.1	0.4	1.1	0.0
C&C Directorate Support	1.5	1.2	-0.3	2.2	0.7	1.9	-0.3
Total by service	**40.2**	**38.2**	**-2.0**	**60.0**	**21.4**	**59.6**	**-0.4**

30. The year to date underspend is -£2.0m, partly due to the timing of expenditure (-£0.8m) on third party grants and member allocations within Community Partnership and Safety. The remainder is due to managed savings within Fire to cover the cost of extending the contingency crewing contract (subject to Cabinet approval), plus the timing of Cultural Services and Trading Standards income already earned, along with the year to date impact of the full year underspend.

31. The directorate currently projects a -£0.4m underspend (-£0.4m at the end of October). This is predominantly from early achievement of the 2014/15 MTFP efficiency on directorate support costs, from holding posts vacant and sharing costs (-£0.3m). A further underspend is expected from the continued increase in income generated by Registration (-£0.1m) due in part to the three yearly cycle of venue licensing income. Legislative

changes are creating a +£0.1m pressure for the Coroner's service this year and £0.2m each year from 2014/15 onwards.

Environment & Infrastructure

Table 8: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Dec - Mar Forecast £m	Full Year Projection £m	Nov Full Year Variance £m
Income	-12.5	-12.0	0.5	-18.7	-7.3	-19.3	-0.6
Expenditure	95.6	92.5	-3.1	150.4	59.6	152.1	1.7
Net position	**83.1**	**80.5**	**-2.6**	**131.7**	**52.3**	**132.8**	**1.1**
Summary by service							
Environment	37.3	38.2	0.9	61.0	23.7	61.9	0.9
Highways	28.0	24.8	-3.2	44.4	19.8	44.6	0.2
Economy, Transport & Planning	17.7	17.4	-0.3	26.1	8.7	26.1	0.0
Other Directorate Costs	0.1	0.1	0.0	0.2	0.1	0.2	0.0
Total by service	**83.1**	**80.5**	**-2.6**	**131.7**	**52.3**	**132.8**	**1.1**

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

32. The year to date position for Environment & Infrastructure (E&I) is a -£2.6m underspend. This primarily relates to highway maintenance works including local schemes (where some works are delayed), road maintenance (which has an additional £5m allocation to address winter damage) and street lighting.

33. The forecast outturn for E&I is a +£1.1m overspend (1%). This represents a decrease of -£0.2m from last month. The most significant variance is waste management, which expects to overspend by +£0.8m primarily due to the need for external specialist advice which was required to complete the contract variation successfully. Local bus support also expects to overspend by +£0.5m as a result of difficulty achieving planned contract savings and also a number of instances where bus routes are no longer commercially viable and need financial support from the council. Highways has incurred +£0.2m additional costs due to the Tour of Britain, including road closures and diversions. Underspends across the directorate offset these cost pressures, including economic development initiatives funded through New Homes Bonus grant, which are expected to underspend by -£0.2m.

34. E&I faces a number of further risks around costs and income this year. These include:

- uncertainty around waste disposal costs which remain dependant on a number of factors including waste volumes and treatments;
- future arrangements for the payment of fuel duty rebate to bus operators which is due to transfer to local authorities in January 2014; and
- plans to achieve a number of challenging efficiency savings and cost reductions this financial year including reducing contract costs and increasing income and recharges.

Business Services

Table 9: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Dec - Mar Forecast £m	Full Year Projection £m	Nov Full Year Variance £m
Income	-9.7	-10.8	-1.1	-14.8	-4.5	-15.3	-0.5
Expenditure	63.8	59.2	-4.6	98.0	36.1	95.3	-2.7
Net	**54.1**	**48.4**	**-5.7**	**83.2**	**31.6**	**80.0**	**-3.2**
Summary by service							
Property	20.6	17.7	-2.9	32.4	13.1	30.8	-1.6
Information Management & Technology	15.3	14.4	-0.9	23.3	8.9	23.3	0.0
Human Resources & OD	5.5	5.2	-0.3	8.3	3.3	8.5	0.2
Finance	5.8	5.5	-0.3	8.8	2.9	8.4	-0.4
Shared Services	2.8	2.3	-0.5	4.2	1.5	3.8	-0.4
Procurement & Commissioning	2.2	2.2	0.0	3.3	1.1	3.3	0.0
Business Improvement	1.9	1.1	-0.8	2.9	0.8	1.9	-1.0
Total by service	**54.1**	**48.4**	**-5.7**	**83.2**	**31.6**	**80.0**	**-3.2**

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

35. Business Services estimates a revenue underspend of -£3.2m. Business Services has challenging revenue savings targets for this year and next. The service will deliver this year's efficiency savings and aims to bring forward some of next year's. It is also achieving one-off revenue savings. The estimated revenue underspend has increased by -£0.6m compared to last month. The savings targeted in the maintenance budget, as a result of more informed maintenance planning regimes, have been delivered earlier than originally planned, increasing efficiencies by £0.3m. The rest of the directorate additional underspend has been achieved through increased income.

36. The year to date underspend is -£5.7m. The largest variance is -£2.9m in Property which is mainly as a result of timing of maintenance work (-£1.6m). The full year maintenance underspend is likely to be £0.3m due to efficiencies from the new property management system. The other variances in Property are reflected in the full year underspend of -£1.2m. As described previously these are a result of forecast underspends on utilities (-£0.6m), rents (-£0.3m), and rates (-£0.2m). These underspends are delivering 2014/15 efficiency savings early.

37. The Making a Difference programme is on track to deliver savings of £6.6m each year from the office portfolio and has supported staff to work more flexibly with the benefits of new technology and a change in the way we work. The programme started in 2010 and includes implementing Electronic Data & Record Management (EDRM) across the council. EDRM solutions have been implemented for social care activity and will be implemented for the rest of the organisation by IMT alongside a Lotus Notes upgrade, resulting in a Making a Difference saving of -£1.0m.

38. IMT's £0.9m year to date underspend mainly relates to a -£0.6m underspend on the Modern Worker project. There are other variances on Finance (-£0.4m) and Shared Services (-£0.4m), which are delivering 2014/15 efficiency savings early. HR and Organisational Development forecasts a +£0.2m year end overspend as a result of increased training and recruitment activity.

Chief Executive's Office

Table 10: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Dec - Mar Forecast £m	Full Year Projection £m	Nov Full Year Variance £m
Income	-12.7	-14.1	-1.4	-28.0	-13.0	-27.1	0.9
Expenditure	26.7	25.2	-1.5	44.2	17.8	43.0	-1.2
Net	**14.0**	**11.1**	**-2.9**	**16.2**	**4.8**	**15.9**	**-0.3**
Summary by service							
Strategic Leadership	0.3	0.3	0.0	0.5	0.2	0.5	0.0
Legacy	0.4	0.4	0.0	0.6	0.2	0.6	0.0
Emergency Management	0.3	0.4	0.1	0.5	0.1	0.5	0.0
Communications	1.3	1.3	0.0	2.0	0.7	2.0	0.0
Legal & Democratic Services	7.0	6.7	-0.3	9.7	2.9	9.6	-0.1
Policy & Performance	2.1	2.0	-0.1	3.0	0.8	2.8	-0.2
Public Health	2.6	0.0	-2.6	0.0	0.0	0.0	0.0
Total by service	**14.0**	**11.1**	**-2.9**	**16.2**	**4.8**	**15.9**	**-0.3**
Public Health - income	-11.7	-13.2	-1.5	-26.5	-12.3	-25.5	1.0
Public Health - expenditure	14.3	13.2	-1.1	26.5	12.3	25.5	-1.0
Public Health - net expenditure	**2.6**	**0.0**	**-2.6**	**0.0**	**0.0**	**0.0**	**0.0**

39. The Chief Executive's Office (CXO) projects a -£0.3m underspend against a total revenue budget of £16.2m (no change since last month). This is predominantly due to the one-off savings (-£0.2m) against the local elections budget following receipt of final invoices from district and borough councils. The remaining underspend is mainly due to staff vacancies across the directorate, which are offset by pressures within Legal due to the cost and volume of child protection cases.

40. CXO has taken on the council's new responsibility for Public Health (PH) this year. Some uncertainties remain in this first year of Public Health budgets.

41. Part of PH's budgeted income is an allocation from the Department of Health (DH) of £3.3m for sexual health services. However DH erroneously allocated this funding to the Clinical Commissioning Groups (CCG). DH has made other errors nationally, in baseline allocations to CCGs around their NHS specialist commissioning role, as well as to PH, which has caused budget pressures in this first year after transition. We continue to work with the CCGs and are looking to realign work programmes with them to ensure the £3.3m error does not remain a pressure on the PH budget. We are working with the DH to ensure these errors are corrected for next year's grant allocation.

42. Initially, the Police and Crime Commissioner (PCC) allocated £0.5m funding to PH. However the PCC's priorities have changed and it has confirmed PH will not receive this funding in 2013/14 (+£0.5m). As part of the forward budget process, PH will review this service and decide how it will continue in the future. In the current year PH will offset this reduction in funding against the staffing underspend explained below.

43. A new budget issue under investigation is the cost of prescribing drugs related to the Public Health Agreements. It has come to light nationally that local authorities may be recharged for such costs by the NHS Business Services Authority and this amount had not been included in the council's baseline allocation. Initial estimates show Surrey's liability could be in the region of £1.9m. As this is a country wide issue the Director of Public Health (DPH) is linking with other DPHs to progress this matter nationally with DH. In order to

cover this additional expenditure a two year view of the PH grant would be taken and work programmes realigned over that period to absorb this.

44. Due to the fact that a number of staff did not transfer to the council from NHS Surrey as part of the changes to the NHS from 1 April 2013, PH has had vacancies throughout its team, including many at a senior level. Recruitment to all vacancies has now been completed and all staff will be in post by January.

45. PH is carefully reviewing its expenditure plans to ensure the ring fenced grant is fully used and if required, ongoing service provision will be complimented by one off initiatives targeted on public health priorities.

Central Income & Expenditure

Table 11: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Dec - Mar Forecast £m	Full Year Projection £m	Nov Full Year Variance £m
Income	-224.2	-223.5	0.7	-253.2	-36.9	-260.4	-7.2
Expenditure	28.0	26.1	-1.9	42.8	20.4	46.4	3.6
Net position	**-196.2**	**-197.4**	**-1.2**	**-210.4**	**-16.5**	**-214.0**	**-3.6**
Local taxation	-423.9	-425.6	-1.7	-599.3	-173.7	-599.3	0.0
Risk contingency			0.0	13.0	0.0		-13.0
Net position	**-620.1**	**-623.0**	**-2.9**	**-796.7**	**-190.2**	**-813.3**	**-16.6**

46. The year to date variance of -£2.9m is primarily caused by lower costs for capital financing and redundancy & compensation. In addition, income from retained business rates and government grants is £1m ahead of budget.

47. Capital financing costs are underspending by -£1.1m. Interest payable is -£0.6m below budget due to the council not borrowing to fund its capital programme so far this year. The Minimum Revenue Provision (MRP) of money set aside to repay debt is calculated on the audited balance sheet at 31 March 2013. Following the unqualified audit opinion on the statement of accounts in September, this budget is -£0.5 underspent, and will be at the year end.

48. The council's redundancy and compensation budget is underspending by -£0.6m. The number and timing of redundancies is not easy to forecast. Although more voluntary redundancies are expected in the remainder the year, it is possible that this budget will underspend at the year end.

49. The Medium Term Financial Plan included a business rates top up grant of £2.4m, this grant will no longer be received by the council (this will also be a pressure in 2014/15). However, this is offset in 2013/14 by additional grant income which was not included in the MTFP which will now be greater than the shortfall: Local Authority Central Spend Efficiency Grant (£1.4m), Adoption Reform Grant (£1.0m), Council Tax Transition Grant (£0.3m), and the HM Courts Service (£0.1m).

50. Interest receivable is projected to over-recover by around -£0.5m due to higher cash balances held at the beginning of the year as a result of the up front payment of a number of Government grants.

51. As described above, the MRP charge will underspend this year by -£0.5m, due to lower borrowing in 2012/13 than projected at the time of setting the 2013/14 MRP budget.

52. In setting the budget, the council assumed that it would use its cash balances to fund capital expenditure instead of borrowing externally. However it made a provision against

any early borrowing undertaken. The possibility of this early borrowing taking place is reducing and therefore this budget is forecast to underspend by -£0.9m.

53. The cost of auto-enrolment of staff into the pension scheme is lower than originally forecast, which has resulted in a projected underspend of -£1m.

54. The redundancy and compensation budget is currently underspending, as explained above. Based on the level of the year to date underspending and experience of previous years, the forecast for this budget is a -£0.2m underspend.

Revolving Infrastructure & Investment Fund

Table 12: Summary position

Summary	**YTD Actual £m**	**Full Year Forecast £m**
Income	-1.0	-2.2
Expenditure	0.6	1.4
Net revenue position	**-0.4**	**-0.8**
Capital spend	**27.1**	**29.3**

55. The Revolving Infrastructure & Investment Fund was established in MTFP 2013-18 to provide the revenue costs of funding initiatives that will deliver savings and enhance income in the longer term. Over the medium term, the council will re-invest net income in the fund.

56. Net income, after deducting funding costs, is being delivered in 2013/14 by the joint venture project to deliver regeneration in Woking town centre (Bandstand Square) and from property acquisitions that have been made for future service delivery.

57. Capital expenditure to date includes Ranger House, Egham High Street and Parkside House. The remainder of the forecast capital spend includes: an estimate of loans to be made during the rest of the year to the Woking Bandstand Joint Venture company and for the purchase of Bridgehead House, Ashtead following Cabinet approval in November.

58. Staffing Costs

59. The Council employs three categories of staff.

- Contracted staff are 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 are employed through an agency with which the council has a contract.

60. Bank and agency staff enable managers to manage short term variations in demand for services or vacancies for contracted staff. This is particularly the case in social care.

61. A sensible degree of flexibility in the staffing budget is good, as it allows the council to keep a portion of establishment costs variable. The current level is approximately 92% of costs are due to contracted staff.

62. The council sets its staffing budget based upon the estimated labour required to deliver its services. This is expressed as budgeted full time equivalent staff (FTEs) and converted to a monetary amount for the budget. This budget includes spending on all three categories of staff and is the key control in managing staffing expenditure.

63. The council's total full year budget for staffing is £313.0m based on 8,025 budgeted FTEs. The year to date budget for the end of November 2013 is £208.4m and the expenditure incurred is £203.9m. At the end of November 2013, the council employed 7,379 FTE contracted staff.

64. Table 13 shows the staffing expenditure and FTEs for the period to November against budget, analysed among the three staff categories for each directorate. The table includes staff costs and FTEs that are recharged to other public services for example: other councils, NHS Trusts, outsourced to South East of England Councils or capital funded (super fast broadband). The funding for the recharges is within other income.

<u>Table 13: Staffing costs and FTEs to end of November 2013</u>

	Staffing budget to Nov 2013 £m	Staffing spend by category						Nov 2013 occupied contracted FTE
		Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m	Budget FTE	
Adult Social Care	49.2	42.1	2.4	1.3	45.9	-3.3	2,187	1,876
Children Schools & Families	69.8	62.8	3.2	2.7	68.7	-1.1	2,690	2,481
Customer and Communities	38.1	34.3	0.6	2.9	37.8	-0.3	1,507	1,448
Environment & Infrastructure	15.3	14.6	0.7	0.3	15.5	0.2	524	509
Business Services and Central Income & Expenditure	28.1	27.1	2.1	0.2	29.3	1.3	892	831
Chief Executive's Office	8.0	6.4	0.2	0.0	6.6	-1.4	225	234
Total	208.4	187.2	9.2	7.4	203.9	-4.5	8,025	**7,379**

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

65. The most material variance is a -£3.3m underspend in ASC due to recruitment delays, mainly in reablement and front line teams. However, such staffing savings are counterproductive as they reduce the directorate's ability to implement key strategic savings plans such as FF&C and in most cases are outweighed by additional spend on care ASC might otherwise have avoided.

66. Table 14 shows there are 437 "live" vacancies, for which active recruitment is currently taking place, with 349 of these in social care. The remaining vacancies are either filled by agency and bank staff on a short term basis or not being actively recruited to at present.

Table 14: full time equivalents in post and vacancies

	Nov FTE
Budget	8,025
Occupied contracted FTE	7,379
“Live” vacancies (i.e. actively recruiting)	437
Vacancies not occupied by contracted FTEs	209

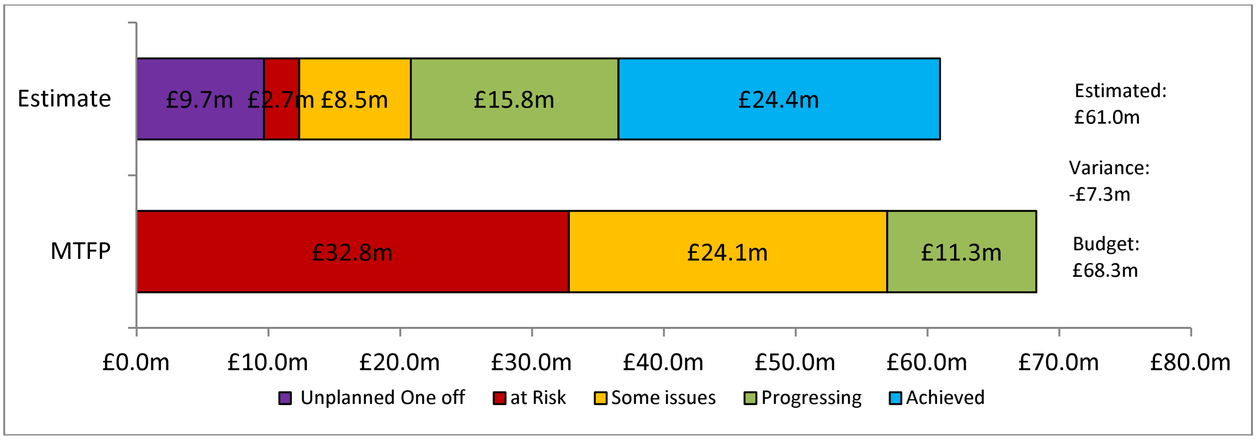
Efficiencies

67. The MTFP incorporates £68.3m of expenditure efficiencies. Overall, the Council forecasts achieving £61.0m by year end, an under achievement of -£7.3m. This is an increase from the £5.0m forecast at the end of October.

68. The appendix to this annex includes each directorate's efficiencies and a brief commentary on progress. Directorates have evaluated efficiencies on 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.

Figure 2: 2013/14 ragged overall efficiencies



69. The -£2.3m increase in under achievements on efficiencies is from ASC, largely due to slippage in the innovative FF&C strategy as outlined above in the directorate's revenue budget commentary.

70. Under achievements in CSF (-£1.8m) and E&I (-£0.4m) remain as reported for October. CSF is experiencing delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages. This means the planned saving in that area of £1.5m is unlikely to be achieved in 2013/14. Given the pressure on the transport budget, it is also unlikely that the planned efficiency of £0.3m will be achieved. E&I forecasts -£0.4m underachievement on the bus service contract savings. Within the appendix to this annex are each directorate's efficiencies as at the end of November 2013.

Capital

71. By planning significant capital investment as part of MTFP 2013-18, the council demonstrated its firm long term commitment to stimulating economic recovery in Surrey.

72. Table 15 shows current forecast for the service capital programme is a small underspend of -£2.7m (-£10.7m at the end of October) due predominately to delays:

- acquiring land for waste schemes (-£5.9m);
- archaeological finds at Guildford Fire Station (-£3.0m);
- deliveries of fire vehicle and equipment replacement programme (-£1.4m);
- rephasing refurbishments some short stay schools (-£1.2m);
- obtaining planning permission to improve a travellers' site (-£1.1m); and
- school basic need (-£0.7m);

73. Other smaller directorate project underspends add -£2.0m. These are offset by: higher IT equipment spending (+£0.9m); and improving Surrey roads' resilience to winter (+£11.8m).

74. The underspend relates to project duration rather than spending savings. Therefore the overall capital programme will spend the same and funding is unaltered.

Table 15: 2013/14 Capital expenditure position

	Revised Full Year Budget £m	Apr - Nov actual £m	Dec - Mar projection £m	**Full year forecast £m**	**Full year variance £m**
Adult Social Care	**2.0**	1.1	0.5	**1.6**	**-0.4**
Children, Schools & Families	**7.5**	7.0	0.3	**7.3**	**-0.2**
Customer & Communities	**4.9**	1.9	1.6	**3.5**	**-1.4**
Environment & Infrastructure	**58.2**	57.9	11.9	**69.8**	**11.6**
School Basic Need	**54.3**	33.3	20.3	**53.6**	**-0.7**
Business Services	**53.5**	21.2	20.7	**41.9**	**-11.6**
Chief Executive Office	**11.5**	3.1	8.4	**11.5**	**0.0**
Service programme	**191.9**	**125.5**	**63.7**	**189.2**	**-2.7**
Long term investments	**0.0**	27.2	2.1	**29.3**	**29.3**
Overall programme	**191.9**	**152.7**	**65.8**	**218.5**	**26.6**

75. The total capital programme is £699m over the five year MTFP period. In this, the Council approved £100m over five years for improving the county's roads. This was projected at £20m each year and has become known as Project Horizon. Following on from the severe winters in the last few years, it is proposed to change the spending profile of this £100m to increase the amount spent in the current 2013/14 financial year to £31m. This will prevent much of the deterioration of a number of road surfaces and reduce the need for further capital and revenue funded repairs. Project Horizon's remaining £69m will be spread over the four years 2014/15 to 2017/18 to keep to the programme's overall size.

76. The Council initially approved the 2013/14 capital expenditure budget at £187.3m. Cabinet subsequently reprofiled the capital budget for 2013/14 by -£2.5m, which reduced it to £184.8m. Up to 31 October 2013 the capital budget was updated for: new approved schemes; re-profiling requests and new grant funded schemes (+£2.7m); drawing down capital grants for Walton Bridge (£0.6m); wellbeing centres (£0.1m); purchasing Woking Magistrates Court (£0.9m); and external funding from sources such as schools' parent teacher associations of £1.5m. In November, parent teacher associations provided further funding of £1.3m. The revised capital budget for 2013/14 is £191.9m.

77. Table App 4 in the appendix to this annex summarises the budget changes.

Appendix to Annex

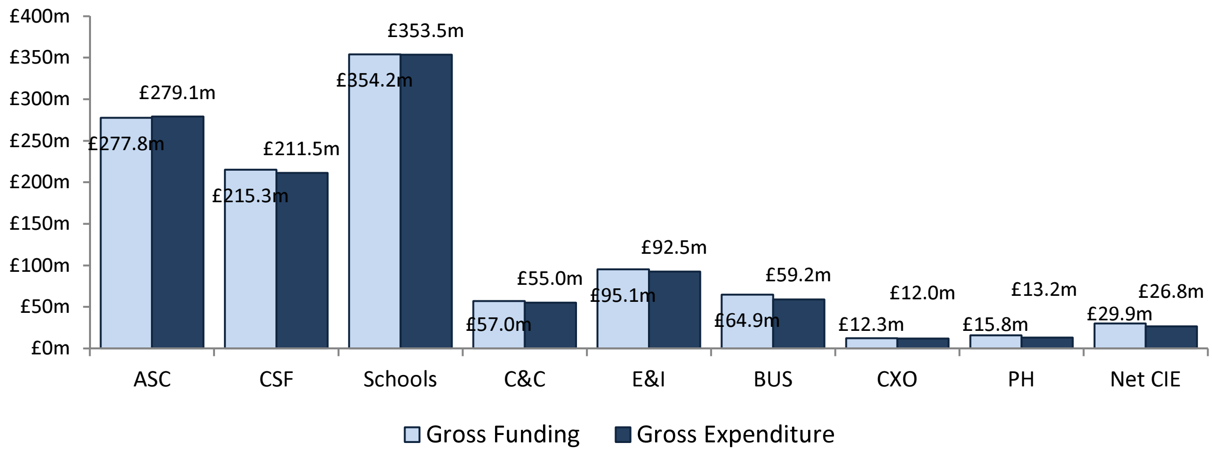
Contents

<u>Corporate performance scorecard – finance</u>

App. 1. Figure 3 shows the gross funding and expenditure for the council for the year to date (as included in the quarterly corporate performance scorecard). Gross funding for a service is its receivable income plus its budgeted share of funding from the council's overall resources. The difference between gross funding and gross expenditure is the net budgetary variance. The amounts are by directorate and relate to the November month end position. Net CIE includes Central Income & Expenditure, local taxation and the Revolving Infrastructure & Investment Fund.

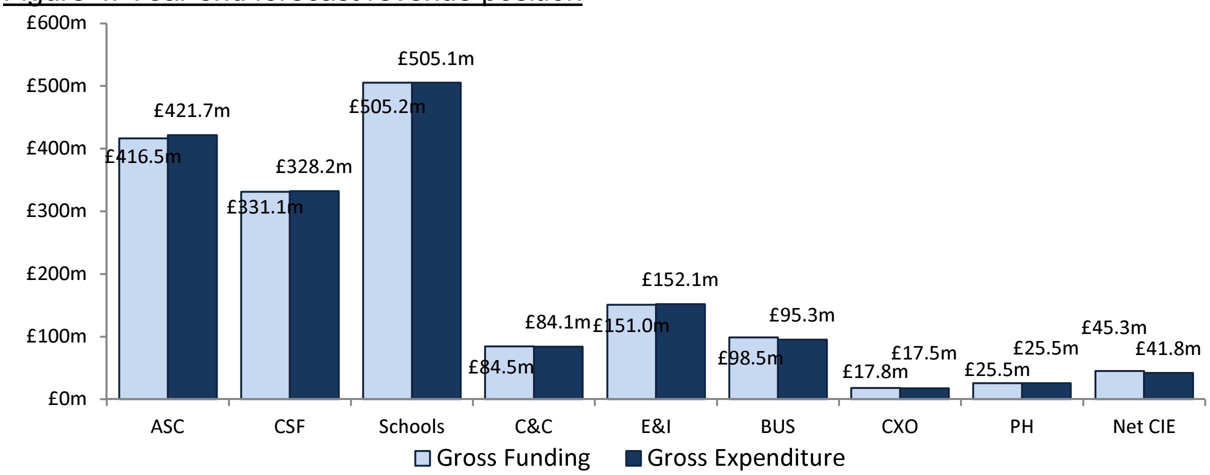
App. 2. The corporate performance scorecard also includes the year end forecast revenue position shown above in Figure 1.

Figure 3: Year to date revenue position



App. 3. Figure 4 shows services forecast a balanced year end position (balanced at the end of October). This excludes use of the 2013/14 budget's £13m risk contingency and -£0.8m net income on the Revolving Infrastructure & Investment Fund. Including the £13m risk contingency makes the overall forecast -£13.0m underspend.

Figure 4: Year end forecast revenue position

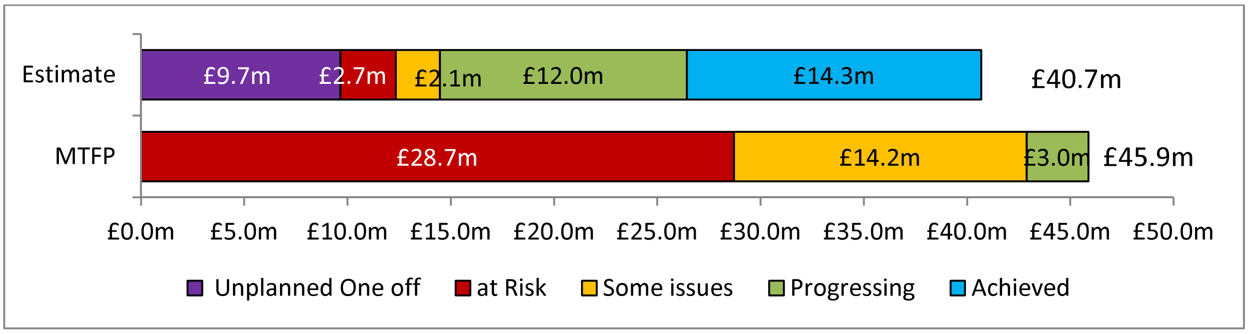


Efficiencies & service reductions

App. 4. The graphs below track progress against directorates' MTFP 2013-18 ragged expenditure efficiencies & service reductions.

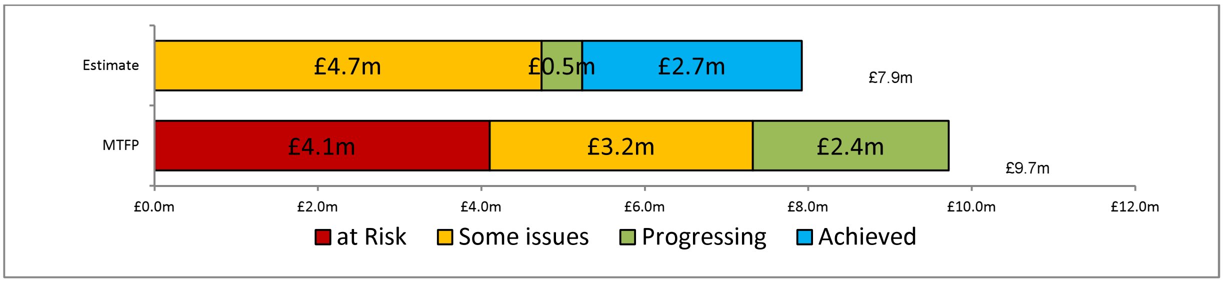
App. 5. All the graphs use the same legend:
Red – At risk, Amber – Some issues, Green – Progressing and Blue – Achieved. Each graph is based on the appropriate scale and therefore they are not directly comparable one against another.

Adult Social Care



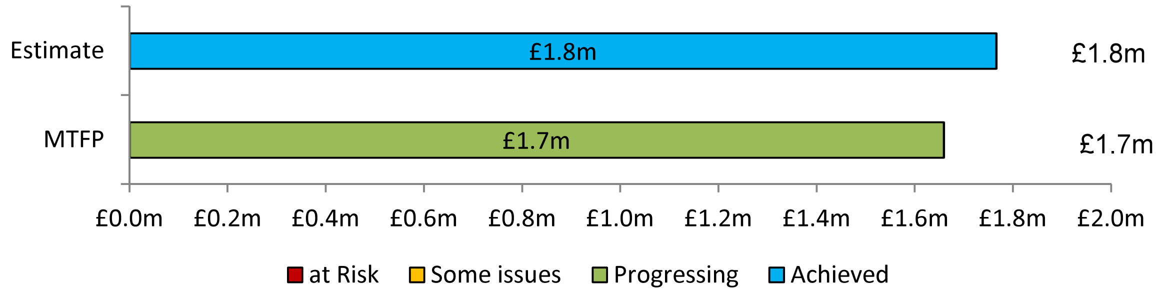
App. 6. The directorate has already achieved savings of £14.3m this year, including £5.5m of savings to constrain inflation for individually commissioned care services. A further £14.1m is on target to be achieved, although there is an element of risk for £2.1m of these savings. The most significant element of ASC's savings plans in 2013/14 is the Family, Friends & Community Support (FF&C) strategy, which originally had a £15.5m savings target. Given the scale of the challenge and that this is the first year of these ambitious plans, slippage was highlighted as a risk and although there were signs of some initial effects in October's data. The October position indicates that the approach is not yet reducing spend. £3.0m of FF&C savings are now forecast against the £15.5m target but these too remain at risk. The projected FF&C slippage combined with minor slippage against other savings plans is being largely offset by £9.7m of unplanned one-off savings, which will need to be replaced by new savings plans in 2014/15. The main one-off savings measures are the draw down of £7.5m of unused 2011/12 whole systems funds and £1.7m of previous years' winter pressures funding. Following approval by Cabinet ASC has drawn down the whole systems funding, which it set aside as a contingency for this year's budget. The winter pressures money was carried forward to offset anticipated increased demand over the winter period. It is now apparent ahead of any seasonal factors that the money will be needed. This possibility was raised in the October budget monitoring report.

Children, Schools & Families



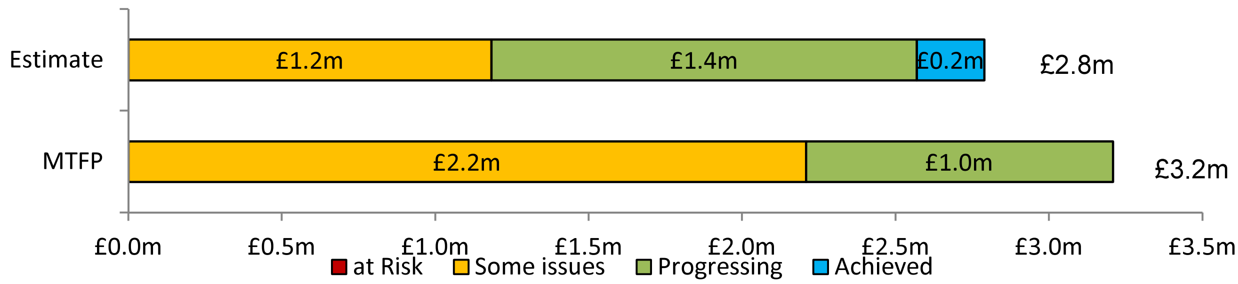
App. 7. The forecast budget position for CSF means it is unlikely to achieve two of the planned efficiencies. Delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages, as described above, mean that the planned saving of £1.5m is unlikely to be fully achieved in 2013/14. Also, given the pressure on the transport budget the planned efficiency of £0.3m will not be achieved.

Customer & Communities



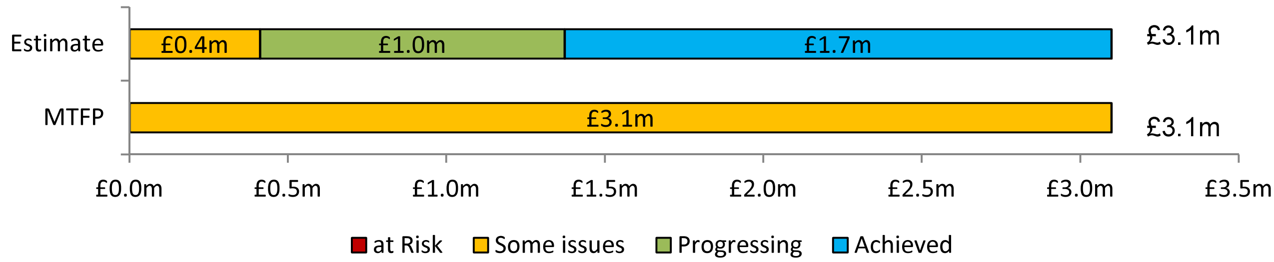
App. 8. The efficiencies summary shows an over-achievement of +£0.1m against the 2013/14 target of £1.7m. This is due to the early achievement of the 2014/15 Directorate Support staff saving. Actions to achieve the 2013/14 efficiencies have already been completed.

Environment & Infrastructure



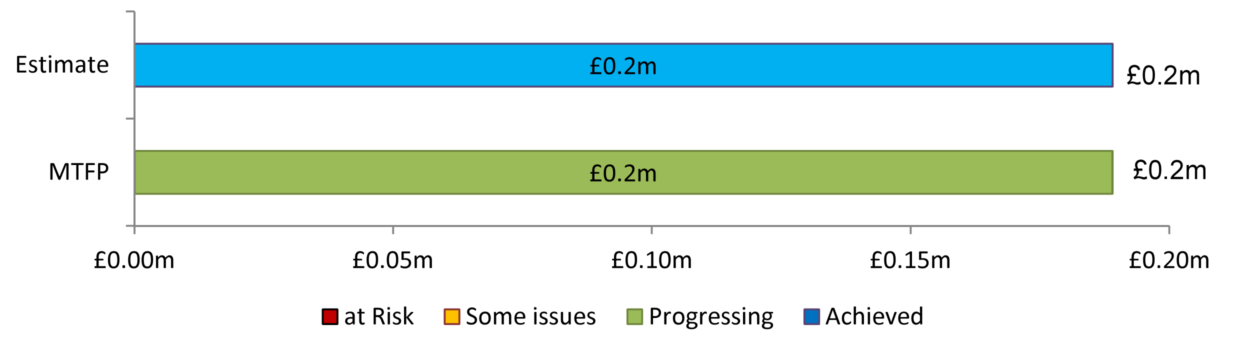
App. 9. The directorate currently expects to deliver all efficiency savings, except bus service contract savings (£0.4m). A number of risks remain and in some cases detailed plans are still in development. Some savings, including one off savings from parking income, have already been achieved.

Business Services



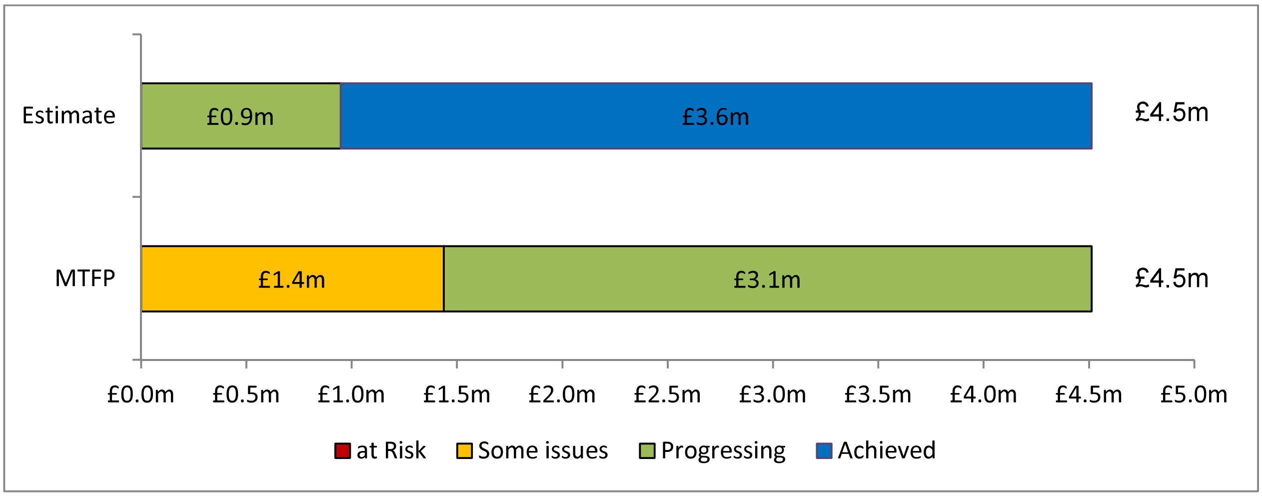
App. 10. The efficiencies identified in the MTFP are on track to be realised, all savings have been reviewed and plans are in place to achieve them and the risk of achievement has been appropriately adjusted.

Chief Executive's Office



App. 11. The planned 2013/14 efficiencies have been achieved. The Directorate is currently holding vacancies within Policy & Performance in preparation for achieving efficiency savings for 2014/15 and will review these during the year to establish the on-going effect.

Central Income & Expenditure



App. 12. The efficiencies identified in MTFP 2013-18 from changes to the council's treasury management strategy have been achieved. Those in relation to redundancy are on track to be realised.

Updated Budget - Revenue

App. 13. The council's 2013/14 revenue expenditure budget was initially approved at £1,685.3m. Subsequently Cabinet approved the use of reserves built up in 2012/13 to augment this. Adding virement changes in May to October increased the expenditure budget at the end of October to £1,691.2m. In November, a transfer to reserves (£7.4m) and a number of virements reprofiled the income & expenditure budgets, increasing the overall expenditure budget by £0.4m. Table App 1 summarises these changes.

Table App 1: Movement of 2013/14 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves	General balances £m	Total £m	Number of Virements
Original MTFP	-1,662.3	1,685.2	-11.0	-11.9	**0.0**	
Q1 changes	-2.3	11.1	-8.8		**0.0**	72
Q2 changes	7.7	-2.7	-5		**0.0**	114
October changes	2.4	-2.4				45
Previous changes	**-1,654.5**	**1,691.2**	**-24.8**	**-11.9**	**0.0**	**231**
November changes						
Academy conversion Nov 13 - budget and grant reduction including school grant alterations	1.2	-1.2			**0.0**	6
Transfer from reserves	-6.4	-1	7.4		**0.0**	1
LLDD adjustment	-2.3	2.3			**0.0**	1
Transfer of income and expenditure	-0.3	0.3			**0.0**	23
November changes	**-7.8**	**0.4**	**7.4**	**0.0**	**0.0**	**31**
Updated budget - Nov 2013	**-1,662.3**	**1,691.6**	**-17.4**	**-11.9**	**0.0**	**262**

App. 14. When Council agreed the MTFP in February 2013, some government departments had not determined the final amount for some grants. Services therefore estimated their likely grant. The general principle agreed by Cabinet was that any changes in the final amounts, whether higher or lower, would be represented in the service's income and expenditure budget. For example, there were a number of changes in September for the notification of schools transferring to Academy status.

App. 15. In controlling the budget during the year, budget 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 that is approved by the Chief Finance Officer.

App. 16. Virements above £250,000 require the approval of the relevant Cabinet Member. There were four virements above £250,000 in November:

a) transfer of £1.2m back to the Department for Education for Academy status conversion for November;

b) transfer of reserves as approved by Cabinet last month (£7.4m); and

c) adjustments to Children, Schools & Families budget regarding lifelong learners with disabilities and difficulties as approved by Cabinet last month (£2.3m).

App. 17. Table App 2 shows the updated revenue budget that includes the changes in government grants and virements since the beginning of the year.

Table App 2: 2013/14 updated revenue budget – November 2013

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-68.9	405.4	336.5
Children, Schools & Families	-150.2	331.2	181.1
Schools	-505.1	505.1	0.1
Customers and Communities	-24.1	84.1	60.0
Environment & Infrastructure	-18.7	150.4	131.7
Business Services	-14.8	98.0	83.2
Chief Executive's Office	-28.0	44.2	16.2
Central Income & Expenditure	-852.5	42.8	-809.7
Service total	**-1,662.3**	**1,661.2**	**-1.1**
Risk Contingency		13.0	13.0
Total	**-1,662.3**	**1,674.2**	**11.9**

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

App. 18. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2013/14 Revenue budget forecast position as at end of November 2013

	YTD Budget £m	Year to date Actual £m	**YTD Variance £m**	Full Year Budget £m	Remaining Forecast Spend £m	Outturn Forecast £m	**Forecast Variance £m**
Income:							
Local taxation	-423.9	-425.6	**-1.7**	-599.3	-173.7	-599.3	**0.0**
Government grants	-657.0	-655.9	**1.1**	-911.4	-257.3	-913.2	**-1.8**
Other income	-98.9	-126.1	**-27.2**	-151.6	-37.9	-164.0	**-12.4**
Income	-1,179.8	-1,207.6	**-27.8**	-1,662.3	-468.9	-1,676.5	**-14.2**
Expenditure:							
Staffing	208.4	203.9	**-4.5**	314.4	106.2	310.1	**-4.3**
Service provision	548.3	545.4	**-2.9**	854.7	314.8	860.2	**5.5**
Non schools sub-total	756.7	749.3	**-7.4**	1,169.1	421.0	1,170.3	**1.2**
Schools expenditure	337.8	353.5	**15.7**	505.1	151.6	505.1	**0.0**
Total expenditure	1,094.5	1,102.8	**8.3**	1,674.2	572.6	1,675.4	**1.2**
Movement in balances	**-85.3**	**-104.8**	**-19.5**	**11.9**	**103.7**	**-1.1**	**-13.0**

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

Updated Budget - Capital

App. 19. The Council initially approved the 2013/14 capital expenditure budget at £187.3m. Subsequently, Cabinet amended the budget by approving reprofiling and carry forwards (-£32.6m in total, -£2.5m for 2013/14) from 2012/13. This decreased 2013/14's capital budget to £184.8m.

App. 20. New virements and reprofiling in May to October added £6.5m to the capital budget. There are small changes to the capital budget totalling £1.3m, increasing the capital budget to £191.9m. There was one change over £0.25m: £1.3m external funding for schools (i.e. parent teacher associations).

App. 21. Table App 4 summarises these changes.

Table App 4: Movement of 2013/14 capital expenditure budget

2013/14 Monitoring	MTFP Budget £m	C/fwd and reprofiled budget £m	Budget virement £m	Revised full year budget £m
Adult Social Care	1.3	0.4	0.3	2.0
Children, Schools & Families	2.8	1.6	3.1	7.5
Customer & Communities	2.0	3.1	-0.2	4.9
Environment & Infrastructure	50.1	4.3	3.8	58.2
Business Services	50.4	0.6	2.5	53.5
Schools Basic Need	69.2	-14.9	0.1	54.3
Chief Executive's Office	11.5	0.0	0.0	11.5
Total overall	**187.4**	**-5.0**	**9.5**	**191.9**