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Revenue budget proposals

A.4.1. This appendix contains the overall budget position for the council, then by directorate. Each budget is prefaced by a commentary outlining the 14/15 budget position, future issues affecting the directorate over the subsequent four years and how the directorate is going to manage the situation

A.4.2. The categories are in order:

- Adults Social Care
- Children, Schools & Families with Delegated Schools
- Customer & Communities
- Environment & Infrastructure
- Business Services
- Chief Executive Office (including Public Health)
- Central Income & Expenditure

A.4.3. All expenditure is gross rather than netted off for non government grant and council tax income (fees & charge). Funding is now inclusive of all government grants and local taxation (business rates surplus and council tax).

A.4.4. This appendix outlines the draft 2014/19 revenue budget by:

- income and expenditure type ; and
- total income and service expenditure

A.4.5. In approving the budget and the Council tax precept, the Cabinet and full Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to:

- “eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.”

A.4.6. In approving the overall budget and precept at this stage, the Cabinet and Council will be mindful of the specific references in this report to the impact on people with protected characteristics under the Equality Act 2010 – particularly the following proposals referenced in this report which have been identified as requiring new Equality Impact Assessments:

- Family, Friends and Community programme (Adult Social Care)
- Planned savings and income generation relating to the Fire and Rescue Service (Customers and Communities)
- Members’ Allocation Funding and Community Improvement Fund (Customers and Communities)
- Disbanding the Legacy Team (Chief Executive’s Office)
- Public Value Programme (Children, Schools and Families)
- Review of transport provision (Environment and Infrastructure)

- Planning review (Environment and Infrastructure)
- Countryside programme (Environment and Infrastructure)

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Overall

Draft Income & Expenditure category summary

	MTFP 2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
Local taxation - Council Tax	(550,420)	(568,849)	(578,083)	(592,517)	(607,297)	(622,469)
Local taxation - Business rates surplus	(43,863)	(45,525)	(47,165)	(48,917)	(50,834)	(52,876)
UK Government grants	(923,038)	(853,161)	(849,481)	(853,795)	(854,117)	(857,516)
Other bodies grants	(18,302)	(22,626)	(22,663)	(22,701)	(22,739)	(22,778)
Fees & charges	(80,676)	(81,907)	(84,417)	(87,665)	(91,448)	(95,061)
Property income	(3,681)	(3,899)	(3,984)	(4,071)	(4,160)	(4,251)
Income from investment	(578)	(522)	(450)	(344)	(5,295)	(5,191)
Joint working income	(24,149)	(23,166)	(23,121)	(23,081)	(23,045)	(23,015)
Reimbursements and recovery of costs	(20,554)	(18,587)	(19,309)	(20,160)	(20,530)	(20,762)
Total funding	**(1,665,261)**	**(1,618,242)**	**(1,628,673)**	**(1,653,251)**	**(1,679,406)**	**(1,703,920)**
Expenditure						
Service staffing	313,262	306,829	307,354	307,386	308,827	311,589
Service non-staffing	853,109	869,084	860,233	892,429	929,929	972,944
Schools - net expenditure	521,855	468,246	461,086	460,105	460,105	460,105
Additional savings				(6,669)	(19,455)	(40,718)
Total expenditure	**1,688,226**	**1,644,159**	**1,628,673**	**1,653,251**	**1,679,406**	**1,703,920**
Funded by reserves	**22,965**	**25,916**	**0**	**0**	**0**	**0**

Proposed gross expenditure revenue budget 2014/19

Revenue summary	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Personal Care & Support	302,142	306,147	309,643	324,639	345,730	376,131
Service Delivery	20,524	20,685	19,980	19,270	18,540	18,701
Policy & Strategy	3,509	3,029	3,051	3,073	3,092	3,110
Commissioning	80,038	82,492	83,070	83,656	84,244	84,900
Strategic Director	412	416	420	425	428	432
Adults Social Care	**406,625**	**412,768**	**416,165**	**431,063**	**452,034**	**483,275**
Strategic Services	3,207	2,841	2,516	2,537	2,560	2,560
Children's Service	86,408	89,686	92,001	92,260	94,156	94,150
Schools and Learning	214,040	211,519	214,953	218,289	224,010	224,010
Services for Young People	21,094	26,329	26,654	26,805	27,181	27,181
Children, Schools & Families	**324,749**	**330,375**	**336,124**	**339,891**	**347,907**	**347,907**
Schools Delegated Budgets	**521,855**	**468,246**	**461,086**	**460,105**	**460,105**	**460,105**
Fire Service	45,752	46,724	46,944	45,809	45,090	48,565
Cultural Services	23,917	23,213	23,709	24,218	24,741	25,274
Customer Services	4,010	3,906	3,964	4,045	4,125	4,208
Trading Standards	2,480	2,521	2,566	2,614	2,663	2,711
Community Partnership & Safety	3,476	2,992	3,039	3,087	3,136	3,186
County Coroner	1,075	1,243	1,266	1,289	1,313	1,337
Directorate Support	2,167	1,648	1,686	1,725	1,765	1,806
Customer & Communities	**82,877**	**82,247**	**83,174**	**82,787**	**82,833**	**87,087**
Environment	87,344	89,621	85,397	86,036	88,534	91,917
Highways	52,689	53,406	54,418	55,927	56,509	58,132
Directorate-wide services (including savings to be allocated)	2,771	2,509	2,183	2,107	2,148	2,015
Environment & Infrastructure	**142,804**	**145,536**	**141,998**	**144,070**	**147,190**	**152,064**
Property Services	39,889	40,009	38,755	40,171	41,803	43,587
Information Management & Technology	23,244	25,546	24,920	25,073	25,584	26,105
Finance & strategic support	10,563	10,787	11,433	11,861	12,406	12,655
HR & Organisational Development	11,447	11,411	11,070	11,207	11,427	11,651
Shared Services	8,640	8,708	8,152	8,230	8,382	8,538
Procurement	3,444	3,481	3,544	3,508	3,571	3,635
Business Services	**97,227**	**99,942**	**97,874**	**100,050**	**103,173**	**106,171**
Strategic Leadership	472	444	445	447	447	449
Emergency Management	499	531	541	549	560	570
Communications	1,892	1,820	1,851	1,883	1,917	1,950
Legal & Democratic Services	9,899	8,543	8,513	8,677	10,353	9,022
Policy & Performance	3,292	3,931	3,988	4,045	4,102	4,161
Magna Carta	0	300	0	0	0	0
Public Health	26,994	28,361	30,417	32,228	34,321	37,723
Chief Executive Office	**43,048**	**43,930**	**45,755**	**47,829**	**51,700**	**53,875**
Central Income & Exp	**69,041**	**61,115**	**56,496**	**64,125**	**63,919**	**64,154**
Public service transformation network	**0**	**0**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**
Additional savings				**(6,669)**	**(19,455)**	**(40,718)**
Total expenditure	**1,688,226**	**1,644,159**	**1,628,673**	**1,653,251**	**1,679,406**	**1,703,920**

Adult Social Care

Acting Strategic Director: Dave Sargeant
Strategic Finance Manager: Paul Carey-Kent

Financial commentary

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A.4.7. The base revenue expenditure budget for the Adult Social Care Directorate in 2013/14 is £338m and the proposed budget is £339m, giving an overall increase of £1m.

A.4.8. This overall budget for 2014/15 includes £59m to deal with service pressures, a combination of demographic and inflationary pressures and the need to replace savings covered by one-off means in 2013/14.

A.4.9. The pressures emerging from 2013/14 and updating of demographic projections for 2014/15 total £59m, offset by the £1m increase in the budget and £5m of other funding changes. The Directorate has, therefore, included in its budget savings of £53m.

A.4.10. This makes 2014/15 a particularly challenging year and it is thus the dominant year in considering the Directorate's MTFP. Monitoring for 2013/14 shows that expenditure, particularly for individually commissioned 'spot' care services, is significantly above budgeted levels. A number of one-off measures and funding sources are being utilised to mitigate these pressures year, but few of these are expected to be available next year; and in spite of those measures a £5.8m overspend is forecast for 2013/14 (as at the end of December 2013).

A.4.11. Details of the savings programme to achieve that are being finalised, and joint work will be carried out with the Chief Executive and Chief Finance Officer to confirm the programme and gain assurance that the 2014/15 budget can be delivered.

A.4.12. Future years of the MTFP are also challenging with ambitious savings targets for the Friends, Family and Community programme (a further £20m in 2015-18 on top of the £10m planned for 2014/15) and £4.9m of as-yet-unallocated savings in 2015/16. Although the priority is therefore to address the 2014/15 budget, future years still require careful consideration especially in light of the risks associated with the Care Bill and potential market pressures. This will make it important to work successfully with the Clinical Commissioning Groups (CCGs) in order to make best use of the Better Care Funding from 2015/16.

Adults Social Care

Draft Income & Expenditure category summary

	MTFP 2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
UK Government grants	(2,030)	(222)	(222)	(222)	(222)	(222)
Other bodies grants	(14,297)	(18,309)	(18,309)	(18,309)	(18,309)	(18,309)
Fees & charges	(38,173)	(41,911)	(43,377)	(45,555)	(48,149)	(51,489)
Joint working income	(11,971)	(11,080)	(10,830)	(10,580)	(10,330)	(10,080)
Reimbursements and recovery of costs	(2,222)	(2,222)	(2,222)	(2,222)	(2,222)	(2,222)
Total funding	**(68,693)**	**(73,744)**	**(74,960)**	**(76,888)**	**(79,232)**	**(82,322)**
Expenditure						
Service staffing	73,632	70,853	70,633	70,394	70,085	70,643
Service non-staffing	332,993	341,915	345,532	360,669	381,950	412,632
Total expenditure	**406,625**	**412,768**	**416,165**	**431,063**	**452,034**	**483,275**
Net budget supported by Council Tax and general government grants	**337,932**	**339,024**	**341,205**	**354,175**	**372,802**	**400,952**

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Draft service summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding	(68,693)	(73,744)	(74,960)	(76,888)	(79,232)	(82,322)
Expenditure by service:						
Personal Care & Support	302,142	306,147	309,643	324,639	345,730	376,131
Service Delivery	20,524	20,685	19,980	19,270	18,540	18,701
Policy & Strategy	3,509	3,029	3,051	3,073	3,092	3,110
Commissioning	80,038	82,492	83,070	83,656	84,244	84,900
Strategic Director	412	416	420	425	428	432
	406,625	412,768	416,165	431,063	452,034	483,275
Adults Social Care	**337,932**	**339,024**	**341,205**	**354,175**	**372,802**	**400,952**

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<u>Children, Schools & Families.</u>
Strategic Director: Nick Wilson
Strategic Finance Manager: Paula Chowdhury

Budget 2014/15

A.4.13. The base revenue expenditure budget for the Children, Schools and Families Directorate in 2013/14 is £325m and in 2014/15 the proposed budget is £330m, giving an overall net increase of £5m.

A.4.14. This overall budget for 2014/15 includes increased funding of £12.2m for service pressures:

- £4.2m for specific demand led pressures around child protection and Special Education Needs (SEN); and
- £8.0m for general inflation, pay inflation and general demographic growth.

A.4.15. The Directorate also has included in its budget planned savings for 2014/15 to the value of £9.1m. This has been allocated to each of the individual services:

- Schools and Learning £4.3m;
- Children's Services £3m; and
- Services for Young People £1.8m.

A.4.16. The schools delegated base revenue budget in 2013/14 is £522m and in 2014/15 is proposed at £468m. The year on year reduction is as a result of the Dedicated Schools Grant reducing by -£63.1m, the post 16 funding reducing by -£4.3 and the pupil premium funding reducing by -£2.5m, for schools converting to academies. These reductions are then off-set by some small increases and transfers of responsibilities from centrally managed services to schools totaling £15.7m.

A.4.17. The provisional DSG settlement in December for children with learning disabilities in schools post 16 is £2.5m less than is required given that the full cost of placements is now expected to be funded from the allocation. This was unexpected and was therefore not planned for. Schools Forum has been informed and we will need to manage the funding risk together.

A.4.18. The total Children, Schools and Families budget, including schools, for 2014/15 is £798m, compared to £847m in 2013/14.

Medium Term Financial Plan 2014/19

A.4.19. Over the five year period of the MTFP, the Directorate is anticipating budget pressures as a result of funding reductions, demand led budgets and general demographic increases. The pressure on the schools funding will increase as more schools convert to become academy taking significant funding with them and reduced growth funding and the potential ring-fencing of Early Years. The Special Education Need high needs block continues to have significant demand growth pressures as the school population increases.

A.4.20. School improvement continues to be a major priority for the County Council, with key performance targets being set around the funding allocation of £1.9m.

A.4.21. The Directorate has made savings of over £56m over the last five years while facing the further challenge of £24m savings over the next five years. It is expected that this target will increase over the period, due to further funding and policy changes from Central Government.

A.4.22. One of the key areas of funding risk for the Directorate is around the Dedicated Schools Grant (DSG). The high needs block within the DSG, which funds the special education needs services, has not received growth funding, yet this is an area where demand is increasing as the overall school population increases. This growth issue coupled with the 2014/15 funding shortfall on post 16 learning disabilities, means that from 2015/16 there could be an approx £7m shortfall within DSG.

A.4.23. Another major funding risk for the Directorate and the wider County Council is the continual reduction of the Education Services Grant (ESG). This grant is part of the general County Council funding for school improvement and contributes towards Directorate and Corporate overheads. As schools convert to academy status the ESG reduces and for 2014/15 the financial impact is estimated at £2m. In addition to this continual academy conversion reduction, the government has announced the possibility of a 20% reduction on this grant from 2015/16. This grant reduction has been built into the 2014/19 planning.

A.4.24. The Directorate has recognised these challenges and has established a Public Value Programme to research and identify efficiency savings and reductions across the Directorate. The focus of this work is around reviewing - Early Help strategies and strengthening the preventative services; disability services and support for families with complex needs. Part of this work will be about strengthening partnership working with Health, Boroughs and Districts, the Police and the voluntary sector, maximising local resources through joint commissioning, joint working practices and community budgets.

A.4.25. The County Council has been successful in its bid to be part of the governments Public Services Transformation Network (PSTN). The Directorate is building on the national work around Troubled Families and one of the PSTN projects is to expand this work further and develop an integrated Family Support Programme with partner agencies sharing the costs and the fiscal and non-fiscal benefits. The second PSTN partnership project is about skilling up 14-19 year olds so that they are marketable in the future labour market.

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Children, Schools & Families

Draft Income & Expenditure category summary

	MTFP 2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
Dedicated Schools Grant	(109,211)	(108,826)	(110,826)	(112,826)	(114,826)	(114,826)
Other UK Government grants	(4,676)	(4,796)	(4,294)	(4,294)	(4,294)	(4,294)
Other bodies grants	(1,084)	(1,084)	(1,084)	(1,084)	(1,084)	(1,084)
Fees & charges	(25,974)	(24,569)	(25,359)	(26,165)	(27,086)	(27,086)
Property income	(27)	(27)	(27)	(27)	(27)	(27)
Joint working income	(2,774)	(2,774)	(2,774)	(2,774)	(2,774)	(2,774)
Reimbursements and recovery of costs	(6,511)	(6,511)	(6,511)	(6,511)	(6,511)	(6,511)
Total funding	**(150,257)**	**(148,587)**	**(150,875)**	**(153,681)**	**(156,602)**	**(156,602)**
Expenditure						
Service staffing	106,975	105,326	107,221	107,516	108,211	108,211
Service non-staffing	217,774	225,049	228,903	232,375	239,696	239,696
Total expenditure	**324,749**	**330,375**	**336,124**	**339,891**	**347,907**	**347,907**
Net budget supported by Council Tax and general government grants	**174,492**	**181,788**	**185,249**	**186,210**	**191,305**	**191,305**

Draft service summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding	(150,257)	(148,587)	(150,875)	(153,681)	(156,602)	(156,602)
Expenditure by service:						
Strategic Services	3,207	2,841	2,516	2,537	2,560	2,560
Children's Service	86,408	89,686	92,001	92,260	94,156	94,156
Schools and Learning	214,040	211,519	214,953	218,289	224,010	224,010
Services for Young People	21,094	26,329	26,654	26,805	27,181	27,181
	324,749	330,375	336,124	339,891	347,907	347,907
Children, Schools & Families	**174,492**	**181,788**	**185,249**	**186,210**	**191,305**	**191,305**

Schools

Income & Expenditure category summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
UK Government grants	(521,855)	(468,246)	(461,086)	(460,105)	(460,105)	(460,105)
Total funding	**(521,855)**	**(468,246)**	**(461,086)**	**(460,105)**	**(460,105)**	**(460,105)**
Expenditure						
Schools - net expenditure	521,855	468,246	461,086	460,105	460,105	460,105
Total expenditure	**521,855**	**468,246**	**461,086**	**460,105**	**460,105**	**460,105**
Net Budget supported by Council Tax and general government grants	**0**	**0**	**0**	**0**	**0**	**0**

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Customers and Communities.

Strategic Director: Yvonne Rees & Susie Kemp
Strategic Finance Manager: Susan Smyth

Financial commentary

A.4.26. The Directorate faces pressures of £6.0m over the five year planning period, predominately due to expected inflation of £5.9m, which need to be covered by efficiency actions. In addition there are expected increases in grant funded Fire pension expenditure of £5.2m. Savings of £6.1m and generation of £2.5m additional income are planned over the five year period. These actions, together with £0.7m of budget virements to other directorates, result in a net reduction to the Directorate budget of £3.3m over the 5 year period. There are no significant volume changes expected.

A.4.27. The Fire service is continuing to implement the Public Safety Plan on a phased basis and the budget is based upon an improved understanding of service pressures and changes to the timing at which savings are assessed as achievable. The Fire Service has planned savings and income generation of £6.3m over the 5 year period. This includes £2.2m of efficiency improvements from property reconfigurations linked to capital investment, and a further £3.3m through planned operational efficiencies and the implementation of staff agency arrangements. £0.9m of the savings from the reconfigurations is being used to fund the relocation of an appliance to a new station at Salfords. The innovative contingency crewing pilot has been extended, with a review during 2014/15.

A.4.28. The reduced value of contributions to the Fire Vehicle and Equipment Replacement Reserve, as a result of expenditure being funded by government grant, continues for three years saving £1.5m and helping to fund overall pressures. Current plans, which will be kept under review in light of changing vehicle needs and future grant settlements, reinstate the full contribution in 2017/18.

A.4.29. Across the rest of Customers and Communities there are planned savings and increased income of £2.3m. These include reductions to Members' Allocation Funding and the Community Improvements Fund totalling £0.5m, together with reductions as a result of staffing efficiencies across a number of services.

Customer & Communities
Draft Income & Expenditure category summary

	MTFP 2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
UK Government grants	(10,658)	(11,455)	(13,799)	(14,012)	(12,881)	(15,924)
Other bodies grants	(2,921)	(3,233)	(3,270)	(3,308)	(3,346)	(3,385)
Fees & charges	(9,137)	(8,705)	(8,807)	(8,914)	(9,023)	(9,131)
Property income		(145)	(148)	(151)	(154)	(157)
Joint working income	(280)	0	0	0	0	0
Reimbursements and recovery of costs	(531)	(1,300)	(1,645)	(2,229)	(2,401)	(2,428)
Total funding	**(23,527)**	**(24,838)**	**(27,669)**	**(28,614)**	**(27,805)**	**(31,025)**
Expenditure						
Service staffing	57,323	56,184	54,642	53,818	54,303	55,183
Service non-staffing	25,554	26,063	28,532	28,969	28,530	31,904
Total expenditure	**82,877**	**82,247**	**83,174**	**82,787**	**82,833**	**87,087**
Net Budget supported by Council Tax and general government grants	**59,350**	**57,409**	**55,505**	**54,173**	**55,028**	**56,062**

Draft service summary

	2012/13 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding	(23,527)	(24,838)	(27,669)	(28,614)	(27,805)	(31,025)
Expenditure by service:						
Fire Service	45,752	46,724	46,944	45,809	45,090	48,565
Cultural Services	23,917	23,213	23,709	24,218	24,741	25,274
Customer Services	4,010	3,906	3,964	4,045	4,125	4,208
Trading Standards	2,480	2,521	2,566	2,614	2,663	2,711
Community Partnership & Safety	3,476	2,992	3,039	3,087	3,136	3,186
County Coroner	1,075	1,243	1,266	1,289	1,313	1,337
Directorate Support	2,167	1,648	1,686	1,725	1,765	1,806
	82,877	82,247	83,174	82,787	82,833	87,087
Customer & Communities	**59,350**	**57,409**	**55,505**	**54,173**	**55,028**	**56,062**

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Environment & Infrastructure
Strategic Director: Trevor Pugh
Strategic Finance Manager: Susan Smyth

Financial commentary

A.4.30. Environment & Infrastructure faces pressures and growth of £18m (including funding changes) over the five year planning period. This primarily relates to inflation of £24.4m across all budgets including waste disposal, highways and local bus contracts. Two additional pressures are anticipated. Local bus contract savings planned for 2013/14 have not been delivered in anticipation of a wider review of transport provision (see below). Together with increased costs of bus services this results in a pressure of £0.5m. Secondly, changes to the highway repairs regime and associated lump sum payments are expected to result in an additional cost of £0.4m. Other changes include the reversal of prior year one-off savings, and annual changes to expected waste disposal spend resulting from volume and costs. Further uncertainties remain, including implications of the transfer of Bus Service Operators Grant and the possible transfer of maintenance responsibility for Highway Agency assets to local authorities.

A.4.31. Pressures and growth are offset by planned savings of £6.6m over the five year planning period. These include highway maintenance efficiencies and reductions (£2.1m) including reducing costs through collaboration and reduced overheads, expected savings through a review of transport provision (£2m), savings from the ongoing “one team” organisational review (£0.8m) and from ongoing reviews of support and other services (£0.9m, including directorate support services, planning & development, network management, sustainability and road safety), countryside (£0.4m) and waste disposal (£0.3m).

A.4.32. In the longer term waste management efficiencies are planned, in collaboration with partners across the Surrey Waste Partnership and SE7, by adopting a more consistent and efficient approach to disposal and recycling and taking advantage of new technologies and business models. Highway maintenance efficiencies from a more effective investment strategy and improved supply chain are also being investigated.

Environment & Infrastructure
Draft Income & Expenditure category summary

	MTFP 2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
UK Government grants	(3,528)	(3,601)	(992)	(762)	(762)	(762)
Fees & charges	(7,096)	(6,411)	(6,557)	(6,707)	(6,860)	(7,018)
Joint working income	(4,037)	(4,123)	(4,214)	(4,307)	(4,402)	(4,500)
Reimbursements and recovery of costs	(2,748)	(2,352)	(2,405)	(2,459)	(2,515)	(2,572)
Total funding	**(17,409)**	**(16,487)**	**(14,168)**	**(14,235)**	**(14,539)**	**(14,851)**
Expenditure						
Service staffing	21,667	20,926	20,906	21,140	20,746	21,096
Service non-staffing	121,137	124,610	121,093	122,930	126,444	130,968
Total expenditure	**142,804**	**145,536**	**141,998**	**144,070**	**147,190**	**152,064**
Net Budget supported by Council Tax and general government grants	**125,395**	**129,049**	**127,830**	**129,835**	**132,651**	**137,213**

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Draft service summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding	(17,409)	(16,487)	(14,168)	(14,235)	(14,539)	(14,851)
Expenditure by service:						
Environment	87,344	89,621	85,397	86,036	88,534	91,917
Highways	52,689	53,406	54,418	55,927	56,509	58,132
Directorate-wide services (including savings to be allocated)	2,771	2,509	2,183	2,107	2,148	2,015
	142,804	145,536	141,998	144,070	147,190	152,064
Environment & Infrastructure	**125,395**	**129,049**	**127,830**	**129,835**	**132,651**	**137,213**

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Business Services

Strategic Director: Julie Fisher
Strategic Finance Manager: Susan Smyth

Financial commentary

A.4.33. Savings of £6.2 m will be delivered over the five years through continued efficiency improvements, increased income and enhanced partnership working across Business Services. Self service capability will be significantly improved for services creating efficiency improvements in Business Services and improved quality of delivery for customers. Working in partnership will drive benefits from economies of scale, and the directorate will continue to strengthen and enhance partnership arrangements that we have across our IT infrastructure, procurement and transactional services exemplified by our partnership with East Sussex. Securing improved commercial arrangements with suppliers for the council and for partners will deliver savings in Business Services and the council as a whole. The Directorate will continue to develop its business support offer and deliver income from the provision of transactional and professional consultancy services to partners and other external organisations.

A.4.34. The directorate budget includes additional strategic investment in IMT of £2m in 2014/15 and £1m per annum thereafter. This investment will deliver enhanced functionality to drive efficiency and productivity improvements across the council, particularly in relation to the modern worker programme which equips staff and members with appropriate technology to carry out their roles. The directorate budget includes inflationary costs of £11.8m over the planning period, which include updated assumptions regarding energy inflation however there remain uncertainties regarding this in the medium to longer term. The budget has been adjusted for recent announcements regarding the grant funding for the Local Assistance scheme which will discontinue after 2014 / 15. Assuming that support to vulnerable people will continue to be provided by the council at the current levels of expenditure creates a cost pressure of £0.5m.

Business Services

Draft Income & Expenditure category summary

	MTFP 2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
UK Government grants	(1,162)	(1,145)				
Fees & charges	(100)	(102)	(104)	(106)	(108)	(110)
Property income	(3,654)	(3,727)	(3,809)	(3,893)	(3,979)	(4,067)
Joint working income	(5,066)	(5,167)	(5,281)	(5,397)	(5,516)	(5,637)
Reimbursements and recovery of costs	(5,073)	(5,789)	(6,106)	(6,312)	(6,447)	(6,586)
Total funding	**(15,055)**	**(15,930)**	**(15,300)**	**(15,708)**	**(16,050)**	**(16,400)**
Expenditure						
Service staffing	40,305	40,329	40,450	40,822	41,556	42,303
Service non-staffing	56,922	59,613	57,424	59,228	61,617	63,868
Total expenditure	**97,227**	**99,942**	**97,874**	**100,050**	**103,173**	**106,171**
Net Budget supported by Council Tax and general government grants	**82,172**	**84,012**	**82,574**	**84,342**	**87,123**	**89,771**

Draft service summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding	(15,055)	(15,930)	(15,300)	(15,708)	(16,050)	(16,400)
Expenditure by service:						
Property Services	39,889	40,009	38,755	40,171	41,803	43,587
Information Management & Technology	23,244	25,546	24,920	25,073	25,584	26,105
Finance & strategic support	10,563	10,787	11,433	11,861	12,406	12,655
HR & Organisational Development	11,447	11,411	11,070	11,207	11,427	11,651
Shared Services	8,640	8,708	8,152	8,230	8,382	8,538
Procurement	3,444	3,481	3,544	3,508	3,571	3,635
	97,227	99,942	97,874	100,050	103,173	106,171
Business Services	**82,172**	**84,012**	**82,574**	**84,342**	**87,123**	**89,771**

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Chief Executive's Office

Asst Chief Executive Officer: Susie Kemp
Strategic Finance Manager: Susan Smyth

Financial commentary

A.4.35. The Chief Executive's Office faces ongoing pressures of £1.5m over the 5 year planning period. This is predominately due to expected inflation of £1.3m, but also £0.2m has been added to the Legal budget to reflect the increased costs due to both the number and complexity of child protection cases. The budget has also been adjusted across this period for the £1.5m cost of holding 4-yearly County Council elections in 2017/18.

A.4.36. Savings of £1.1m are planned over the 5 year period. Of this £0.3m was achieved early during 2013/14. The remaining £0.8m is planned through the creation of an in-house advocacy team (£0.4m) within Legal and through disbanding the Legacy team (£0.4m) that transferred into the directorate during 2013/14.

A.4.37. There is a one-off £1m budget to mark the 800th celebration of the Magna Carta allocated to revenue (£0.3m) and capital (£0.7m).

A.4.38. Health and wellbeing with a gross budget of £0.7m transferred into the Chief Executive's Office from Adult Social Care during 2013/14 along with associated government grant funding of £0.5m.

A.4.39. The roll out of superfast broadband continues across the county with a capital budget of £9.8m within 2014/15 to finish installing within those areas not covered by a commercial installation.

A.4.40. The Assistant Chief Executive, Susie Kemp, took on responsibility for Public Health during 2013/14 and this is now being reported as part of the Chief Executive's Office.

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Public Health

A.4.41. The Health and Social Care Act 2012 transferred substantial public health duties to local authorities from 2013/14, funded by a ring-fenced specific grant based on estimates of historic spending from NHS Surrey. The budget is drafted in accordance with the 2014/ 15 £25.6m grant allocation. This is designed to cover all the services that transferred from the PCT, however there remains £3.3m of funding relating to Genito-Urinary Medicine (GUM) Services that were incorrectly excluded from the grant and we are therefore looking to recover this separately. Discussions will proceed on this basis, and a balanced budget position will be finalised within the resources available.

A.4.42. The budget plan assumes that savings will be made to the benefit of the council as a whole, by funding services which meet the Public Health Outcomes Framework in other directorates.

A.4.43. A further national risk also needs to be noted. It has emerged during the first year of public health responsibility that there is some ambiguity over whether local authorities have been appropriately funded for their responsibilities to pay prescription charges relating to public health services. This risk is estimated to be around £2m. The budget has been prepared assuming appropriate funding will be granted by the government, should charges for this be made to the council.

A.4.44. In the medium term the expected 10% growth in funding each year should enable us to deal with volume and price issues, whilst recognising that there is a growing demand for public health services and that there has been historic underfunding of public health services in Surrey which needs to be rectified.

A.4.45. For 2014/15 the budget will fund the council's in undertaking the five mandatory requirements from the Health and Social Care Act 2012:

- commissioning appropriate access to sexual health services
- commissioning the NHS Health Check programme
- commissioning the national child measurement programme
- ensuring that plans are in place to protect the population's health
- ensuring NHS commissioners receive the public health advice they need

A.4.46. In addition 15 non-mandatory services continue to be commissioned guided by local needs such as stop smoking, drug and alcohol misuse services, obesity initiatives and accidental injury prevention as outlined in the Health and Social Care Act 2012.

A.4.47. In 2015 responsibility for some health services for children under the age of 5 will transfer to Local Authorities including health visiting, the healthy child programme and family nurse partnership. The expectation is that the NHS budget currently allocated to these services will come to Local Authorities. A newly formed transition group is progressing this transfer.

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Chief Executive's Office (incorporating Public Health)

Draft Income & Expenditure category summary

	MTFP 2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
UK Government grants	(23,936)	(28,929)	(30,985)	(32,796)	(34,889)	(38,291)
Fees & charges	(196)	(209)	(213)	(218)	(222)	(227)
Joint working income	(21)	(22)	(22)	(23)	(23)	(24)
Reimbursements and recovery of costs	(3,469)	(413)	(420)	(427)	(435)	(444)
Total funding	**(27,622)**	**(29,573)**	**(31,640)**	**(33,464)**	**(35,569)**	**(38,986)**
Expenditure						
Service staffing	12,934	12,764	13,179	13,398	13,629	13,856
Service non-staffing	30,114	31,166	32,576	34,431	38,071	40,020
Total expenditure	**43,048**	**43,930**	**45,755**	**47,829**	**51,700**	**53,875**
Net budget supported by Council Tax and general government grants	**15,426**	**14,357**	**14,115**	**14,365**	**16,131**	**14,889**

Draft service summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding	(27,622)	(29,573)	(31,640)	(33,464)	(35,569)	(38,986)
Expenditure by service:						
Strategic Leadership	472	444	445	447	447	449
Emergency Management	499	531	541	549	560	570
Communications	1,892	1,820	1,851	1,883	1,917	1,950
Legal & Democratic Services	9,899	8,543	8,513	8,677	10,353	9,022
Policy & Performance	3,292	3,931	3,988	4,045	4,102	4,161
Magna Carta	0	300	0	0	0	0
Public Health	26,994	28,361	30,417	32,228	34,321	37,723
	43,048	**43,930**	**45,755**	**47,829**	**51,700**	**53,875**
Chief Executive's Office (incorporating Public health)	**15,426**	**14,357**	**14,115**	**14,365**	**16,131**	**14,889**

Undistributed to directorate

Income & Expenditure category summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
Total funding	0	**0**	**0**	**0**	**0**	**0**
Expenditure						
Service non-staffing			(10,000)	(16,669)	(29,455)	(50,718)
Total expenditure	0	**0**	**(10,000)**	**(16,669)**	**(29,455)**	**(50,718)**
Net Budget supported by Council Tax and general government grants	0	**0**	**(10,000)**	**(16,669)**	**(29,455)**	**(50,718)**

Draft service summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Public Service Transformation Network			(10,000)	(10,000)	(10,000)	(10,000)
Additional Savings				(6,669)	(19,455)	(40,718)
			(10,000)	**(16,669)**	**(29,455)**	**(50,718)**

Central Income & Expenditure

Strategic Director: Julie Fisher
Deputy Chief Finance Officer: Kevin Kilburn

Financial commentary

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A.4.48. The Central Income and Expenditure budget provides for items of income and expenditure that are not directly related to service provision, or are as a result of past decisions. This budget supports the council's corporate priorities by providing the resources to ensure the provision of the council's capital programme and a sound financial standing both now and in the future.

A.4.49. The gross expenditure under this budget has reduced by £9.2m to £59.8m for the 2014/15 financial year. A significant part of this reduction, £8m, is in relation to the risk contingency budget. Over recent years the council has held a risk contingency budget to cover for savings and reductions not being made in full. The risk contingency budget has not had to be used despite the Council achieving nearly £200m of savings since 2010. As a result of a review of the appropriate level of contingency, this budget has been reduced in 2014-15 to £5m and has been removed thereafter completely. Any failure to make savings in future years will have to be met by reductions elsewhere.

A.4.50. In 2013/14 the budget included £1m in relation to the estimated cost of auto-enrolment of employees to the Pension Fund. The costs materialising from this have been less than originally estimated and so this £1m has been removed from the 2014/15 budget. The service revenue budgets reflect the cost to the Council of employees participating in the pension fund.

A.4.51. These reductions are partially offset by increases in relation to two pressures. The first is the revenue financing of the council's capital programme, and the second is the impact of the triennial actuarial review of the pension fund. This review was completed during 2013/14 and will increase the employer contributions by £2.5m from 2014/15.

A.4.52. For the remainder of the five year plan the central income and expenditure budgets increases to -£800m due mainly to the revenue financing of the council's capital programme alongside reductions in the anticipated levels of Government Funding.

Central Income and Expenditure

Draft Income & Expenditure category summary

	MTFP 2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
Local taxation - Council Tax	(550,420)	(568,849)	(578,083)	(592,517)	(607,297)	(622,469)
Local taxation - Business Rates	(43,863)	(45,525)	(47,165)	(48,917)	(50,834)	(52,876)
UK Government grants	(245,982)	(225,942)	(227,278)	(228,778)	(226,138)	(223,092)
Income from investment	(578)	(522)	(450)	(344)	(5,235)	(5,191)
Total funding	**(840,843)**	**(840,838)**	**(852,976)**	**(870,556)**	**(889,504)**	**(903,628)**
Expenditure						
Service staffing	426	447	324	298	298	298
Service non-staffing	68,615	60,668	56,173	63,827	63,621	63,856
Total expenditure	**69,041**	**61,115**	**56,497**	**64,125**	**63,919**	**64,154**
Net budget supported by reserves	**(771,802)**	**(779,723)**	**(796,479)**	**(806,431)**	**(825,585)**	**(839,474)**

Draft service summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding	(840,843)	(840,838)	(852,976)	(870,556)	(889,504)	(903,628)
Expenditure by service						
Protected Salaries & Relocation	426	447	324	298	298	298
Pensions Back-funding	8,606	11,139	11,332	11,529	11,731	11,938
Redundancy & Compensation	4,360	5,749	3,919	3,739	2,738	2,731
Impact of NI Changes				6,000	6,000	6,000
Corporate initiatives		250	-500	-1,000	-1,000	-1,000
Risk Contingency	13,000	5,000				
Changes to Pension Fund Contributions	1,000					
Land Drainage Precept	1,071	1,098	1,125	1,153	1,182	1,212
Contributions to/from reserves	3,597	843	-279	-1,083	-656	-637
Interest Payable	15,942	14,762	15,895	17,782	17,739	17,701
Minimum Revenue Provision	21,039	21,827	24,680	25,707	25,887	25,911
	69,041	61,115	56,497	64,125	63,919	64,154
Central Income and Expenditure	**(771,802)**	**(779,723)**	**(796,479)**	**(806,431)**	**(825,585)**	**(839,474)**

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