Budget monitoring period 11- 2013/14 (February 2014)

Summary recommendations

Cabinet is asked to note the following:

1. Forecast revenue budget for 2013/14 is to underspend by -£6.4m (paragraph 1).
2. Forecast ongoing efficiencies and service reductions achieved by year end is £62.1m (paragraph 85).
3. Forecast capital expenditure and investment of £226.7m against a budget of £225.0m (paragraphs 90 to 96).

Cabinet is asked to approve the following.

4. Virement of £0.911m from Schools & Learning's central risk budget to Services for Young People to meet the cost of learning difficulty and disability (LLDD) placements in 2013/14 (paragraph 22).

Revenue summary

Surrey County Council has now set its budget envelope for the 2014/15 financial year. In line with the Council's multi year approach to financial management, Cabinet approved the use of 2013/14's unused £13m risk contingency and £2m increased business rates and government grants to support 2014/15. To provide further budget equalisation and avoid arbitrary cut offs to budgets, services will make requests to a future meeting to carry forward underspent funds for use in 2014/15 to complete projects that are not finished by 31 March.

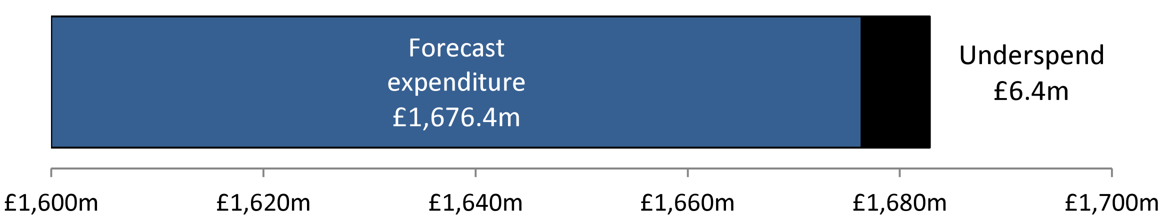
The financial strategy has a number of long term drivers to ensure sound governance, managing the council's finances and compliance with best practice.

- Keep any additional call on the council taxpayer to a minimum, consistent with delivery of key services through continuously driving the efficiency agenda.
- Develop a funding strategy to reduce the council's reliance on council tax and government grant income. The council is heavily dependent on these sources of funding, which are being eroded.
- Balance the council's 2014/15 budget by maintaining a prudent level of general balances and applying reserves as appropriate.
- Continue to maximise our investment in Surrey.

Keep the additional call on the council tax payer to a minimum, consistent with delivery of key services

For the fourth year running, the council will end the financial year with a small underspend, demonstrating its tight grip on financial management. 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.

Figure 1: Year end forecast revenue position



Continuously drive the efficiency agenda

A key objective of MTFP 2013-18 is to increase the council's overall financial resilience, including reducing reliance on government grants over the long term. MTFP 2013-18 includes savings and reductions totalling £68.3m in 2013/14 (£167m for 2013-18). At the end of January 2014, services forecast to achieve £61.3m efficiencies by year end. This under-achievement is mainly due to slippage in Adult Social Care's (ASC's) innovative Family, Friends and Community Support (FFC) strategy (+£6.0m) and delays in achieving efficiencies in services for children with disabilities and facing higher demand for care packages (+£1.5m), partly offset by Business Services' planning to bring forward some 2014/15 efficiencies (-£1.2m).

2013/14's efficiencies include £10.4m ASC savings re-categorised as one-off measures. These savings, budgeted for 2013/14 onwards, will need to be made from 2014/15.

Maintain a prudent level of general balances and apply reserves appropriately

In addition to meeting on-going demand and funding pressures, the council ensures it is prepared for emergencies, such as the recent severe weather and flooding. Part of this preparedness is having adequate balances and reserves. The council currently has nearly £20m in general balances. The cost of the immediate response and temporary repairs required as a result of the flooding and associated storms is estimated to be £11.0m, with £10.0m relating to damage sustained to local highways. The cost of long-term capital and revenue repairs to highways infrastructure is estimated to be about £15.0m. The council continues to pursue all available relief funding from central government.

Capital summary

Maximising our investment in Surrey

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 MTFP 2013-18 set a £699m five year capital programme. The council also wants to reduce its reliance on government funding and the council tax payer. To this end, it has invested £29.7m in long term capital investment assets and aims to increase this to £40.3m by 31 March.

Cabinet approved re-profiling to revise the 2013/14 capital budget to £225.0m. The total forecast capital expenditure this year, including the long term investment, is £226.7m.

Flooding update

Between December and February there was widespread flooding across the county. The estimated cost of the immediate response and temporary repairs associated with this is £11m, with £5.3m to be incurred in the current financial year. £10m of the total relates to local highways, mostly relating to the immediate repairs to damage and protection. Longer-term capital repairs required to highways infrastructure as a direct result of the flooding, and the cumulative impact of the last three severe winters, is estimated to be in the region of £15m. A more reliable estimate will not be available until all the assessment work has been completed. In February, the River Thames burst its banks and caused flooding in the north of the county across Runnymede, Elmbridge and Spelthorne and other locations. The costs associated with this more recent flooding are still to be determined, but as the flooding was more severe and widespread, the costs are likely to be higher.

Under the Bellwin scheme local authorities can apply for a grant from the Department for Communities and Local Government (DCLG) to compensate them for the costs incurred from the immediate actions they take in connection with a disaster or emergency, above a certain threshold. The threshold for the council in relation to the flooding has been reduced from £2.8m to £1.6m. The council has registered for the scheme and has up to 30 May 2014 to incur eligible expenditure and until 30 June 2014 to submit a claim. The Bellwin scheme does not usually cover capital costs, so the Department for Transport (DfT) has made £70m available to local highways authorities under the Severe Weather Recovery Scheme. DfT will distribute this grant based on length of road and number of bridges damaged by flooding. The council has submitted a claim and we are waiting to hear back on any possible funding that we will receive under this scheme. DfT has also made £103.5m of additional funding available to all local highways authorities to help with the severe weather experienced this winter. This grant will be distributed automatically based on the total miles of road maintained by an authority. It is estimated that Surrey County Council will receive around £2m of this funding. Officers are currently working on options to fund both the revenue and the capital costs of this severe weather and this will be reported to Cabinet in July 2014.

The county council is working with district and borough councils on a scheme to allow a council tax discount to residents affected by flooding. The cost of this scheme is estimated to be around £700,000 to the county council, although central government funding is expected to fund all or part of this.

Revenue budget

1. The updated 2013/14 revenue budget, including schools, is 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 services' net revenue budget is -£6.4m underspend (-£2.1m at the end of January).

2. In line with the Council's multi year approach to financial management, Cabinet approved the use of 2013/14's unused £13m risk contingency and £2m increased business rates and government grants to support 2014/15. At this stage of the financial year, to provide further budget equalisation and avoid arbitrary cut offs to budgets, services prepare to make requests to carry forward underspent funds for use in 2014/15 to complete projects that are not finished by 31 March. Services have included their indicative thinking in the directorate reports below.

3. The year to date budget variance at the end of February is -£20.1m underspent. This is predominately due to:
   - Dedicated Schools Grant nursery provision underspends of -£3.7m, other underspends in Schools & Learning of -£2.9m, staffing across Children, Schools and Families of -£0.9m; Children's Services non staffing overspends of +£2.3m;
   - the income ahead of budget for business rate and government grants and reduced capital financing costs of -£5.7m;
   - delayed maintenance work for both Highways of -£4.1m and Property of -£2.5m;
   - brought forward saving plans for Business Services and better contracts combined with rent and rates rebates and scheduling of Business Services projects and other work of -£3.9m;
   - timing of expenditure and income on third party grants, member allocations and cultural service income and trading standards income of -£2.1m;
   - Revolving Investment & Infrastructure Fund of -£0.6m; and
   - Adult Social Care position in line with forecast of +£4.2m.

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

5. Table 1 shows the year to date and forecast year end net revenue position for services and the council 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

Jan's forecast variance £m	Directorate	YTD budget £m	YTD actual £m	**YTD variance £m**	Full year (revised) budget £m	Mar remaining forecast £m	Full year forecast £m	**Full year variance £m**
6.0	Adult Social Care	310.4	314.6	4.2	336.4	26.9	341.5	5.2
-0.1	Children, Schools & Families	165.1	159.0	-6.1	181.1	20.5	179.5	-1.6
0	Schools (gross exp £502.3m)	0.1	-0.2	-0.3	0.1	0.3	0.1	0.0
-0.7	Customer & Communities	55.1	53.0	-2.1	59.9	6.2	59.2	-0.7
3	Environment & Infrastructure	115.4	113.1	-2.3	131.6	21.6	134.7	3.1
-5.6	Business Services	75.8	69.4	-6.4	82.8	7.2	76.6	-6.2
-0.5	Chief Executive's Office	15.2	14.5	-0.7	16.4	1.4	15.9	-0.5
-2.9	Central Income & Expenditure	-200.7	-205.1	-4.4	-197.0	3.8	-201.3	-4.3
-0.8	**Service net budget**	**536.3**	**518.2**	**-18.1**	**611.2**	**87.8**	**606.1**	**-5.1**
-1.3	Local taxation	-488.2	-489.5	-1.3	-599.3	-111.1	-600.6	-1.3
0	Revolving Infrastructure & Investment Fund	0.0	-0.6	-0.6	0.0	0.6	0.0	0.0

-2.1	**Overall net budget**	**48.2**	**28.1**	**-20.1**	**11.9**	**-22.7**	**5.5**	**-6.4**

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

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

7. The forecast year end underspend on services of -£5.1m is a result of: Adult Social Care slippage implementing its innovative FFC strategy of +£5.2m, plus flood repairs, waste management pressure and support for local bus routes of +£3.1m; and Children's Services' volume pressures of +£3.1m; offset by underspends in Schools & Learning of -£2.4m, Customer & Communities of -£0.7m, Business Services of -£6.2m, Chief Executive's Office of -£0.5m and Central Income & Expenditure of -£4.3m.

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

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

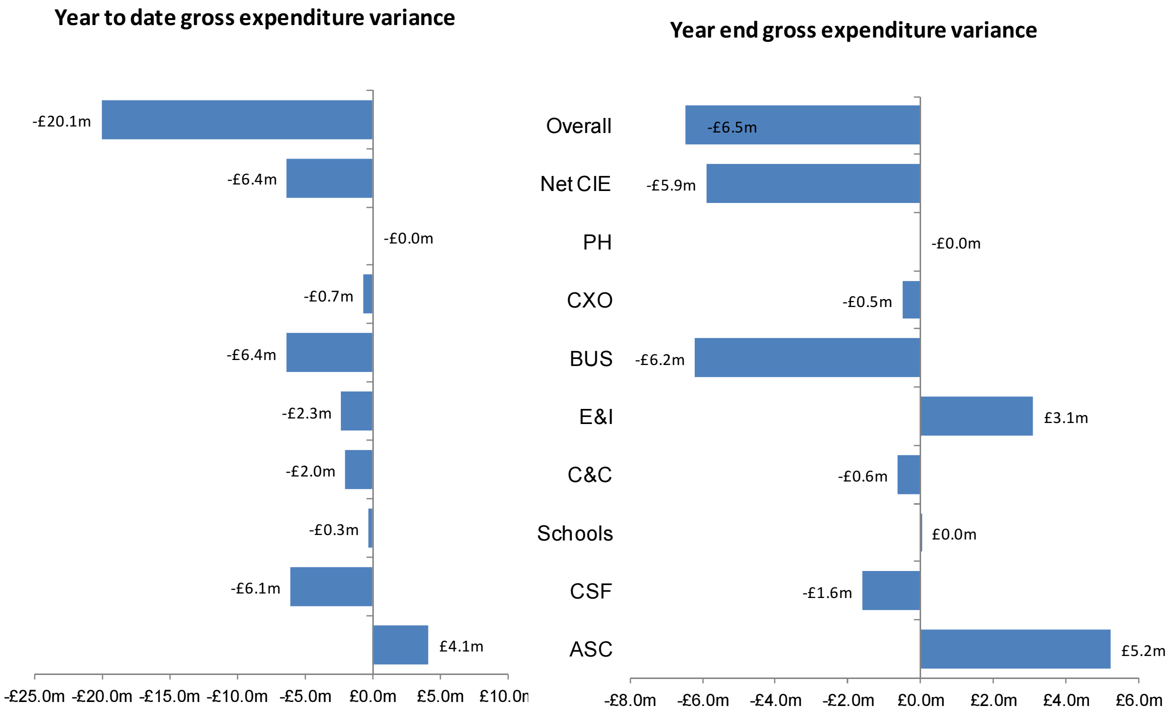
Directorate	**Jan YE variance £m**	**Movement £m**	**Feb YE variance £m**
Adult Social Care	**6.0**	-0.8	**5.2**
Children, Schools & Families	**-0.1**	-1.5	**-1.6**
Schools	**0.0**	0.0	**0.0**
Customer & Communities	**-0.7**	0.0	**-0.7**
Environment & Infrastructure	**3.0**	0.1	**3.1**
Business Services	**-5.6**	-0.6	**-6.2**
Chief Executive's Office	**-0.5**	0.0	**-0.5**
Central Income & Expenditure	**-2.9**	-1.4	**-4.3**
Service net budget	**-0.8**	**-4.3**	**-5.1**

Summarised movements	**Movement £m**	**Directorate**
Increased demand pressure	-0.8	ASC
Increased assessment for	0.1	E&I
Planned maintenance delayed due to flooding	0.3	BUS
Smaller movements across the directorate	0.4	BUS
Reduction in placement costs for post 16 students with learning difficulties	-1.5	CSF
Increased government grants	-1.4	CIE
Overall movement	**-4.3**	

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

9. 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



10. 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	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Summary by subjective							
Income	-61.2	-70.4	-9.2	-69.1	-8.8	-79.3	-10.2
Expenditure	371.6	385.0	13.3	405.4	35.7	420.8	15.4
Net position	**310.4**	**314.6**	**4.2**	**336.4**	**26.9**	**341.5**	**5.2**
Summary by service							
Income	-61.2	-70.4	-9.2	-69.1	-8.8	-79.3	-10.2
Older People	148.8	159.3	10.5	162.4	13.9	173.2	10.8
Physical Disabilities	43.5	45.0	1.5	47.4	4.0	49.0	1.6
Learning Disabilities	115.0	120.0	5.0	125.6	11.9	131.9	6.3
Mental Health	8.4	8.8	0.4	9.1	0.9	9.7	0.6
Other Expenditure	55.9	51.9	-4.0	60.9	5.1	57.0	-3.9
Total by service	**310.4**	**314.6**	**4.2**	**336.4**	**26.9**	**341.5**	**5.2**

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

11. February’s projected outturn for Adult Social Care is a +£5.2m overspend (1.6%). This represents a decrease of -£0.8m from last month. This decrease is largely due

to revisions in the anticipated costs of care call off budgets for services such as respite care and transport and a reduction in the cost of Transition clients (individuals who transfer from Children's, Schools & Families into Adult Social Care).

12. ASC expects to make the following carry forward requests:

- £35,000 First Point – carry forward of unused non ring-fence grant funding received for set up costs for the Community Interest Company.
- £39,000 Employability – funding for the Not in Education, Employment or Training (NEET) and Travel Smart programmes that are continuing into 2014/15.
- £45,000 Apprenticeship one-off funding – due to delays recruiting to these posts.

13. The year to date position is a +£4.2m overspend, as described below.

14. A projected overspend was highlighted as a risk during 2013/14 budget planning and should 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 £31m of savings have either been achieved or will be achieved without needing further management action.

15. The most significant element of the Directorate's savings plans is Family, Friends and Community Support (FFC). 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 factor in the recent Rapid Improvement Events on the social care and financial assessment processes.

16. The FFC savings target for 2013/14 is £15.5m. Although ASC continues to prioritise work on implementing the key policy changes required to deliver FFC's expected benefits, it now anticipates this work will only start to achieve savings against next year's budget rather than any significant savings this year. As a result, ASC forecasts no ongoing savings from FFC for the remainder of 2013/14 and projects slippage of £15.5m against the original target. The slippage in the FFC programme reflects the amount of cultural shift, systems change and community development required to implement the strategy fully.

17. ASC is looking at all possible opportunities to cover the slippage on FFC and some smaller shortfalls on other savings plans. ASC has taken two main counter-measures in 2013/14:

- draw down £7.5m of unused 2011/12 whole system funding, approved by Cabinet in September, and
- £1.7m draw down of previous years' winter pressures funding approved by Cabinet in October.

18. Although these measures help improve 2013/14's budget position, they do not prevent the pressure arising in next year's budget and ASC needs to replace them with new on-going savings in 2014/15. Work on the 2014-19 Medium Term Financial Plan has highlighted that the combination of: this year's projected overspend; other non-recurring one-off savings used in 2013/14; additional demand pressures forecast for next year; and a review of forward savings plans adds up to at least £14m, for which ASC needs to identify additional savings. After careful consideration with and scrutiny by the Chief Executive, Chief Finance Officer and Interim Director of Adult Social Care it is now proposed ASC will reprofile its contribution the MTFP 2013-18 savings target. While the value of savings ASC will remove from the council's overall budget by 2017/18 remains the same, it will receive £14m of one-off support from corporate reserves in 2014/15 while it amends its planned savings schedule. Joint work continues to look at all options available to

achieve additional savings in future, including scoping the benefits expected from the Better Care Fund.

19. The current year end projection relies on ASC implementing £1.3m of management action savings plans in the remainder of the financial year. Table 4 summarises the management actions included in February's projections.

20. The key driver of the underlying pressures ASC faces is individually commissioned care services (also known as "spot" care). The gross spend to date on spot care, excluding Transition, has on average been £21.5m a month for April to February. That compares with £21.3m in the last quarter of 2012/13, indicating ASC is largely containing new in year demand pressures, but has not yet decreased expenditure as planned by delivery of the FFC savings programme.

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		-0.8
Revised efficiency target		**-46.7**
Total savings achieved (or not needing further management action) to date		-31.0
Savings forecast in the rest of 2013/14 through use of FFC	0.0	
Other savings forecast in the rest of 2013/14 and included as management actions	-1.3	
Total savings forecast in remainder of the year		-1.3
Total forecast savings before draw downs		-32.3
Whole systems funding 2011/12 draw down		-7.5
Proposed winter pressure funding 2011/12 draw down		-1.7
Total forecast savings		-41.5
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	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Summary by subjective							
Income	-134.6	-135.5	-0.9	-149.1	-15.8	-151.3	-2.2
Expenditure	299.7	294.5	-5.2	330.2	36.3	330.8	0.6
Net position	**165.1**	**159.0**	**-6.1**	**181.1**	**20.5**	**179.5**	**-1.6**
Summary by Service:							
Income	-134.6	-135.5	-0.9	-149.1	-15.8	-151.3	-2.2
Strategic Services	5.5	4.9	-0.6	5.8	0.4	5.3	-0.5
Children's Services	81.4	83.8	2.4	89.0	8.3	92.1	3.1
Schools and Learning	189.5	182.4	-7.1	209.6	24.8	207.2	-2.4
Services for Young People	23.3	23.4	0.1	25.8	2.8	26.2	0.4
Total by service	**165.1**	**159.0**	**-6.1**	**181.1**	**20.5**	**179.5**	**-1.6**

21. The forecast outturn at February 2014 for Children Schools and Families (CSF) is a -£1.6m underspend, an increase in underspend of -£1.5m.

22. The main reason for this increased underspend is a reduction in the estimated cost of the new responsibility for the placement of post-16 students with learning difficulties and disabilities that transferred to Surrey from September 2013. Cabinet

agreed a virement to set the budget for this new area in November 2013, although a central risk budget of £2m (including £0.707m DSG income) was retained pending greater clarity on additional placements and price negotiations with providers. It is now clear only £0.911m of this expenditure budget will be required in 2013/14 and a virement is proposed to transfer £0.9.11m of this budget to Services for Young People, including all of the £0.707m DSG element.

23. Pressures continue in Children's Services and demand for transport in relation to children with special education needs (SEN) increases. These are partly offset by an improved trading position for Commercial Services and underspends elsewhere, mainly within Schools & Learning.

24. The year to date underspend of -£6.1m is mainly due to underspends on: DSG nursery provision of -£3.7m, staffing across the directorate of -£0.9m and other underspends in Schools and Learning of -£2.9m. These are partly offset by non staffing overspends in Children's Services of +£2.3m. [1]

Children's Services

25. The projected overspend in Children's Services is +£3.1m. The main reasons for this are a combination of: rising demand, increased complexity of need and some price increases.

26. Increasing demand has led to overspends in the following areas.

- Higher numbers of agency placements earlier in the year have given rise to an overspend of +£0.8m. Numbers have now returned to the level seen in April although the position remains volatile. There are currently three remand placements required at a cost of £4,000 a week.
- Pressures continue on fostering allowances and in the cost of adoption allowances of +£0.5m. The number of children we pay a fostering allowance for varies from month to month and has increased by 16 to 502 (28 more than budgeted for. The number of Special Guardianship Orders (SGOs) has also increased; 65 SGOs will be made in 2013/14 compared to 45 in 2012/13.
- The budgets for leaving care and asylum seekers are expected to overspend by +£0.7m as the number of care leavers and asylum seekers with no recourse to public funds is higher than that experienced in 2012/13 when an overspend also occurred.
- Area care services forecast a +£0.5m overspend. This is mainly due to an increase in the instances and cost of court proceedings (217 cases so far in 2013/14, compared to 169 for all of 2012/13) and increasing costs for supervised contact and SGOs compared to 2012/13.

27. The budgets for children with disabilities are overspending by +£1.7m due to a combination of rising demand, greater complexity of need and the service being unable to achieve the planned savings in these circumstances. +£1.5m of the overspend relates to the budget reduction for the MTFP efficiency in this service area which it has not achieved. However, underspends elsewhere across CSF have offset the impact of this overspend. In addition the service is seeing more complex and costly cases and rising demand with 33 extra cases (4%) since April 2013.

28. Difficulties recruiting permanent social workers continue and CSF has to rely on more expensive agency staff. A +£0.5m overspend is anticipated. This is an ongoing problem and CSF plans to improve recruitment and retention of social workers through the career progression framework and recruitment programme in the North East Area to grow our own skilled workforce. These initiatives will take

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[1] The year to date position is for CSF's total activity (including that funded by Dedicated Schools Grant) whereas the forecast variances relate to those budgets funded by the county council only.

time to realise results. Despite this, overall staffing across Children's Services is in line with the budget due to turnover and careful management of vacancies.

29. Net underspends of -£1.6m across Children's Services offset these overspends. These are planned to continue to help alleviate the cost pressures.

Schools & Learning

30. Schools & Learning's forecast position is -£2.4m underspend on county funded services, which with -£1.4m additional income gives an overall -£3.8m underspend. This underspend is -£1.4m greater than reported last month mainly due to a reduction in the forecast cost of high needs agency places to be met from the £1.5m set aside to meet new responsibilities in 2013/14.

31. The main pressure on the Schools and Learning budget is a +£1.8m overspend on SEN transport. School transport already faced a £0.7m budget pressure, reported as an overspend in the 2012/13 outturn. Furthermore pupil numbers and costs have continued to rise, particularly around SEN, leading to +£0.6m additional costs.

32. Offsetting the transport overspend is a -£3.4m 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 impact of funding changes would not become clear until the start of the new academic year.

33. Commercial Services projects making a -£1m higher contribution to corporate overheads than budgeted. 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 contracted income.

34. Although not included in the full year county position, services funded by Dedicated Schools Grant (DSG) forecast a -£2.9m underspend. The main reason being lower demand for two, three and four year old nursery provision than the grant funding that underpins the budget. There are other underspends on DSG services, though overall these are partly offset by +£0.8m increased demand for support to children with SEN (particularly paediatric therapy services).

Services for Young People and Strategic Services

35. Services for Young People forecasts a +£0.4m overspend although additional income brings this down to +£0.2m. Strategic Services anticipates an underspend of -£0.5m mainly due to recognition that it is now unlikely to require resources set aside for one off service initiatives 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	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-441.6	-441.6	0.1	-502.3	-60.7	-502.3	0.0
Expenditure	441.7	441.3	-0.4	502.4	61.1	502.4	0.0
Net position	**0.1**	**-0.2**	**-0.3**	**0.1**	**0.3**	**0.1**	**0.0**

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

36. The forecast is unchanged since the beginning of the year. The budget has been updated by -£2.9m for Surrey schools' transfers to academy status and +£2.9m volume related grant changes. 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	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-22.1	-23.1	-1.0	-24.2	-1.9	-25.0	-0.8
Expenditure	77.2	76.1	-1.1	84.0	8.1	84.2	0.2
Net position	**55.1**	**53.0**	**-2.1**	**59.9**	**6.2**	**59.2**	**-0.7**
Summary by service							
Cultural Services	9.9	9.2	-0.7	10.7	1.4	10.6	-0.1
Fire & Rescue	32.7	32.7	0.0	35.6	3.6	36.3	0.7
Customer Services	3.6	3.5	-0.1	4.0	0.4	3.9	-0.1
Trading Standards	2.0	1.9	-0.1	2.2	0.2	2.1	-0.1
Community Partner & Safety	3.9	2.9	-1.0	4.1	0.4	3.3	-0.8
C&C Directorate Support	2.0	1.7	-0.3	2.2	0.1	1.8	-0.4
County Coroner	1.0	1.1	0.1	1.1	0.1	1.2	0.1
Total by service	**55.1**	**53.0**	**-2.1**	**59.9**	**6.2**	**59.2**	**-0.7**

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

37. Customer & Communities' (C&C) year to date underspend is -£2.1m, partly due to the timing of expenditure on third party grants and member allocations within Community Partnership and Safety of -£1.0m. The rest is due to the timing of Library Resources expenditure and Cultural Services income already earned, Trading Standards legal costs and Customer Services recoveries, along with the year to date impact of the full year underspend.

38. C&C currently projects an underspend of -£0.7m (no change since end of January). This is predominantly within Directorate Support with £0.4m due to cost sharing and holding posts for the early achievement of the 2014/15 MTFP efficiency and an expected underspend on Community Improvement Fund of -£0.6m due to waiting for grant conditions to be met before funds are released. Further underspends are expected within Customer Services of -£0.1m and Trading Standards of -£0.1m from staffing and miscellaneous savings along with Registration of -£0.2m from the continued increase in income generation. Member allocations are expected to underspend by -£0.2m and the Leader has asked members to note any funds not committed by the end of February will become unavailable.

39. C&C expects pressures within Fire of +£0.8m, mainly due to the cost of responding to the recent flooding (+£0.6m) and extending the SGI contingency crewing contract. There is a further pressure within Coroner of +£0.1m where legislative changes are resulting in higher inquest costs. The full year effect of the latter is expected to be in the region of +£0.2m from 2014/15 onwards and has been built into the MTFP.

40. C&C expects to make carry forward requests to match underspends on the Community Improvement Fund (£0.6m) and committed member allocations (£0.2m). This will enable payments to be made in the new financial year.

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	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-17.0	-14.1	2.9	-18.6	-2.4	-16.5	2.1
Expenditure	132.4	127.2	-5.2	150.2	24.0	151.2	1.0
Net position	**115.4**	**113.1**	**-2.3**	**131.6**	**21.6**	**134.7**	**3.1**
Summary by service							
Environment	51.3	54.0	2.7	61.0	7.8	61.8	0.8
Highways	39.9	35.8	-4.1	44.3	11.6	47.4	3.1
Economy, Transport & Planning	24.0	23.1	-0.9	26.1	2.2	25.3	-0.8
Other Directorate Costs	0.2	0.2	0.0	0.2	0.0	0.2	0.0
Total by service	**115.4**	**113.1**	**-2.3**	**131.6**	**21.6**	**134.7**	**3.1**

41. The year to date position for Environment & Infrastructure (E&I) is -£2.4m underspend. This primarily relates to highway maintenance works including local schemes, road maintenance (where some payments have been delayed) and also to economic development projects funded through New Homes Bonus grant, which is not now expected to be used fully this financial year.

42. The forecast outturn for E&I is +£3.0m overspend, as last month. The most significant variance is the additional cost associated with continued flooding. Expenditure relates to immediate response and making safe, damage assessments, emergency generators to power water pumps, plus the expected cost of repairing roads and potholes. Longer term costs will include drainage works and permanent repairs to damaged roads and structures, some of which will be capital works. The highway cost this year is now estimated at £3.5m, although significant uncertainty remains.

43. Other significant variations include:

- waste management expects to overspend by + £0.8m mainly due to the need for specialist external advice needed to complete the contract variation successfully;
- local bus support expects to overspend by + £0.5m as a result of difficulty achieving planned contract savings and a number of instances where bus routes are no longer commercially viable and need financial support from the council;
- economic development projects funded through New Homes Bonus grant are expected to underspend by - £0.7m due to delays;
- the street lighting budget expects to underspend by -£0.4m as a result of lower than forecast price increases;
- the mild winter temperatures mean the winter maintenance budget expects to underspend by -£0.3m;
- additional income and recharges are expected to largely offset additional employee costs of + £0.1m; and
- the balance includes variations such as additional parking income, an underspend in road safety and project related costs.

44. E&I expects to make the following revenue carry forward requests:

- Road safety/Drivesmart - £0.1m –
  To enable the Drivesmart board to allocate the funding next financial year.

- Flood enforcement - £0.1m
  Enforcement action is required at a private nursery on A22 Godstone Road. Due to legal timescales, work will not start until 21 March and will be completed next financial year.
- Major transport schemes - £0.3m
  To continue development and transport modelling work for major transport schemes.
- Strategy projects - £0.03m
  To continue Surrey car club marketing and promotion.

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	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-13.7	-14.4	-0.7	-14.9	-1.1	-15.5	-0.6
Expenditure	89.5	83.8	-5.7	97.7	8.3	92.1	-5.6
Net	**75.8**	**69.4**	**-6.4**	**82.8**	**7.2**	**76.6**	**-6.2**
Summary by service							
Property	29.3	24.4	-4.9	32.0	3.8	28.2	-3.8
Information Management & Technology	21.3	20.9	-0.4	23.3	2.4	23.3	0.0
Human Resources & OD	7.6	7.0	-0.6	8.3	0.8	7.8	-0.5
Finance	8.1	8.9	0.8	8.8	-0.6	8.3	-0.5
Shared Services	3.9	3.5	-0.4	4.2	0.4	3.9	-0.3
Procurement & Commissioning	3.0	3.0	0.0	3.3	0.3	3.3	0.0
Business Improvement	2.6	1.7	-0.9	2.9	0.1	1.8	-1.1
Total by service	**75.8**	**69.4**	**-6.4**	**82.8**	**7.2**	**76.6**	**-6.2**

45. Business Services (BUS) projects a -£6.2m full year underspend. BUS has delivered this year's efficiency savings, brought forward some of next year's and is also achieving one-off revenue savings. The underspend is an increase of -£0.6m compared to last month. The increased underspend reflects utility costs savings and the impact of rescheduling training courses due to take place at the Runnymede Centre.

46. BUS's year to date underspend is -£6.4m. The largest year to date variance is -£4.9m in Property. -£2.5m of this is maintenance work, though its full year underspend is likely to be -£1.7m. The new property management system will deliver -£0.4m efficiencies. There have been delays to planned maintenance as a result of difficulties in letting contracts and the recent flooding. Flooding affected the planned maintenance programme as buildings were inaccessible and capacity was needed elsewhere to overcome urgent weather related emergencies.

47. BUS expects to request a carry forward of -£1.4m planned maintenance forecast underspend, as Property will deliver these works in 2014/15 alongside its planned programme of works, £1m of which is already commissioned.

48. 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 underspend of -£1.1m.

49. BUS expects to request a carry forward of -£0.5m of the Making a Difference underspend to ensure the successful implementation of the project to achieve a modern copying environment. This project is currently being planned for roll out by the end of December 2014. The successful implementation of this project requires new equipment and changing the culture and behaviours of how people work. To do this and ensure adequate and appropriate resource, both technically and culturally, a proportion of this underspend is required.

50. IMT's year to date underspend is -£0.4m. This largely relates to project work and is offset by an overspend on demand led budgets. The estimated full year forecast is for a balanced budget position.

51. HR and Organisational Development forecasts -£0.5m year end underspend, a change of -£0.2m compared to last month. This is caused by several factors including delays to delivering training courses as a result of not being able to use the Runnymede Centre.

52. Finance's year to date variance is overstated as a one-off insurance payment relating to previous years of £1.1m was made, which will be met from a previous year provision. Finance forecasts a -£0.4m full year underspend, -£0.2m relates to the audit fee and -£0.2m to staffing.

53. BUS's remaining services' year to date variances are in line with the year end forecasts. Shared Services estimates -£0.3m full year underspend. It expects to deliver 2014/45 savings early on both staffing of -£0.2m and income of -£0.1m

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	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-22.6	-20.3	2.3	-27.8	-4.6	-24.9	2.9
Expenditure	37.8	34.8	-3.0	44.2	6.0	40.8	-3.4
Net	**15.2**	**14.5**	**-0.7**	**16.4**	**1.4**	**15.9**	**-0.5**
Summary by service							
Strategic Leadership	0.4	0.4	0.0	0.5	0.1	0.5	0.0
Legacy	0.5	0.5	0.0	0.5	0.0	0.5	0.0
Emergency Management	0.5	0.5	0.0	0.5	0.1	0.6	0.1
Communications	1.8	1.7	-0.1	2.0	0.2	1.9	-0.1
Legal & Democratic Services	9.0	8.6	-0.4	9.7	0.8	9.4	-0.3
Policy & Performance	3.0	2.8	-0.2	3.2	0.2	3.0	-0.2
Public Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total by service	**15.2**	**14.5**	**-0.7**	**16.4**	**1.4**	**15.9**	**-0.5**
Public Health – income	-21.5	-19.1	2.4	-26.5	-4.5	-23.6	2.9
Public Health - expenditure	21.5	19.1	-2.4	26.5	4.5	23.6	-2.9
Public Health - net expenditure	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

54. Chief Executive's Office (CXO) currently projects a -£0.5m underspend against a £16.4m total revenue budget. Lower projected Communications publicity costs have

offset the increased costs of responding to flooding, resulting in no overall change from last month.

55. The CXO underspend is predominantly due to -£0.2m one-off savings against the Local Elections budget, plus -£0.3m establishment staff vacancies and -£0.2m service savings across the directorate. Pressures within Legal of +£0.1m, due to the cost and volume of child protection cases and Emergency Management of +£0.1m, due to costs of responding to flooding partly offset these.

56. CXO's year to date underspend is mainly due to the underspend on Local Elections, the timing of expenditure on members' allowance & expenses payments and communication campaigns, plus the year to date impact of staff vacancies.

57. CXO expects to request to carry forward £50,000 to fund a Public Services Transformation Network campaign in 2014/15.

58. 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.

59. In determining the Public Health grant allocation to SCC, the Department of Health (DH) misallocated £3.3m of the sexual health funds, which instead were transferred to the Clinical Commissioning Groups (CCGs). DH requested this error was resolved locally, but this has not been possible. In January, Guildford & Waverley CCG offered £100,000 and Surrey Heath CCG £55,000 towards this matter, which is reflected in this report.

60. The other ongoing budget issue being investigated 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 with the DH.

61. Because some staff did not transfer to the council from NHS Surrey as part of the changes to the NHS from 1 April 2013, Public Health has had vacancies throughout its team, including many at a senior level. Recruitment to all vacancies in the agreed structure has now been completed and all staff have started.

62. PH continues to ensure a strong public health service is delivered across Surrey. Delivery is happening through previous NHS contracts which are being novated to Surrey and also through tenders for new contractors. The full range of public health services is now being delivered across sexual health, substance misuse, school nursing, obesity, physical activity, smoking and health checks.

63. As a result of the £3.3m sexual health funding not being received, PH undertook a review to minimise any overspend. There is increasing concern there could be a +£0.2m pressure as a result of high demand for Genito-Urinary Medicine services across the country. This is one of the five requirements of the Health and Social Care Act 2012. It is not possible to contract these in a block contract in order to limit the cost of these services and as such the council is required to pay accurate invoices received. PH is monitoring this issue closely as year end approaches and relevant steps are being taken to minimise its impact.

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	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-246.2	-248.4	-2.2	-252.6	-7.0	-255.4	-2.8
Expenditure	45.5	43.3	-2.2	55.6	10.8	54.1	-1.5
Net	**-200.7**	**-205.1**	**-4.4**	**-197.0**	**3.8**	**-201.3**	**-4.3**
Local Taxation	-488.2	-489.5	-1.3	-599.3	-111.1	-600.6	-1.3
Risk contingency			0.0	0.0	0.0	13.0	0.0
Total net	**-688.9**	**-694.6**	**-5.7**	**-796.3**	**-107.3**	**-801.9**	**-5.6**

64. The year to date variance of -£5.7m includes the transfer of the unused £13m risk contingency to the Budget Equalisation Reserve in period 11 matched to the re-profiled budget. This transfer will support the 2014/15 budget. The variance is largely due to: lower capital financing costs, additional income from retained business rates of -£1.3m and early receipt of government grant income of -£1.2m.

65. Capital financing costs are -£0.9m underspent on interest payable due to the council not undertaking any borrowing to fund its capital programme so far this year. The council has also received an additional -£0.9m interest mainly due to higher than expected cash balances earlier in the year. The Minimum Revenue Provision (MRP) is money set aside to repay debt and is calculated on the audited balance sheet at 31 March 2013. Following the unqualified audit of the statement of accounts in September, this budget is -£0.5m underspent and will remain at that level at year end.

66. The year to date cost of staff auto-enrolment into the pension schemes is -£0.9m less than budgeted. This will result in a -£1m year-end underspend.

67. The MTFP included a business rates safety net top slice return of -£2.4m. The council will not now receive this funding due to national call on the safety net (this will also be a pressure in 2014/15). The Education Support Grant has also been reduced by +£0.9m, due to schools gaining academy status. However, this is more than offset in 2013/14 by additional grant income not included in the MTFP, including: Local Authority Central Spend Efficiency Grant of -£1.4m, Adoption Reform -£2.0m, Small Business and Empty Property Rate Relief Grant -£0.7m, Council Tax Transition Grant -£0.3m and HM Courts Service -£0.2m.

68. Furthermore business rates collection in 2013/14 yielded -£1.3m more revenue than budgeted. It is proposed this amount is contributed to the Budget Equalisation Reserve with the -£0.6m received in relation to the Small Business & Empty Property Rate Relief Grant. The final quarter receipt of the Adoption Reform Grant of -£0.5m will be requested as a carry forward and vired to Children, Schools & Families during 2014/15.

69. Interest receivable projects -£1.3m over-recovery due to higher cash balances held at the start of the year from up-front payment of some government grants.

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

71. In setting the budget, the council assumed it would use its cash balances to fund capital expenditure in place of external borrowing. However, it made a provision against undertaking any external borrowing. The council has been able to maintain its internal borrowing strategy throughout 2013/14 and the possibility of requiring this provision is now very small. This budget forecasts -£0.9m underspend. In

addition, there is a further -£1.6m of unspent New Homes Bonus within the interest payable budget, of which -£0.7m will be requested as a carry forward.

72. During January 2014 the council agreed to sell its outstanding debt relating to the Icelandic bank Landsbanki. It received the income from this sale in February and included the interest due on the initial investment of -£0.5m. This sum is included in both the year to date and full year variance for interest receivable. Offsetting this is the impairment of the initial investment for the amounts not being recovered which is included against the interest payable budget.

73. The redundancy budget continues to be expected to be on budget. March is typically when a number of redundancies are approved. Any unspent budget in relation to redundancies will be requested as a carried forward.

Revolving Infrastructure & Investment Fund

Table 12: Summary

Summary	YTD Actual £m	Full Year Forecast £m
Income	-2.2	-2.4
Expenditure	1.6	1.7
Net revenue position	**-0.6**	**-0.7**
Capital spend	**29.7**	**40.3**

74. The Revolving Infrastructure & Investment Fund was established in the 2013-18 MTFP to provide the revenue costs of funding initiatives that will deliver savings and enhance income in the longer term. Net income, after deducting funding costs, is being delivered this financial year by the Joint Venture project to deliver regeneration in Woking town centre (Bandstand Square) and from various property acquisitions that have been made for future service delivery.

75. Year to date capital expenditure includes the purchase of five properties, loans to the Woking Bandstand Joint Venture company and a small investment in FutureGov. The forecast position includes an estimate of further loans to the Joint Venture company and the purchase of an additional property asset as approved by Cabinet on 4 February 2014.

76. Funding costs are charged to the Revolving Infrastructure & Investment Fund to reflect the opportunity cost of internal capital resources. As additional borrowing has not yet been required, the projects noted above will deliver -£2.1m gross income for 2013/14, with -£1.4m additional income being recorded in the Central Income & Expenditure interest receivable account.

Staffing costs

77. 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.

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

79. 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.

80. 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.

81. 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 February 2014 is £285.2m and the expenditure incurred is £280.5m. At the end of February 2014, the council employed 7,350 FTE contracted staff.

82. Table 13 shows the staffing expenditure and FTEs for the period to February 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.

Table 13: Staffing costs and FTEs to end of February 2014

	Staffing budget to Feb 2014 £m	Staffing spend by category Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m	Budget FTE	2014 occupied contracted FTE
Adult Social Care	65.9	57.8	3.2	1.9	62.9	-3.1	2,187	1,865
Children Schools & Families	95.8	86.8	4.4	3.7	94.9	-0.9	2,690	2,480
Customer and Communities	52.5	46.9	0.9	4.3	52.1	-0.4	1,507	1,420
Environment & Infrastructure	21.1	20.1	0.9	0.4	21.2	0.1	524	512
Business Services and Central Income & Expenditure	38.5	35.3	2.7	0.1	38.1	-0.4	892	834
Chief Executive's Office	11.3	10.7	0.2	0.2	11.2	-0.1	225	239
Total	285.2	257.6	12.3	10.6	280.5	-4.7	8,025	**7,350**

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

83. The most material variance is a -£3.1m 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 FFC and in most cases are outweighed by additional spend on care ASC might otherwise have avoided.

84. Table 14 shows there are 665 "live" vacancies, for which active recruitment is currently taking place, with 512 of these in social care. The live vacancies figure for

social care in the December report should have been 364. Many vacancies are covered on a temporary basis by either agency or bank staff, the costs of which are shown in Table 13. The number of temporary staff does not translate easily into an FTE number as these may be for a few hours only, part time etc. The easiest way to measure this is to look at the actual expenditure as shown in Table 13 (agency staff and bank & casual staff)

Table 14: full time equivalents in post and vacancies

	Feb FTE
Budget	8,025
Occupied contracted FTE	7,350
“Live” vacancies (i.e. actively recruiting)	665
Vacancies not occupied by contracted FTEs	10

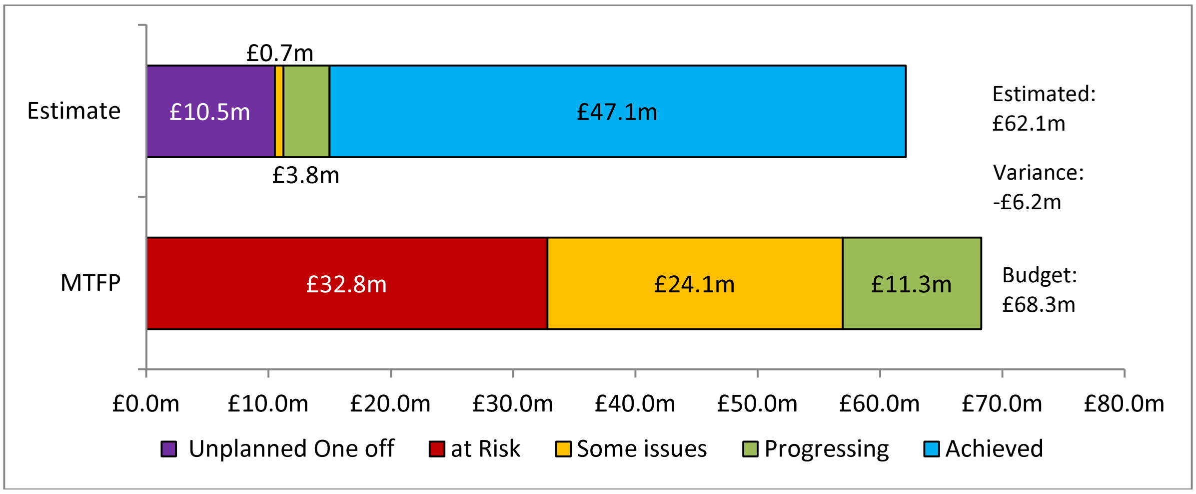
Efficiencies

85. The MTFP incorporates £68.3m of expenditure efficiencies. Overall, the council forecasts achieving £62.1m by year end, an under achievement of -£6.2m. This is the same forecast as at the end of January.

86. 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 3: 2013/14 overall risk rated efficiencies



87. The bulk of the -£6.2m variance is from ASC (-£5.2m), largely due to slippage in the innovative FFC strategy as outlined above in ASC's revenue budget commentary.

88. Under achievements in CSF (-£1.8m) and E&I (-£0.5m) remain as reported for December. 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. This is offset by overachievement by Business Services bringing +£1.2m of 2014/15 efficiencies forward. The appendix to this annex includes each directorate's efficiencies as at the end of February 2014.

Capital

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

90. Table 15 shows current forecast expenditure for the service capital programme and long term investments of £226.7m against a budget of £225.0m. The material variances are:

- school basic need programme (-£9.3m);
- acquiring land for waste schemes (-£6.3m);
- contract and adverse weather impeded site access to corporate projects (-£9.5m);
- archaeological finds at Guildford Fire Station (-£3.2m);
- deliveries for the fire vehicle and equipment replacement programme and mobilisation control (-£2.6m);
- safe cycle bid and economic regeneration projects, Local Sustainable Transport Fund and Redhill Balanced Network (-£5.0m);
- replacement of boiler specifications (-£2.0m);
- obtaining planning permission to improve a travellers' site (-£1.3m);
- Superfast broadband project (-£1.8m); and
- long term investments (£40.2m).

91. Other, smaller capital programme variances are in Adult Social Care of -£0.4m and Children Schools & Families of -£0.3m.

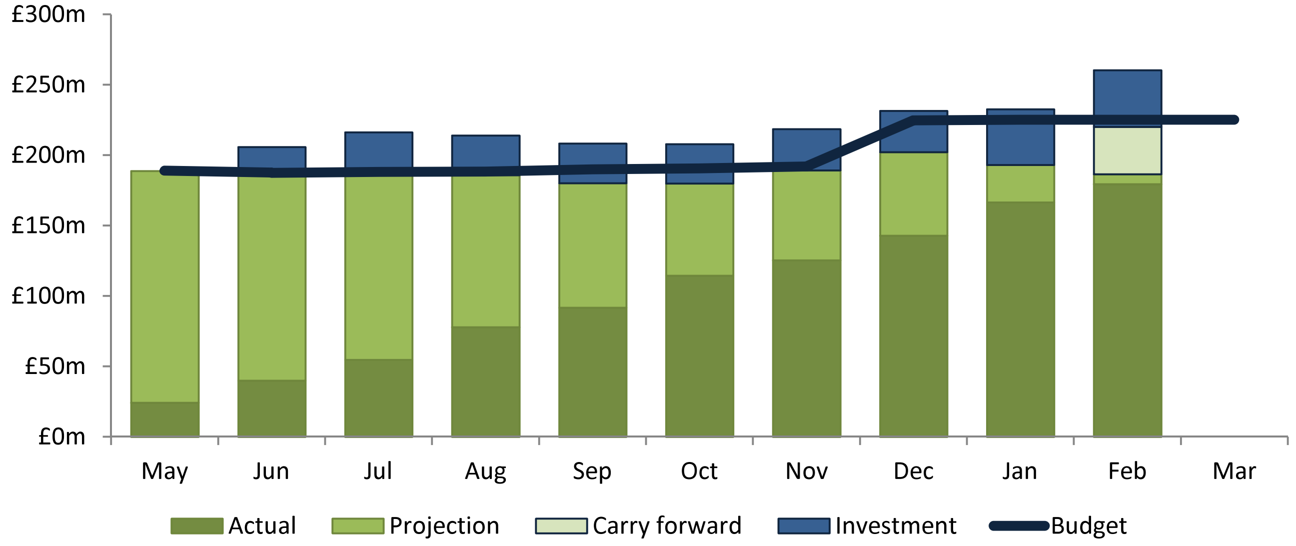
Table 15: 2013/14 Capital expenditure position

	Revised full year budget £m	Apr - Feb actual £m	Mar projection £m	**Full year forecast £m**	**Full year variance £m**	**Carry forward requests £m**	**Revised variance £m**
Adult Social Care	**2.0**	1.3	0.3	**1.6**	**-0.4**	0.2	-0.2
Children, Schools & Families	**8.9**	8.9	-0.3	**8.6**	**-0.3**	0.0	-0.3
Customer & Communities	**4.8**	2.4	-0.3	**2.1**	**-2.7**	2.7	0.0
Environment & Infrastructure	**69.4**	70.7	-6.2	**64.5**	**-4.9**	4.9	0.0
School Basic Need	**54.3**	40.5	4.6	**45.1**	**-9.2**	9.2	0.0
Business Services	**74.1**	47.6	7.3	**54.9**	**-19.2**	19.2	0.0
Chief Executive Office	**11.5**	8.1	1.5	**9.6**	**-1.9**	1.9	0.0
Total service programme	**225.0**	**179.5**	**6.9**	**186.4**	**-38.6**	**38.1**	**-0.5**
Central investment assets	**0.0**	29.6	10.7	**40.3**	**40.3**		40.3
Total overall	**225.0**	**209.1**	**17.6**	**226.7**	**1.7**	**38.1**	**39.8**

92. These variances relate to project duration rather than spending savings. Therefore the overall capital programme will spend the same and funding is unaltered.

93. The total of all directorates' expected capital carry forward requests is £38.1m.

Graph : Capital forecast expenditure profile by month



94. 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 January 2014 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); purchasing Quadrant Court (+£21.3m); reprofiling highway maintenance (+£11.1m); further funding from local schemes (+£0.1m); and external funding from sources such as schools' parent teacher associations (+£3.2m).

95. In February, the council updated the capital budget for: £0.9m more external funding from sources such as schools' parent teacher associations and -£0.7m for a Business Services scheme transferred to the Central Investment assets. The revised capital budget for 2013/14 is £225.0m.

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

Appendix to Annex

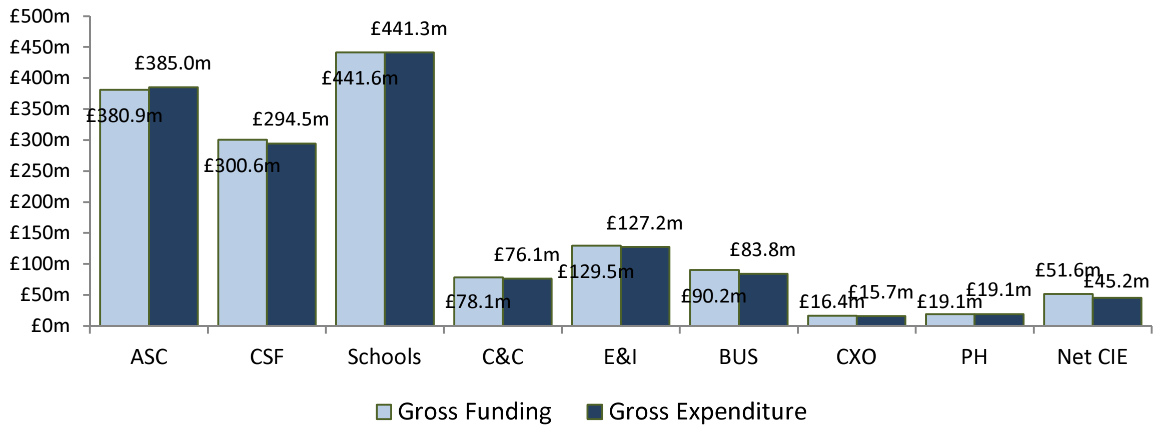
Contents

Corporate performance scorecard – finance

App 1. Figure App 1 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 February month end position. Net CIE includes Central Income & Expenditure, local taxation and the Revolving Infrastructure & Investment Fund.

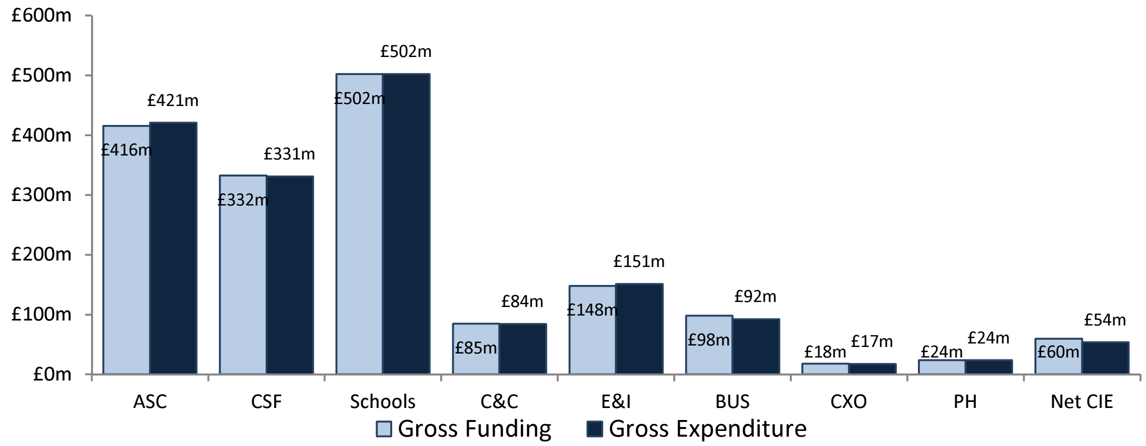
App 2. The corporate performance scorecard also includes the year end forecast revenue position shown above in the main annex in Figure 1.

Figure App 1: Year to date revenue position



App 3. Figure App 2 shows services forecast an underspend year end position of -£6.4m (-£2.1m at the end of January). This excludes -£0.6m net income on the Revolving Infrastructure & Investment Fund.

Figure App 2: Year end forecast revenue position

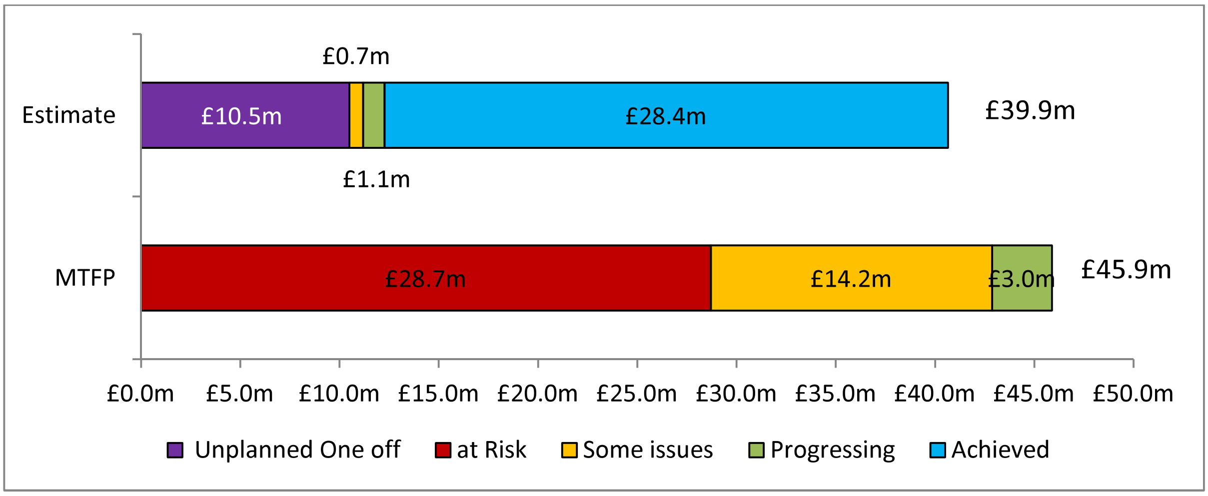


Efficiencies & service reductions

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

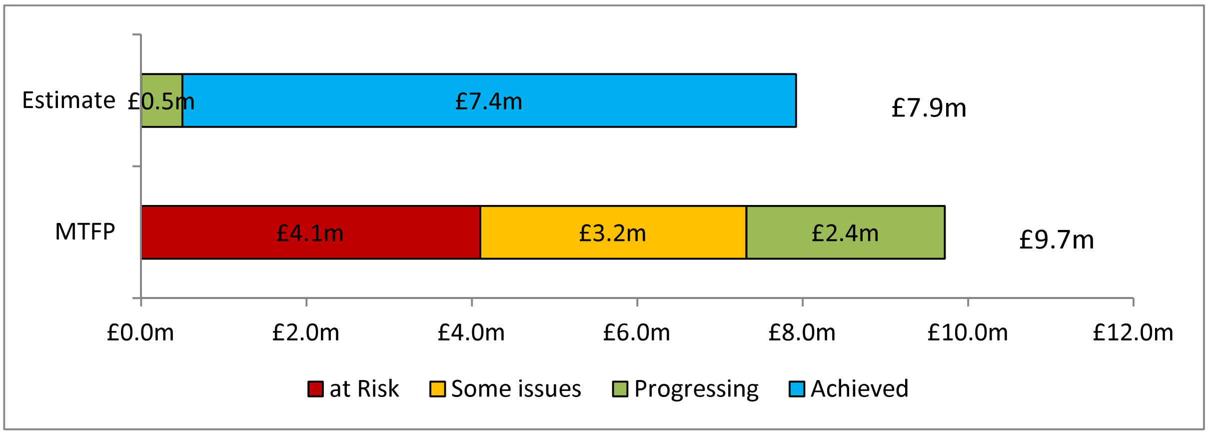
App 5. All the graphs use the same legend:
Red – At risk, Amber – Some issues, Green – Progressing, Blue – Achieved. Each graph is based on the appropriate scale and so they are not directly comparable one against another.

Adult Social Care



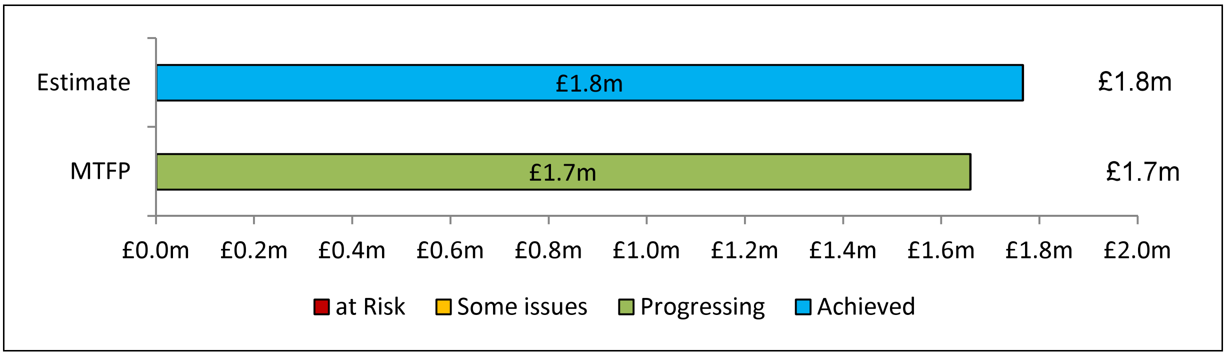
App 6. The Directorate has already achieved savings of £28.4m this year. A further £1.8m is on target to be achieved by year-end. The most significant element of ASC's savings plans in 2013/14 is the Family, Friends and Community (FFC) support strategy, which originally had a £15.5m savings target. Given the scale of the challenge and that this is the first year of these ambitious plans, it was flagged as a significant risk during the budget planning process and although considerable work is ongoing to fully embed this new approach, this will impact on next year's budget and therefore no savings are forecast for 2013/14. The projected FFC slippage combined with slippage against other some savings plans is being partially offset by £10.4m 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 draw downs of £7.5m of unused Whole Systems 2011/12 funds and £1.7m of previous years' Winter Pressures Funding. The Whole Systems funding was set aside by the Directorate as a contingency for this year's budget and the draw down has now been actioned following approval by Cabinet. The Winter Pressures money was carried forward to offset anticipated increased demand over the 2013/14 winter period.

Children, Schools & Families



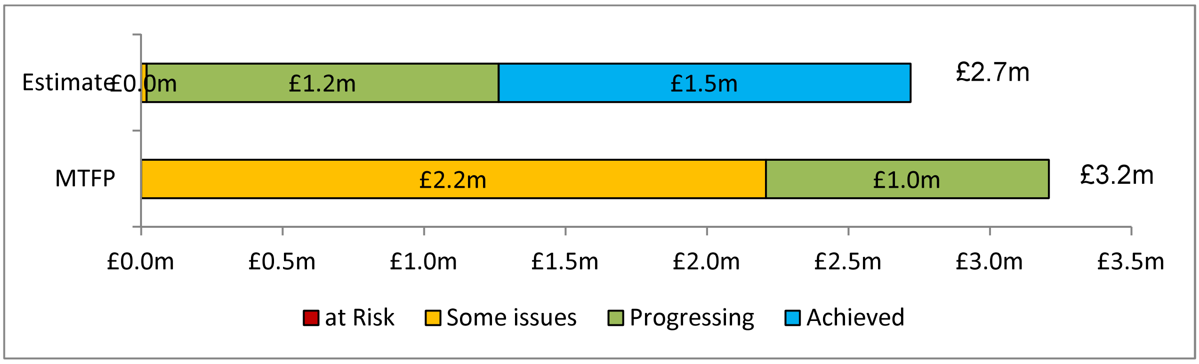
App 7. The forecast budget position for CSF means it is unlikely to achieve two of the planned efficiencies. Delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages, as described above, mean that the planned saving of £1.5m 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. The £1.8m unachieved savings in 2013/14 have been reallocated in 2014/15 and are expected to be achieved along with the 2014/15 efficiency savings.

Customer & Communities



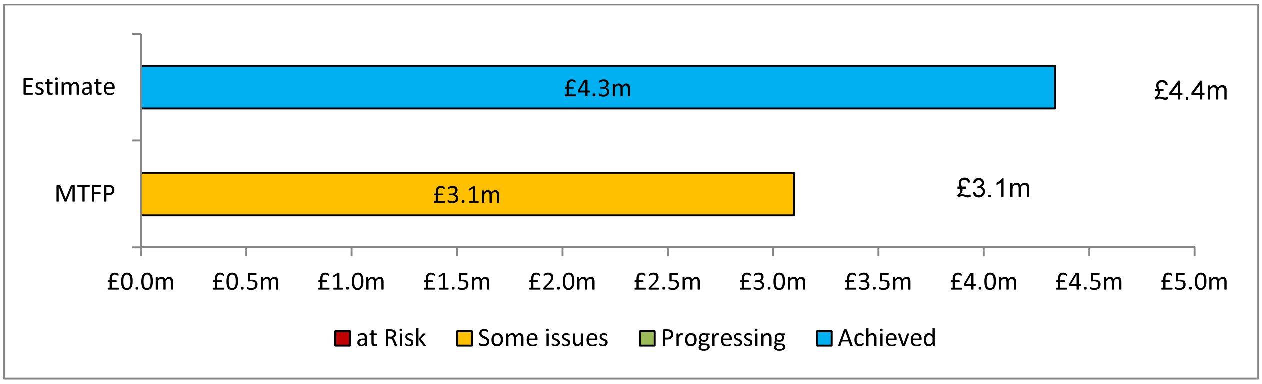
App 8. The efficiencies summary shows an over-achievement of +£0.1m against the 2013/14 target of £1.7m. This is due to the early achievement of the 2014/15 Directorate Support staff saving. The majority of the 2013/14 efficiencies have already been achieved, with the exception of the Cultural Services income increase. This is expected to be achieved as Registration are currently over-achieving their target however there are some risks associated with Libraries and Heritage income that may have an impact on this.

App 9. Environment & Infrastructure



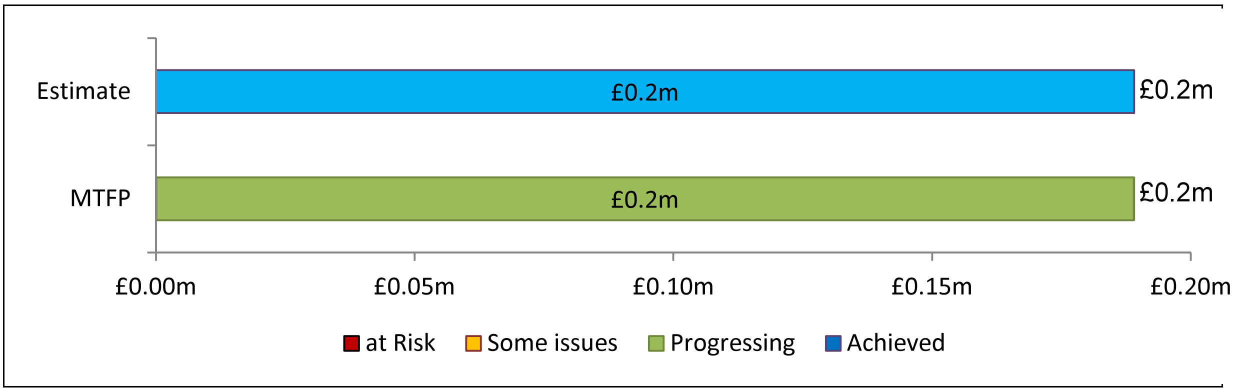
App 10. The directorate currently anticipates a shortfall of £0.5m against planned savings and efficiencies, primarily bus services contract savings (£0.4m) which have been superseded by the wider Transport Review.

Business Services



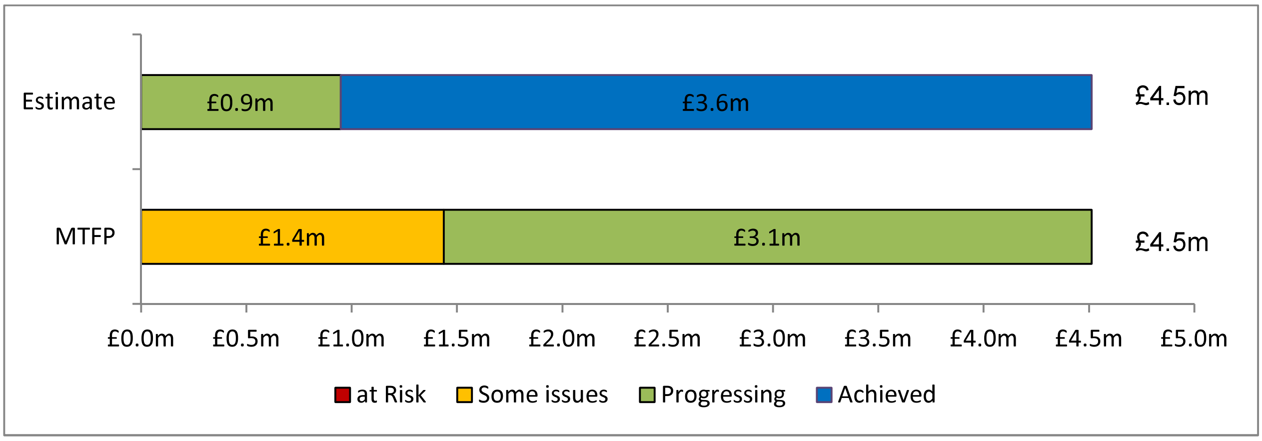
App 11. The budget for BUS includes efficiency savings and increased income targets of £3.1m. Most of these have been delivered already and all are expected to be delivered. The directorate is also delivering £1.2m of 2014/15 efficiencies early.

Chief Executive's Office



App 12. CXO has achieved the planned 2013/14 efficiencies. The directorate currently holds vacancies within Policy & Performance in preparation for achieving efficiency savings for 2014/15 and will review these during the year to establish their on-going effect.

Central Income & Expenditure



App 13. 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 14. 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 January decreased the expenditure budget at the end of January to £1,687.4m. In February, there was a transfer back to the Department for Education for academy status conversions (£0.3m), and a number of virements reprofiled the income & expenditure budgets, maintaining the overall expenditure budget at £1,687.4m. 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
Q3 changes	-3.6	-3.8	7.4			90
January changes	2.4	-2.4				25
Previous changes	**-1,658.1**	**1,687.4**	**-17.4**	**-11.9**	**0.0**	**301**
<u>February changes</u>						
Academy conversion Feb 2014 – budget and grant reduction	0.3	-0.3			**0.0**	1
Transfer of income and expenditure	-0.3	0.3			**0.0**	20
February changes	**-0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**21**
Updated budget - Feb 2014	**-1,658.1**	**1,687.4**	**-17.4**	**-11.9**	**0.0**	**322**

App 15. 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 16. 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 17. Virements above £250,000 require the approval of the relevant Cabinet Member. There was one virement above £250,000 in February:

- transfer of £266,691 back to the Department for Education for academy status conversions for February.

App 18. 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 – February 2014

	Income £m	**Expenditure £m**	**Net budget £m**
Adult Social Care	-69.1	405.4	336.4
Children, Schools & Families	-149.1	330.2	181.1
Schools	-502.3	502.4	0.1
Customers and Communities	-24.2	84.0	59.9
Environment & Infrastructure	-18.6	150.2	131.6
Business Services	-14.9	97.7	82.8
Chief Executive's Office	-27.8	44.2	16.4
Central Income & Expenditure	-851.9	55.6	-796.3
Service total	**-1,658.1**	**1,670.0**	**11.9**

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

App 19. 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 February 2014

	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	-488.2	-489.5	**-1.3**	-599.3	-111.1	-600.6	**-1.3**
Government grants	-826.3	-800.7	**25.6**	-908.6	-108.8	-909.5	**-0.9**
Other income	-132.9	-169.6	**-36.7**	-150.2	8.8	-160.8	**-10.6**
Income	-1,447.4	-1,459.8	**-12.4**	-1,658.1	-211.1	-1,670.9	**-12.8**
Expenditure:							
Staffing	285.2	280.5	**-4.7**	312.2	25.1	305.6	**-6.6**
Service provision	768.7	766.1	**-2.6**	855.4	102.3	868.4	**13.0**
Non schools sub-total	1053.9	1046.6	**-7.3**	1,167.6	127.4	1,174.0	**6.4**
Schools expenditure	441.7	441.3	**-0.4**	502.4	61.1	502.4	**0.0**
Total expenditure	1495.6	1487.9	**-7.7**	1,670.0	188.5	1,676.4	**6.4**
Movement in balances	**48.2**	**28.1**	**-20.1**	**11.9**	**-22.7**	**5.5**	**-6.4**

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

Updated budget - capital

App 20. 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 21. New virements and reprofiling in May to January added £40.6m to the capital budget. There are changes to the capital budget totalling £0.3m, increasing the capital budget to £225.0m. There were two changes over £0.25m:

- - £0.9m external funding from sources such as schools' parent teacher associations; and
- -£0.7m for a Business Services scheme transferred to Central Investment Assets.

App 22. 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	4.5	8.9
Customer & Communities	2.0	3.1	-0.3	4.8
Environment & Infrastructure	50.1	4.3	15.0	69.4
Business Services	50.4	0.6	23.1	74.1
Schools Basic Need	69.2	-14.9	0.0	54.3
Chief Executive's Office	11.5	0.0	0.0	11.5
Total overall	**187.3**	**-4.9**	**42.6**	**225.0**

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