

Budget monitoring period 10 2014/15 (January 2015)

Summary recommendations

Cabinet is asked to note the following.

1. The council forecasts an improved revenue position for 2014/15 of -£7.9m underspend, up from -£3.5m at 31 December 2014 (paragraph 3). This forecast includes the need to fund planned commitments that will continue beyond 2014/15.
2. Services are forecasting achieving a higher level of efficiencies and savings by year end of £72.7m, up from £69.0m at the end of December 2014 (paragraph 70).
3. The council forecasts investing £202.3m through its capital programme in 2014/15 (paragraphs 74 and 75).
4. Services' management actions to mitigate overspend (throughout this report).

Revenue summary

Surrey County Council set its gross expenditure budget for the 2014/15 financial year at £1,652m. In line with the council's multiyear approach to financial management which aims to smooth resource fluctuations over five years, Cabinet approved the use of £20.1m from previous years' underspends and £5.8m from other reserves to support 2014/15. During 2014/15 the council has made adjustments to update the initial budget, for example to reflect additions and reductions to grants. These adjustments (summarised in Table App 1) increased both budgeted income and expenditure by £23.8m.

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 in succession, the council ended 2013/14 with a small underspend, demonstrating its tight grip on financial management. As at 31 January 2015, the council forecasts a -£7.9m underspend for 2014/15. Services are planning to request some of this underspent budget to be transferred to the 2015/16 financial year to fund the completion projects and schemes that straddle the year end date of 31 March 2015.

In 2014/15, the council seeks further efficiency savings of over £72m in line with the corporate strategy of using our resources responsibly to plan for future years of financial uncertainty. In setting the 2014-19 MTFP, Cabinet required the Chief Executive and Director of Finance to establish a mechanism to track and monitor progress on the further development and implementation of robust plans for achieving the efficiencies across the

whole MTFP period. The Chief Executive and Director of Finance have held support sessions with strategic directors and heads of service focusing on those areas of the MTFP presenting the biggest risks. These sessions cover 80% of service spend and concluded the key strategies are valid. To maintain the good progress in the rigour and robustness of services' savings plans and in managing the risks in the MTFP, the support sessions will continue.

The Chief Executive and Director of Finance will continue to report progress on the medium term financial planning process at the council's regular briefings to all members. In response to the scale of the challenge facing local government in the current financial climate of Government reductions in funding and pressures on services, Cabinet has considered strategic financial planning options in setting the MTFP 2015-20.

Continuously drive the efficiency agenda

A key objective of MTFP 2014-19 is to increase the council's overall financial resilience, including reducing reliance on government grants over the long term. The council plans to make efficiencies and reductions totalling £72.3m in 2014/15 (£253m for 2014-19). As at 31 January 2015, services forecast to achieve £72.7m efficiencies by year end.

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 £21m in general balances.

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. In July 2014, Cabinet reprofiled the capital programme to increase it to £780m.

The council also wants to reduce its reliance on the council tax payer. To this end, it invested £40.2m in long term capital investment assets in 2013/14 and a further £6.4m in the period to 31 January 2015.

As at 31 January 2015, the council forecasts a year end position of:

- £194.8m spend against 2014/15's reprofiled mainstream capital budget of £205.7m; and
- £7.5m spend on long term capital investments.

Revenue budget

Introduction and overview

1. In line with the council's multiyear approach to financial management, which aims to smooth resource fluctuations over five years, Cabinet approved the use of £20.1m from the Budget Equalisation Reserve (including £13m contribution from 2013/14's unused risk contingency) plus £5.8m from other reserves to support 2014/15.
2. During 2014/15 the council has made adjustments to the initial budget, for example to reflect additions and reductions to grants, to increase both income and expenditure by £23.8m. This brings the revised total income budget to -£1,649.7m and the revised total expenditure budget to £1,675.6m. Table 1 summarises the revised revenue budget as at 31 January 2015. Services' income includes specific grants plus fees, charges and reimbursements.

Table 1: 2014/15 updated revenue budget as at 31 January 2015

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-73.6	415.6	342.0
Children, Schools & Families	-154.4	341.4	187.0
Schools	-479.8	479.8	0.0
Customers & Communities	-0.9	12.8	11.9
Fire & Rescue	-11.3	46.7	35.4
Environment & Infrastructure	-24.4	152.4	128.0
Business Services	-16.6	99.0	82.4
Chief Executive's Office	-42.9	69.1	26.2
Central Income & Expenditure	-845.7	58.6	-787.1
Service total	-1649.7	1675.6	25.9

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

3. As at 31 January 2015, services forecast a -£7.9m underspend net revenue budget position. This is a £4.3m increase in the forecast underspending from the position forecast at 31 December 2014. The main variances and changes are as follows:
 - Adult Social Care forecasts a decrease of -£1.6m from the projected overspend reported as at 31 December. This change is a reduction in forecast costs for the Transition care group and additional funding for winter pressures. The total overspending of £3.3m is caused by the stretching savings the service must make, especially the Family, Friends and Community programme.
 - Children's services forecasts a +£0.5m overspend net of income, mainly on: agency placements, pressures on fostering and adoption allowances and increases in numbers of care leavers and asylum seekers.
 - Schools & Learning forecasts -£4.2m underspend net of income. This underspend is mainly on the budget for demographic and inflation pressures and Commercial Services, offset by an overspend on transport for children with SEN. The increase in the forecast underspend this month is due to lower forecast expenditure on mainstream school transport and in relation to the SEND reform grant.
 - Environment & Infrastructure forecasts -£0.2m underspend mainly due to concessionary fares reimbursements and delayed works.

- Business Services forecasts -£5.2m underspend, mainly as a result of one-off savings in property, IT & property project implementation delays and in HR including underspends on the apprenticeship programme, training and early achievement of staffing efficiencies. The increase in the forecast underspending since December is due to successful contract negotiations by Property Services.
- Chief Executive's Office forecasts -£1.3m underspend, mainly due to holding vacancies and expenditure on the Magna Carta celebrations being incurred in 2015/16.

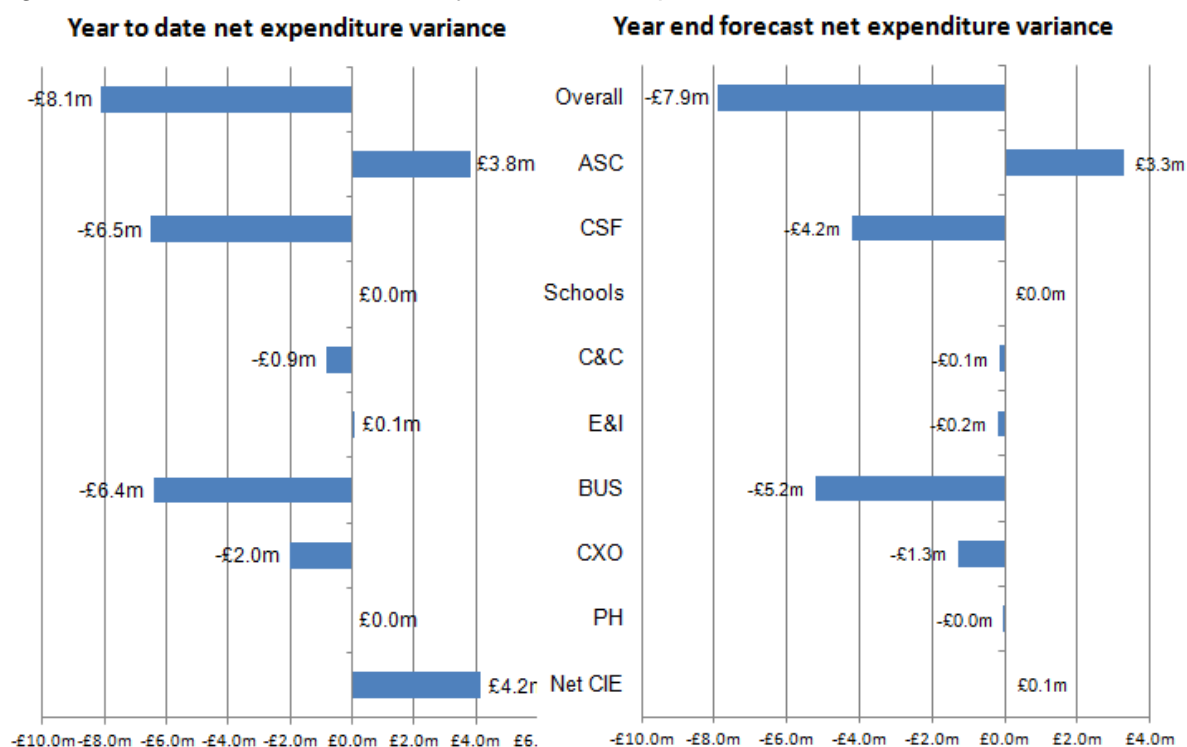
4. Table 2 and Figure 2 show the year to date and forecast year end net revenue position for services and the council overall.

Table 2: 2014/15 net revenue budget

Dec forecast variance		YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
4.9	Adult Social Care	284.2	288.0	3.8	342.0	57.3	345.3	3.3
-3.1	Children, Schools & Families	155.0	148.5	-6.5	187.0	34.3	182.8	-4.2
0.0	Schools (gross exp £479m)	-2.7	-2.7	0.0	0.0	2.7	0.0	0.0
-0.1	Customer & Communities	9.8	8.9	-0.9	11.9	2.8	11.8	-0.1
-0.1	Fire	29.6	29.2	-0.4	35.4	6.0	35.2	-0.2
0.3	Environment & Infrastructure	102.2	102.3	0.1	128.0	25.5	127.8	-0.2
-4.5	Business Services	67.6	61.2	-6.4	82.4	16.0	77.2	-5.2
-0.9	Chief Executive's Office	21.6	19.6	-2.0	26.2	5.3	24.9	-1.3
0.0	Central Income & Expenditure	-178.3	-173.2	5.1	-171.3	2.4	-170.8	0.5
-3.5	Service net budget	489.1	482.0	-7.2	641.7	152.2	634.2	-7.5
0.0	Local taxation	-501.5	-502.0	-0.5	-615.8	-114.2	-616.2	-0.4
0.0	Revolving Infrastructure & Investment Fund	0.0	-0.5	-0.5		0.5		0.0
-3.5	Overall net budget	-12.4	-20.5	-8.1	25.9	38.5	18.0	-7.9

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

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



5. Schools' funding is determined by an agreed formula under statute and expenditure decisions are the responsibility of each school's governing body.
6. Table App 2 in the appendix shows the overall income and expenditure for the year to date and year end forecast positions.
7. Below, services summarise their year to date and forecast year end income and expenditure positions and 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.

Service commentaries

Adult Social Care

Table 3: Summary of Adult Social Care services' revenue position

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-61.4	-62.1	-0.8	-73.6	-12.5	-74.6	-1.0
Expenditure	345.5	350.1	4.6	415.6	69.8	419.9	4.3
Net position	284.2	288.0	3.8	342.0	57.3	345.3	3.3
Summary by service							
Income	-61.4	-62.1	-0.8	-73.6	-12.5	-74.6	-1.0
Older People	133.4	136.7	3.3	159.8	27.2	163.9	4.1
Physical Disabilities	40.1	39.5	-0.6	48.0	7.6	47.1	-0.9
Learning Disabilities	107.1	109.6	2.5	130.1	23.1	132.7	2.6
Mental Health	7.3	7.3	0.0	8.8	1.5	8.8	0.0
Other Expenditure	57.5	56.9	-0.6	68.9	10.5	67.4	-1.5
Total by service	284.2	288.0	3.8	342.0	57.3	345.3	3.3

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

8. As at 31 January 2015, Adult Social Care services (ASC) has a +£3.8m year to date overspend with +£3.3m forecast overspend at year end, a decrease of -£1.6m from the forecast overspend reported last month.
9. The most significant change from the December position is a £0.8m reduction in costs forecast for the Transition care group following a re-profiling by the service of when new ASC care packages will start. These costs will now be incurred against next year's budget. The Directorate has also received winter pressures funding of £0.4m in the last month (£0.2m Helping People Homes grant from the Department of Health and £0.2m extra reablement funding from local Clinical Commissioning Groups). This funding is helping to offset pressures that were already projected in the previous month's monitoring position. A number of adjustments to contracts & grants and staffing forecasts account for the remaining £0.4m reduction from the December projected overspend. The reduction in Transition care cost and additional income streams were not known until after the end of the month and so are not reflected in the year to date position. This explains why a higher overspend is currently showing year to date than is projected by year end.
10. ASC has a significant savings target in 2014/15 of £42m plus a target to generate an additional of £4m income. ASC has made good progress in many of its savings actions and judges that £37.1m of savings have either been achieved or will be achieved without needing further management action. A further £2.9m of savings are forecast to be delivered through management actions in the remainder of the year. Table 5 summarises the key areas of the management actions included in the January projections. Since the beginning of the year, £1.3m of extra demand pressures have occurred above what was built into the budget. This reflects the increased level of need evident in the whole system, which the Directorate are looking to address through greater collaborative working with health and a continued focus on prevention and wellbeing.

11. The most significant element of ASC's savings plans in 2014/15 is the Family, Friends and Community (FFC) support strategy. ASC plans to achieve the FFC savings through three key streams.
- First, an improved assessment process for individuals requiring new care packages, supported by a recalibration of the Resource Allocation System (RAS). ASC implemented this measure in mid-May.
 - Second, a programme of re-assessments of existing packages to ensure personalised support plans fully incorporates FFC. Locality teams have drawn up local project plans to deliver the re-assessments.
 - Third, identification of direct payments (DP) refunds to ensure ASC reclaims any surpluses and factors the impact into the re-assessment programme.
12. Table 4 summarises performance of the programme streams.

Table 4: Financial performance of FFC programme streams

	Performance in 2014/15					Forecast future performance		
	2014/15 target £m	Achieved Apr -Jan £m	Forecast Feb - Mar £m	Full year forecast £m	2014/15 variance £m	Full year target £m	Full year effect £m	Full year variance £m
New packages non-transition	-3.6	-0.4	-0.1	-0.5	3.0	-3.6	0.1	3.7
Reassessments	-6.0	-2.1	-0.7	-2.8	3.2	-6.0	-7.8	-1.8
FFC DP surplus	-3.0	-4.5	-0.5	-5.0	-2.0	0.0	0.0	0.0
Sub-total	-12.6	-7.0	-1.3	-8.3	4.6	-9.6	-7.7	1.9
New packages transition	-0.4	1.2	-0.0	1.2	1.6	-0.4	-0.6	-0.2
Total	-13.0	-5.7	-1.4	-7.1	5.9	-10.0	-8.3	1.7

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

13. Table 4 shows savings are progressing in all areas other than new transition care packages (for individuals who transferred from Children, Schools & Families to ASC in 2014/15). Care costs for these individuals are historically volatile and the number of high costs cases ASC has picked up so far this year have led to £1.2m additional costs. Excluding new transition packages, the other FFC streams have achieved £7.1m savings to date and £8.3m forecast for the whole of 2014/15. Although re-assessments have not been completed as quickly as originally planned, there is clear evidence that the approach is working as the average saving per reassessment is 20%. Savings for new packages of care excluding transition continue to be challenging with reductions being lower than the 20% target. This area is under close review by the service.
14. Challenges remain in two other significant areas of planned savings.
- The correct application of Continuing Health Care arrangements is still anticipated to deliver £0.7m of savings in the remainder of the year. Progress is slowly improving in this savings stream but challenges remain in delivering the full value of savings projected in the remainder of the year. The Learning Disabilities (LD) Public Value Review plans to secure £1.5m of savings in 2014/15 and to date £1.1m has been achieved. The remaining £0.4m relies on other local authorities agreeing to pick up the funding for a number of Ordinary Residence cases. The Strategic Director is liaising with the relevant directors in

these authorities and Legal Services is supporting ASC in negotiating the funding transfers. However, there is a risk ASC will not conclude all the transfers by year end. Although the impact on this year's budget will not be limited if these cases are not resolved, there will be a much greater impact on next year's budget.

15. In recognition of the challenges outlined above, a risk contingency of £0.9m has been included within the management actions to account for the possibility of an element of these risks of not achieving the efficiency savings materialising.

Table 5: Summary of ASC Projected Outturn

	£m	£m
MTFP efficiency savings target		-42.0
Total efficiency savings achieved (or needing no further management action) to date		-37.1
Efficiency savings forecast for the rest of the year through use of FFC	-0.8	
FFC applied to direct payments reclaims	-0.5	
Other efficiency savings for the rest of the year needing management actions	-2.6	
Risk contingency of savings not being achieved	+0.9	
Total additional savings forecast through Management actions		-2.9
Total savings forecast		-40.0
Under(+)/over(-) performance against MTFP target		+2.0
Additional demand pressures		+1.3
Total projected (+)over/(-)under spend against ASC budget		+3.3

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

Children, Schools & Families

Table 6: Summary of the revenue position for Children, Schools & Families services

	YTD	YTD	YTD	Full year	Feb - Mar	Full year	Full year
	budget	actual	variance	(revised)	forecast	projection	variance
	£m	£m	£m	budget	£m	£m	£m
Income	-127.4	-126.6	0.8	-154.4	-29.2	-155.8	-1.4
Expenditure	282.4	275.1	-7.3	341.4	63.5	338.6	-2.8
Net position	155.0	148.5	-6.5	187.0	34.3	182.8	-4.2
Summary by service:							
Income	-127.4	-126.6	0.8	-154.4	-29.2	-155.8	-1.4
Strategic Services	3.3	3.5	0.2	3.8	0.8	4.3	0.5
Children's Services	77.8	77.4	-0.4	93.8	17.1	94.5	0.7
Schools and Learning	178.2	171.6	-6.6	216.0	40.3	211.9	-4.1
Services for Young People	23.2	22.6	-0.6	27.8	5.3	27.9	0.1
Total by service	155.0	148.5	-6.5	187.0	34.3	182.8	-4.2

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16. As at 31 January 2015 Children, Schools & Families services (CSF) has a -£6.5m year to date underspend and forecasts -£4.2m year end underspend. This is an increase in underspend of -£1.1m compared to the position at 31 December 2014.
17. The underspend position includes lower than anticipated spend against the service transformation grants for adoption reform and the reforms for children with special educational needs and disabilities (SEND) being implemented from September 2014. These grants carry ongoing, planned commitments that continue beyond 2014/15, bringing the underlying position for CSF down to -£2.5m underspend, a lower variance than reported at 31 December 2014. The services will seek to carry

this grant funding forward into future financial years as detailed in paragraphs 21 and 23.

18. CSF's transformation plans account for the +£0.5m overspend on Strategic Services. This includes the final phase of the public value programme.

Children's Services

19. Children's Services' forecast overspend is now +£0.4m, net of £0.3m income included in table 6. This includes -£1.0m underspend on adoption reform, bringing the underlying position to +£1.4m. The underlying overspend relates mainly to care provided for children who are or have been in Surrey's care:
- +£0.5m agency placements, the main reason for the overspend this year is high cost secure accommodation placements exerting particular pressure on this budget.
 - +£0.2m continuing pressures on fostering allowances and cost of adoption allowances;
 - +£0.7m for leaving care, as the number of care leavers continues at a similar level to that experienced in 2013/14 also occurred; and
 - +£0.7m for asylum seekers, which continues to rise and is partly due to a grant shortfall of and children with no recourse to public funds.
20. In addition CSF expects a +£0.8m overspend in services for children with disabilities mainly due pressure on care packages and increasing complexity. Offsetting this, Children's Services expects to underspend its staffing budget by -£1.0m, mainly due to a high number of vacancies early in the year.
21. It is unlikely Children's services will spend the Adoption Reform Grant fully this year due to delays in recruitment to the planned family assessment service. The grant is to support local authorities adapt to new timescales and expectations around adoption and permanency for looked after children. Children's services intended to use the grant to develop services to meet the new requirements (for example, increasing the number of adopters) over two to three years as the service becomes self sustaining through reductions in costs. The service will seek to carry forward £1.0m of this grant funding to sustain the adoption reforms in future years, particularly the creation of a family assessment service, with the intention of making the reforms sustainable through reductions in timescales, assessment and care costs.

Schools & Learning

22. Overall Schools & Learning forecasts a -£5.1m underspend, net of £0.9m income on county funded services at 31 January 2015 as shown in table 6. The main underspend is on the centrally held budget to cover demographic and inflationary increases. In addition Commercial Services forecasts to underspend by -£0.6m mainly as a result of delays in recruitment of the staff required to fulfil demand for free infant meals. These underspends are partly offset by a +£0.8m overspend on transport, mainly for children with SEN.
23. Schools & Learning now expects an underspend of -£0.8m against the £2.1m SEND reform grant intended to support the introduction of Education, Health and Care Plans from September 2014 as well as other aspects of the reforms. The service has encountered difficulties recruiting to short term posts to manage the

transfer of all statements to the new plans. The service will seek to carry the unspent grant forward into 2015/16 when the transfer work will continue.

Delegated schools budget

Table 7: Summary of the revenue position for the delegated schools budget

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-422.0	-419.3	2.7	-479.8	-60.5	-479.8	0.0
Expenditure	419.3	416.6	-2.7	479.8	63.2	479.8	0.0
Net position	-2.7	-2.7	0.0	0.0	2.7	0.0	0.0

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

24. The delegated schools budget shows a balanced year to date position and forecasts a balanced year end position.

Customer & Communities

Table 8: Summary of the revenue position for Customer & Communities services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-0.8	-1.3	-0.5	-0.9	-1.0	-2.3	-1.3
Expenditure	10.5	10.2	-0.3	12.8	3.8	14.0	1.2
Net position	9.8	8.9	-0.9	11.9	2.8	11.8	-0.1
Summary by service							
Customer Services	2.8	2.6	-0.2	3.3	0.6	3.2	-0.1
Trading Standards	1.7	1.7	0.0	2.1	0.4	2.1	0.0
Community Partner & Safety	2.9	2.5	-0.4	3.7	1.2	3.7	0.0
County Coroner	1.0	1.0	0.0	1.2	0.3	1.3	0.1
C&C Directorate Support	1.4	1.1	-0.3	1.6	0.3	1.4	-0.2
Total by service	9.8	8.9	-0.9	11.9	2.8	11.8	-0.1

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

25. As at 31 January 2015 Customer & Communities services (C&C) had -£0.9m year to date underspend and forecasts a small underspend of -£0.1m at year end.
26. The -£0.9m year to date underspend is mainly due to timing of expenditure on third party grants and member allocations plus staffing underspends
27. The reported position includes staff savings within Directorate Support and Customer Services of -£0.3m, offset by pressures within Coroner of £0.1m from the implementation of temporary mortuary facilities plus other small pressures of £0.1m across other services.

Fire & Rescue

Table 9: Summary of the revenue position for Fire & Rescue services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-9.4	-9.7	-0.3	-11.3	-1.8	-11.5	-0.2
Expenditure	39.0	38.9	-0.1	46.7	7.8	46.7	0.0
Net position	29.6	29.2	-0.4	35.4	6.0	35.2	-0.2
Summary by service							
Rescue Operations	24.1	23.6	-0.5	28.8	5.1	28.7	-0.1
Fire Support Functions	1	1.1	0.1	1.2	0.2	1.3	0.1
Community Fire Safety	1	1.1	0.1	1.2	0.1	1.2	0
Emergency Planning	0.2	0.3	0.1	0.2	-0.1	0.2	0
FF Pension Fund	3.3	3.1	-0.2	4.0	0.7	3.8	-0.2
Total by service	29.6	29.2	-0.4	35.4	6.0	35.2	-0.2

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

28. As at 31 January 2015 Fire & Rescue services (F&R) has -£0.5m year to date underspend of and forecasts -£0.2m underspend of at year end.
29. The year to date underspend is due to the timing of income receipts and expenditure (including pension lump sums and training). The year end position remains changeable due to on-going strike action. F&R is absorbing the 2014/15 station reconfiguration efficiency in the current financial year through a mix of vacant posts and managed savings.

Environment & Infrastructure

Table 10: Summary of the revenue position for Environment & Infrastructure services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-20.3	-19.3	1.0	-24.4	-5.7	-25.0	-0.6
Expenditure	122.5	121.6	-0.9	152.4	31.2	152.8	0.4
Net position	102.2	102.3	0.1	128.0	25.5	127.8	-0.2
Summary by service							
Environment	64.1	67.5	3.4	82.0	13.3	80.8	-1.2
Highways	35.9	32.2	-3.7	43.4	11.8	44.0	0.6
Other Directorate Costs	2.2	2.6	0.4	2.6	0.4	3.0	0.4
Total by service	102.2	102.3	0.1	128.0	25.5	127.8	-0.2

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

30. As at 31 January 2015 Environment & Infrastructure services (E&I) has a -£0.1m year to date overspending, comprising an underspend on Highway works (including road repairs and drainage) offset by an overspend on Waste, reflecting funding from the wider council budget.
31. E&I forecasts to underspend by -£0.2m at the end of the year. This is mainly due to:
- +£0.4m shortfall in expected recharges to grant funded capital schemes
 - +£0.6m highways pressures including increased insurance costs and a shortfall in streetworks income; and
 - -£1.2m travel & transport underspends, including refund of prior year Park & Ride costs, concessionary fares reimbursements and delayed works.

32. The directorate has highlighted a number of underspends where funding is required next year, and intends to request a carry forward at the year end. These currently total £0.4m and include match funding for the Local Sustainable Transport Fund grant, Drivesmart income and flood investigations.

Business Services

Table 11: Summary of the revenue position for Business Services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-13.5	-15.1	-1.6	-16.6	-2.5	-17.6	-1.0
Expenditure	81.1	76.3	-4.8	99.0	18.5	94.8	-4.2
Net position	67.6	61.2	-6.4	82.4	16.0	77.2	-5.2
Summary by service							
Property	25.9	22.1	-3.8	31.5	6.4	28.5	-3.0
Information Management & Technology	20.2	19.4	-0.8	25.1	5.0	24.4	-0.7
Human Resources & OD	7.6	5.9	-1.7	9.2	2.1	8.0	-1.2
Finance	7.8	7.8	0.0	9.4	1.6	9.4	0.0
Shared Services	3.3	3.2	-0.1	3.8	0.4	3.6	-0.2
Procurement & Commissioning	2.8	2.8	0.0	3.4	0.5	3.3	-0.1
Total by service	67.6	61.2	-6.4	82.4	16.0	77.2	-5.2

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

33. Business Services has a -£6.4m year to date underspend at the end of January, primarily relating to Property and HR, an increase of -£1.8m since December. This is partly reflected in the full year forecast underspend.
34. The directorate is currently forecasting a full year underspend of -£5.2m, an increase of -£0.7m from December 2014. Business Services continually challenges its service delivery and budgets to come up with more efficient and cost effective ways of working. It has successfully reduced costs and increased income on an ongoing basis and it will deliver its current MTFP savings of £2.2m and a further £2.5m of new efficiency savings. This is an increase of £0.7m since December, which is mainly due to the realisation of successful property maintenance contract negotiations and effective management of building maintenance orders totalling -£0.4m. The efficiencies already reported have not changed and are from staffing re-structures, utilities, the IMT network, further property maintenance and training.
35. In addition to these efficiency savings the directorate is forecasting -£2.6m of one-off underspends, similar to last month.
36. The technical issues with the managed print service supplier are being addressed however the delays will result in an underspend of the implementation budget of -£0.5m; this is an increase of -£0.1m compared to last month. The service would like to carry forward the full underspend of -£0.5m.
37. As reported last month there have been some delays to the £3.6m corporate planned maintenance programme due to resources being focussed on delivering schools related schemes and contract tender issues. As a result the service is estimating a full year underspend of -£0.6m and would like to carry forward £0.5m of this to complete the schemes in 2015/16.

38. The Council is investing £4m in the IMT Modern Worker programme, the service is on track to deliver £3.5m of this in 2014/15 but due to some technical issues, in particular with wi-fi, £0.5m is likely to be spent in 2015/16. The service would therefore like to request a carry forward of this estimated -£0.5m underspend.
39. There are no changes to the previously reported estimated one-off underspends. They mainly relate to apprentices, responsive maintenance and training.

Chief Executive's Office

Table 12: Summary of the revenue position for Chief Executive's Office services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-34.5	-33.7	0.8	-42.9	-9.8	-43.5	-0.6
Expenditure	56.1	53.3	-2.8	69.1	15.1	68.4	-0.7
Net	21.6	19.6	-2.0	26.2	5.3	24.9	-1.3
Summary by service							
Strategic Leadership	0.4	0.4	0.0	0.4	0.0	0.4	0.0
Magna Carta	0.5	0.1	-0.4	0.6	0.1	0.2	-0.4
Emergency Management	0.4	0.4	0.0	0.5	0.2	0.6	0.1
Communications	1.7	1.6	-0.1	2.1	0.3	1.9	-0.2
Legal & Democratic Services	7.6	7.1	-0.5	9.1	1.7	8.8	-0.3
Policy & Performance	2.5	2.4	-0.1	2.9	0.3	2.7	-0.2
Cultural Services	8.1	7.3	-0.8	10.3	2.7	10.0	-0.3
Public Health	0.3	0.3	0.0	0.3	0.0	0.3	0.0
Total by service	21.6	19.6	-2.0	26.2	5.3	24.9	-1.3
Public Health – Income	-22.6	-20.9	1.7	-28.9	-8.2	-29.1	-0.3
Public Health - expenditure	22.9	21.2	-1.7	29.2	8.2	29.5	0.3
Public Health - net expenditure	0.3	0.3	0.0	0.3	0.1	0.3	0.0

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

40. As at 31 January 2015 Chief Executive's Office (CEO) has a -£2.0m year to date underspend and forecasts a -£1.3m underspend at year end.
41. CEO's forecast year end underspend is mainly due to: holding -£0.5m staff vacancies in Libraries, Legal and Policy & Performance during restructures in preparation for next year's efficiency savings and -£0.4m due to the timing of events in relation to the Magna Carta anniversary in June 2015.
42. The Magna Carta anniversary event in June 2015 is a state occasion commemorating the 800 year anniversary. Planning for the event is underway and progressing well. Following a review of the planned delivery the capital budget has been decreased by £0.3m with a corresponding increase in the revenue budget. In addition to this, it is currently anticipated that an extra £0.4m will also be required in order to meet total event costs. Due to the timing of the event a carry forward will be requested for £0.8m in order to fund the project within the next financial year. This will be financed from this year's project underspend plus utilising underspends from across the directorate.
43. The -£1.8m year to date underspend is mainly due to timing of income receipts within Cultural Services and staff underspends in Legal Services and Libraries. In addition, £0.4m is due to the timing of events in relation to the Magna Carta.

44. Budget changes – following a review of planned expenditure the revenue/capital split of the £1m Magna Carta budget has been changed increasing the revenue budget by £0.3m with a corresponding decrease to the capital budget. In addition, £139,000 had been vired from E & I for the transfer of Surrey Connects and the Economy Team.
45. The £0.3m difference between Public Health's (PH) full year income and expenditure budgets is for the SADAS (Surrey Alcohol & Drug Advisory Service) contract jointly funded by PH and ASC. PH is the lead service and holds the net expenditure budget.
46. PH expenditure is on target to achieve -£0.5m efficiency savings by funding the activities shown in Table 13.

Table 13 Efficiency savings planned through Public Health activities

Description	Value	Service	Public Health area
New HENRY programme (Health, Exercise and Nutrition for the Really Young)	£32,000	CSF services	Obesity
Healthy Schools - Babcock 4s	£88,000	CSF services	Children 5-19
Eat Out Eat Well scheme	£24,379	Trading Standards	Obesity
Substance misuse adults	£355,621	ASC services	Substance misuse
Total	£500,000		

47. Public Health services are continuing to be delivered across the county covering sexual health, substance misuse (including alcohol), school nursing, obesity, physical activity, smoking and health checks.
48. The GUM (Genito Urinary Medicine) funding received late in the financial year is set to be spent in full before the end of the financial year. However, as receipt of this funding was not certain in April 2014 a prudent approach was applied to other aspects of the government grant expenditure, with these being held from starting immediately. Due to delays receiving the GUM funding, some of these projects may need to continue into the next financial year. The current estimate of the amount that will need to be carried forward into the next financial year for these projects is £4m.

Central Income & Expenditure

Table 14: Summary revenue position for Central Income & Expenditure

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-219.3	-222.4	-3.1	-229.9	-9.8	-232.2	-2.3
Expenditure	41.0	49.2	8.2	58.6	12.2	61.4	2.8
Net	-178.3	-173.2	5.1	-171.3	2.4	-170.8	0.5
Local Taxation	-501.5	-502.0	-0.5	-615.8	-114.2	-616.2	-0.4
Net position	-679.8	-675.2	4.6	-787.1	-111.8	-787.0	0.1

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

49. As at 31 January 2015 Central Income & Expenditure (CIE) has a year to date overspend of +£4.6m and forecasts a year end overspend of +£0.1m.

50. The year to date overspend is due mainly to the creation of provisions during January partially offset by additional grant income in respect of the Bellwin Grant associated with the severe flooding in 2014.
51. The full year projected variance is for a small overspending of less than +£0.1m. . In December 2014 the council reviewed its provisions for potential liabilities and these were increased by £11.3m. The provisions related to issues around equal pay and the fire fighter pensions top up grant, as reported to the last cabinet meeting. This was partially funded from the unused risk contingency budget of £5m and an accrual of £1.4m made within the budget at the end of 2013/14.
52. The final instalment of business rates income for 2014/15 has now been received from billing authorities. The final figure is £0.4m higher than the budget had allowed for.
53. The interest payable budget is projected to underspend. In setting the budget, the council assumed it would use its cash balances to fund capital expenditure in place of external borrowing. However, the budget included a provision for the potential additional cost of any external borrowing undertaken. The council has been able to maintain its internal borrowing strategy and reduced the amount of external borrowing taken out during 2014/15. This, in addition to borrowing being taken out at lower interest rates than anticipated in the MTFP, has resulted in a forecast underspend on interest payable of -£2.6m.
54. A review of the balance sheet has identified an overstatement of creditor balances in previous years. In agreement with the council's external auditor, this balance of -£1.8m has been written back to the revenue account.
55. The staffing costs budget covers the costs of relocation allowances and protected pay. There is a year to date underspend on this budget as the number of employees receiving these allowances are decreasing, this results in an estimated full year underspend of -£0.4m.
56. The Minimum Revenue Provision (MRP) is money set aside to repay debt and is calculated on the audited balance sheet at 31 March 2014. Following the unqualified audit of the statement of accounts in August, this budget is -£0.1m underspent, and will remain at that level at year end.
57. There have been more redundancy cases approved in the second half of the year than expected, which has led to expenditure to date already being £1.1m over the annual budget. An estimated £0.1m is forecast for the remainder of the year, resulting in a full year expected overspend of £1.2m.
58. Revolving Infrastructure & Investment Fund

Table 15: Summary revenue and capital expenditure positions for Revolving Infrastructure & Investment Fund

Revenue expenditure summary	YTD actual £m	Full year forecast £m
Income	-2.8	-3.3
Expenditure	0.2	0.3
Net income before funding	-2.6	-3.0
Funding	2.1	2.5
Net income after funding	-0.5	-0.5
Capital expenditure summary	6.4	7.5

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

59. Net income of -£0.5m (after the deduction of funding costs) is being generated this financial year by the Joint Venture project to deliver regeneration in Woking town centre and from various property acquisitions that have been made for future service delivery. It is anticipated that the net income will be transferred to the Revolving Infrastructure and Investment Fund at the year end.
60. Capital expenditure year to date is on the purchase of 61 High Street, Staines and loans to the Woking Bandstand Joint Venture company. The forecast position of £7.5m assumes additional loans to the Joint Venture Company and preliminary costs associated with the development of the Thales site in Crawley. In September Cabinet approved the submission of a detailed planning application and contract tender for the first phase of development.

Staffing costs

61. 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.
62. 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.
63. 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.
64. 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.
65. The council's total full year budget for staffing is £315.8m based on 7,823 budgeted FTEs. The year to date budget to 31 January 2015 is £257.0m and expenditure incurred is £251.1m. At 31 January 2015, the council employed 7,287 FTE contracted staff.
66. Table 16 shows the staffing expenditure and FTEs for the period to 31 January 2015 against budget, analysed across services for the three staff categories. It includes the transfer of 532 cultural services FTE from Customer & Communities to Chief Executive's Office and the movement of 258 FTE to Surrey Choices. The table includes staff costs and FTEs 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 in Table App 2.

Table 16: Staffing costs and FTEs to 31 January 2015

	Staffing budget to Jan 2014 £	Staffing spend by category					Variance £m	Jan 2014 Budget FTE	Jan 2014 occupied contracted FTE
		Contracted £m	Agency £m	Bank & casual £m	Total £m				
Adult Social Care	56.2	50.8	2.7	1.8	55.4	-0.8	1,887	1,659	
Children Schools & Families	88.7	79.3	3.7	3.3	86.3	-2.5	2,828	2,643	
Customer and Communities	30.9	28.4	0.6	1.4	30.4	-0.6	922	873	
Environment & Infrastructure	18.6	17.9	0.6	0.3	18.8	0.3	501	483	
Business Services and Central Income & Expenditure	35.8	31.6	3.2	0.1	34.8	-0.9	900	852	
Chief Executive's Office	26.7	22.8	0.3	2.4	25.5	-1.2	785	777	
Total	257.0	230.7	11.2	9.3	251.2	-5.8	7,823	7,287	

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

67. Table 17 shows there are 422 “live” vacancies, for which active recruitment is currently taking place, with 321 of these in social care. Many vacancies are covered on a temporary basis by either agency or bank staff, the costs of which are shown in Table 16. 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 in Table 16 (agency staff and bank & casual staff).

Table 17: Full time equivalents in post and vacancies

	<u>Jan 2015 FTE</u>
Budget	7,823
Occupied contracted FTE	7,287
“Live” vacancies (i.e. actively recruiting)	422

Efficiencies

68. The council's overall efficiencies target is £72.3m. Against this, the council forecasts achieving £72.7m by year end, an increase of £3.7m on December's position.
69. The appendix to this annex includes services' efficiencies and a brief commentary on progress. Services 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; and
 - PURPLE – compensating and one off savings found during the year to support the programme.
70. Figure 3 and Table 18 show services overall are on track to achieve the planned efficiencies and the level of risk for efficiencies projects fell during December:
- BLUE - action taken to achieve the saving rose by £8.3m to £40.8m;
 - GREEN - plans in place to achieve the saving fell by £3.2m to £23.0m;
 - AMBER - potential barriers to success fell by £1.4m to £7.0m;
 - RED - barriers preventing the saving fell by £0.7m to £0.4m;
 - PURPLE - compensating and one off efficiencies rose by £0.6m to £1.5m.

Figure 3: 2014/15 overall risk rated efficiencies

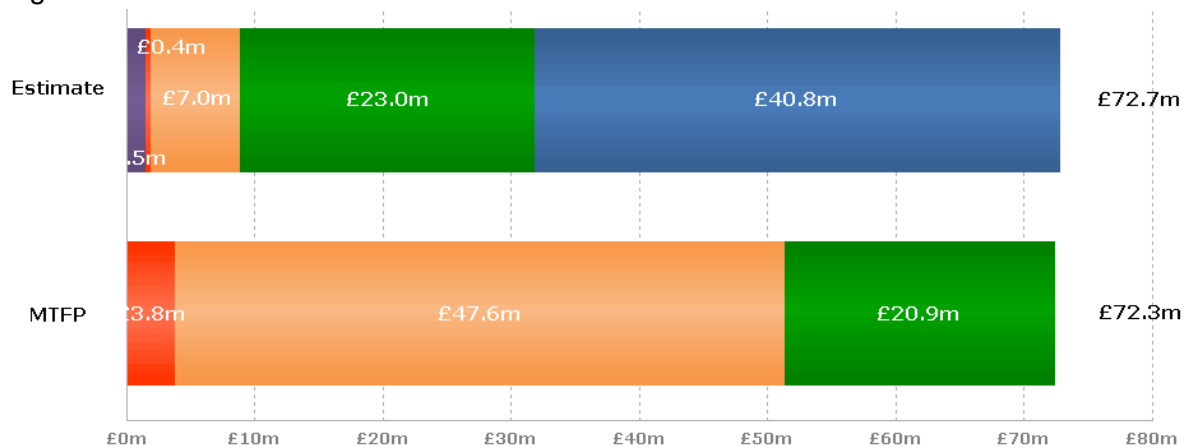


Table 18: 2014/15 Efficiency programme forecasts as at 31 January 2015

	MTFP £m	Forecast £m	Compensating and one off efficiencies £m	Variance £m
Adult Social Care	45.8	42.7	1.1	-2.0
Children, Schools & Families	9.6	9.6		0.0
Customer & Communities	0.8	0.8		0.0
Fire & Rescue	1.1	1.1		0.0
Environment & Infrastructure	4.0	3.1	0.4	-0.5
Business Services	2.2	4.7		2.5
Chief Executive's Office	1.2	1.8		0.5
Central Income & Expenditure	7.6	7.5		-0.1
Total	72.3	71.2	1.5	0.4

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

Capital

71. By planning significant capital investment as part of MTFP 2014-19, the council demonstrated its firm long term commitment to supporting Surrey's economy.
72. On 22 July 2014 Cabinet approved reprofiling of the 2014-19 capital programme. The capital budget for 2014/15 has increased by £0.9m for member allocations and revenue transfers for highway surface treatments and local transport schemes. Table 19 shows current forecast expenditure for the service capital programme of £194.8m against a revised budget of £205.7m.
73. Approved investment strategy capital spending is expected to be £7.5m in 2014/15. Cabinet will receive further investment project proposals for spending approval during the year.

Table 19: Forecast capital expenditure 2014/15

	Revised full year budget	Apr - Jan actual	Feb - Mar projection	Full year forecast	Full year variance
	£m	£m	£m	£m	£m
Adult Social Care	1.4	0.6	0.5	1.1	-0.3
Children, Schools & Families	8.7	7.2	1.0	8.2	-0.4
Customer & Communities	0.4	0.2	0.2	0.4	0.0
Fire & Rescue	5.2	4.1	0.3	4.4	-0.9
Environment & Infrastructure	74.5	74.1	-6.0	68.1	-6.3
School Basic Need	54.3	49.3	6.7	56.0	1.7
Business Services	49.3	34.6	10.0	44.6	-4.6
Chief Executive Office	12.0	9.9	2.0	11.9	-0.1
Service programme	205.7	180.0	14.8	194.8	-10.9
Long term investments	0.0	4.1	3.4	7.5	7.5
Overall capital programme	205.7	184.0	18.3	202.3	-3.4

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

74. The current forecast service capital programme underspend is -£10.9m for the year. This is due to reprofiling the capital programme, rather than an underspend against the five year programme (which remains at £780m in total). Table 20 shows the significant capital programme variances.

Table 20: Significant capital programme variances 2014/15

	December position	Movement	January position
The fire vehicle and equipment replacement programme experienced a delay in the officer cars replacement programme for a review of overall requirements to reduce future pressure on the replacement reserve.	-£0.9m		-£0.9m
The Redhill Balanced Network scheme reprofiled to coincide with adjacent works.	-£0.6m		-£0.6m
An increase in the useful life of IMT assets enables re-phasing of future years' IMT Equipment Replacement Reserve spend on: laptops, servers and other IMT equipment.	-£1.4m		-£1.4m
Land payment for waste will now be in early 2015/16.	-£0.8m		-£0.8m
The SEN strategy is expected to be ahead of schedule at year end and will need to bring forward 2015/16 capital.	£1.1m	£0.2m	£1.3m
Additional costs of Guildford Fire Station due to flooding and delays from archaeological finds earlier in the year result in a forecast overspend.	£0.3m		£0.3m
Small variances in Discrimination Disability Act works, replacing aged modular buildings, other non school projects	-£2.6m	-£0.7m	-£3.3m
Re-phasing the Corporate Planned Maintenance Programme. The maintenance team is responsible for the successful delivery of the schools' kitchen and maintenance programme, mainly over the summer, this has led to delays to the corporate programme	-£0.1m	-£0.6m	-£0.7m
School Basic Need - programme is ahead of target	£0.0m	£1.7m	£1.7m
Cabinet has allocated the Economic Regeneration budget to support Local Growth Deal schemes and is unlikely to be required in full in 2014/15	-£2.0m	£0.3m	-£1.7m
Flanchford Bridge strengthening delayed and re-profiled into 2015/16	-£0.8m	£0.4m	-£0.4m
Local Sustainable Transport Fund - The Travelsmart Delivery board are reviewing current programme to ensure work is complete by March 2015. Variance relates to developer funded work	£0.0m	-£1.4m	-£1.4m
Highways' additional road and safety improvements in advance of the Magna Carta celebrations	£0.0m	-£0.9m	-£0.9m
Closed landfill sites	-£0.4m		-£0.4m
Asset Planning group	-£0.8m	-£0.1m	-£0.9m
Other project variances for Children, Schools & Families, Adult Social Care and Chief Executive Office	-£1.0m	£0.2m	-£0.8m
Capital variance	-£10.0m	-£0.9m	-£10.9m

Appendix to Annex

Contents

Corporate performance scorecard – finance

Efficiencies & service reductions

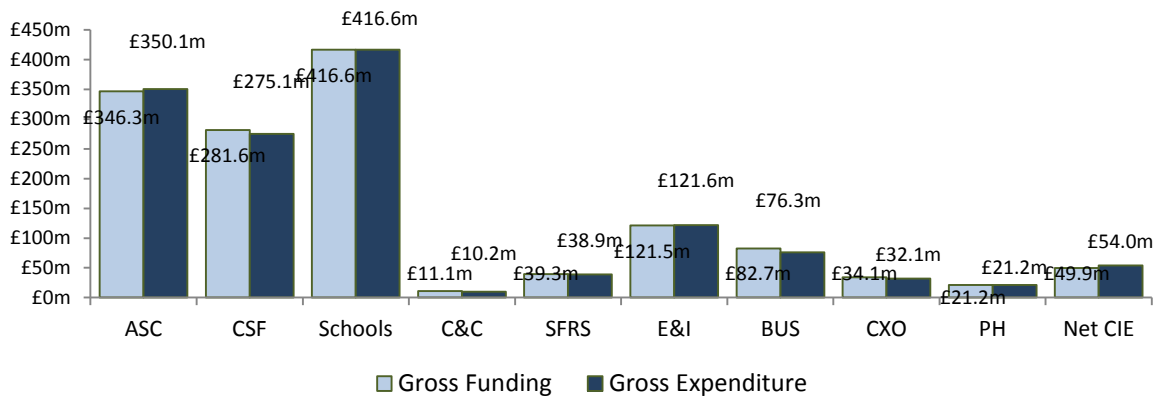
Updated budget - revenue

Corporate performance scorecard – finance

App 1. Figure App 1 shows the gross funding and expenditure for the council for the year to 31 January 2015. 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. Net CIE comprises Central Income & Expenditure, local taxation and the Revolving Infrastructure & Investment Fund.

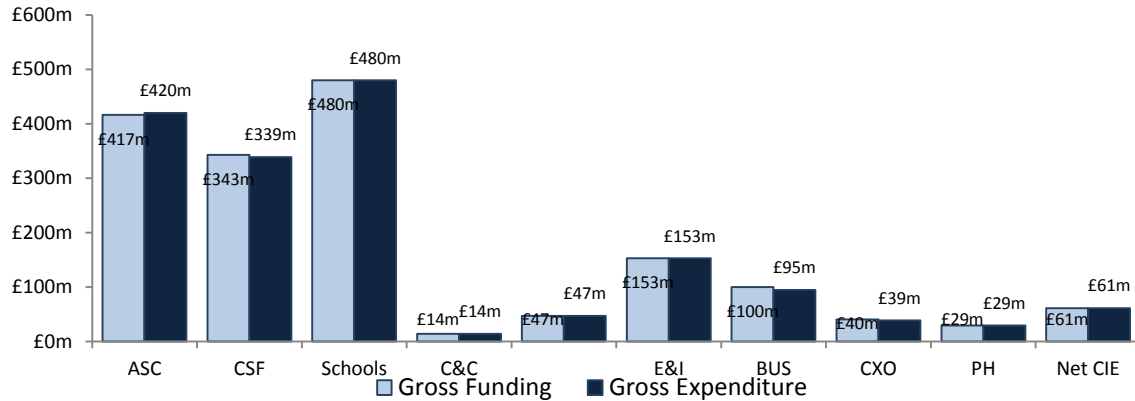
App 2. The corporate performance scorecard, shown above in the main annex in Figure 2, also includes the year end forecast revenue position.

Figure App 1: Year to date revenue position



App 3. Figure App 2 shows services’ forecast position.

Figure App 2: Services’ year end forecast revenue position



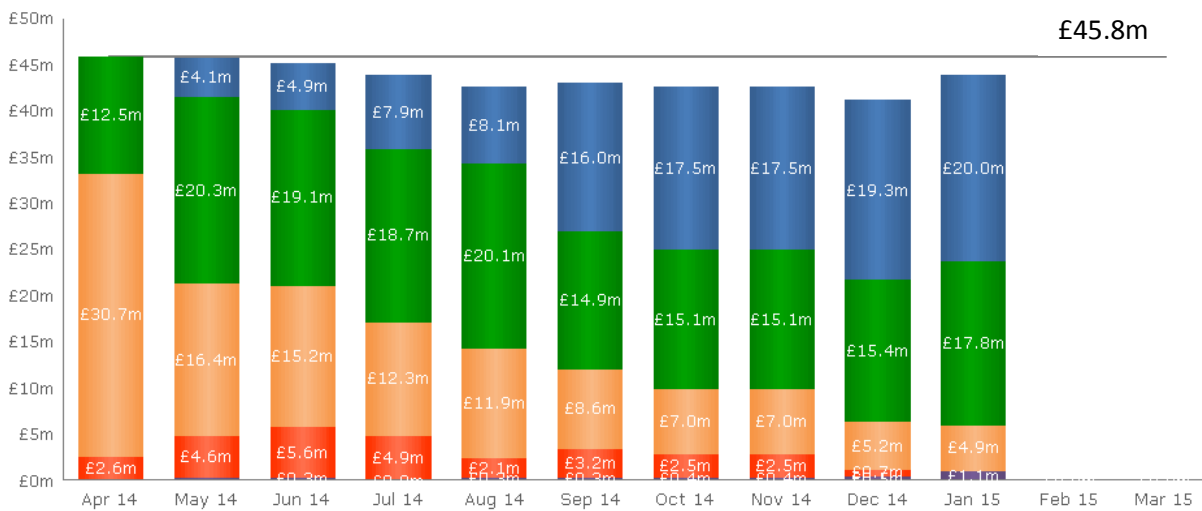
Efficiencies and service reductions

App 4. The graphs below track progress against MTFP 2014-19's risk rated efficiencies and service reductions over the nine months to 31 January 2015.

App 5. All the graphs use the same legend:
 Red – At risk, Amber – Some issues, Green – Progressing, Blue – Achieved.
 Purple - additional one-off efficiency projects to those planned in the MTFP

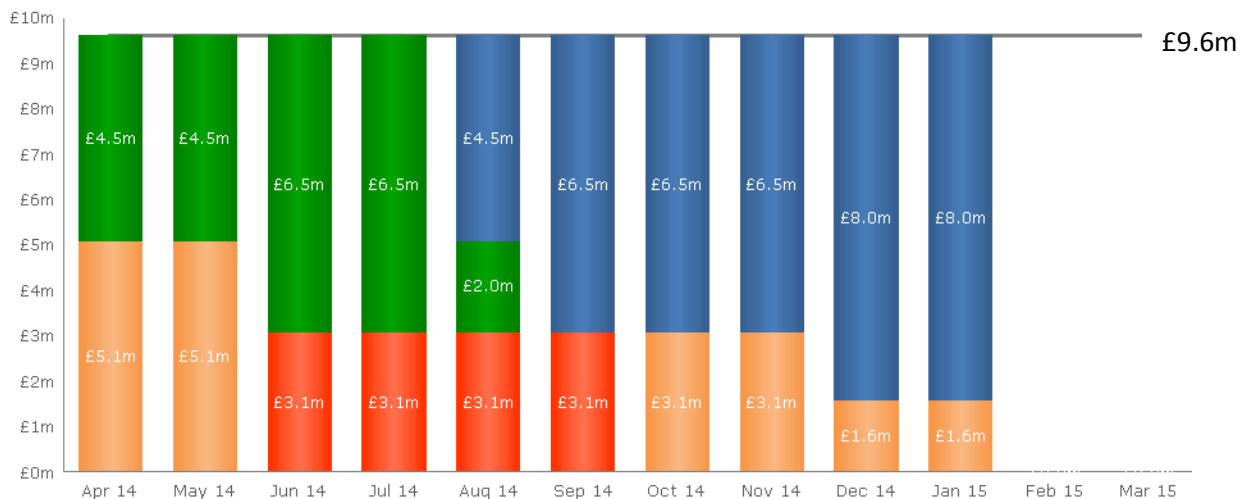
App 6. Each graph is based on the appropriate scale and so they are not directly comparable one against another.

Adult Social Care



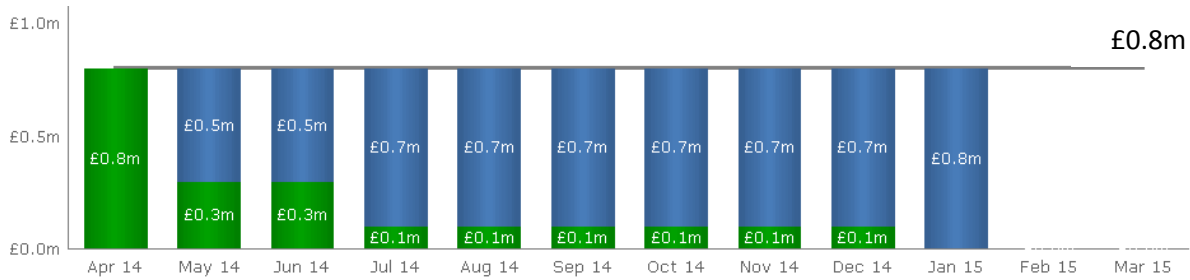
App 7. . ASC has already achieved savings of £20.0m by 31 January 2015 and is on target to achieve a further £17.9m by year end with no difficulties anticipated, and largely without further action required. Management action will be necessary to deliver the remaining £4.9m of savings judged to be amber. ASC forecasts a shortfall of -£2.0m against its £45.8m efficiencies target

Children, Schools & Families



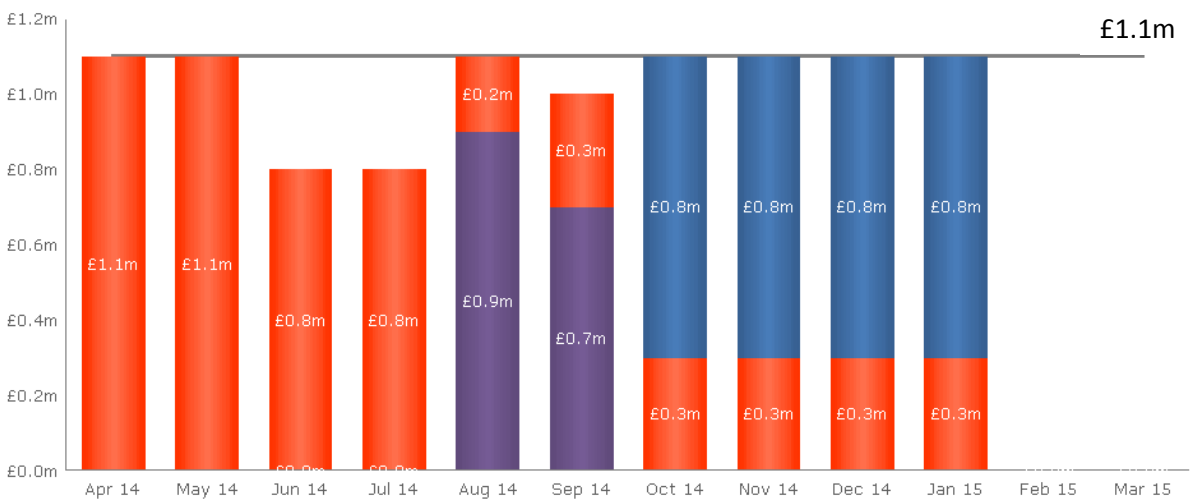
App 8. CSF forecasts to meet its £9.6m efficiencies target. CSF has achieved about 80% of its efficiencies target; the remaining fifth has some issues.

Customer & Communities



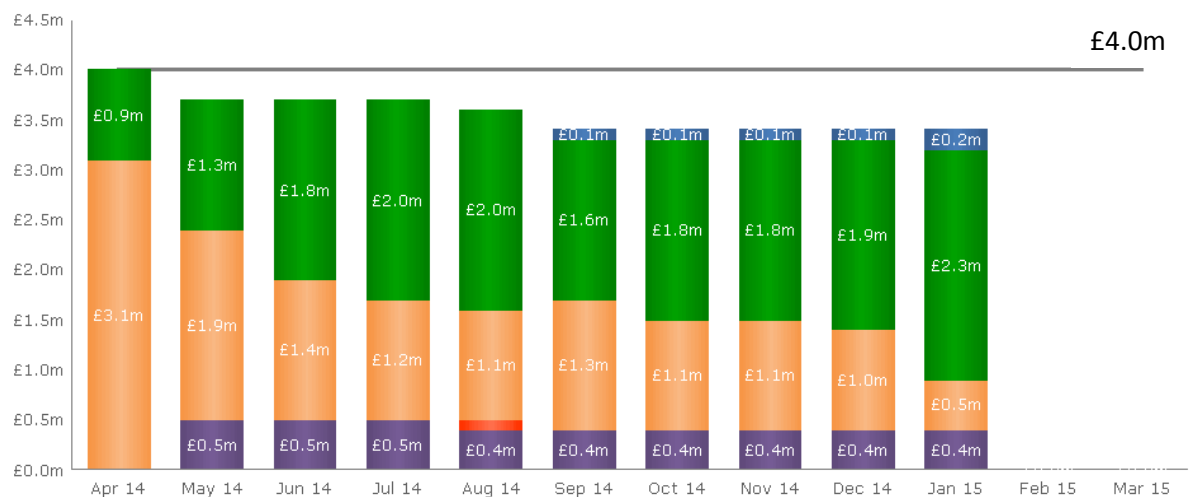
App 9. C&C has either achieved or expects to achieve all planned efficiencies.

Fire and Rescue Service



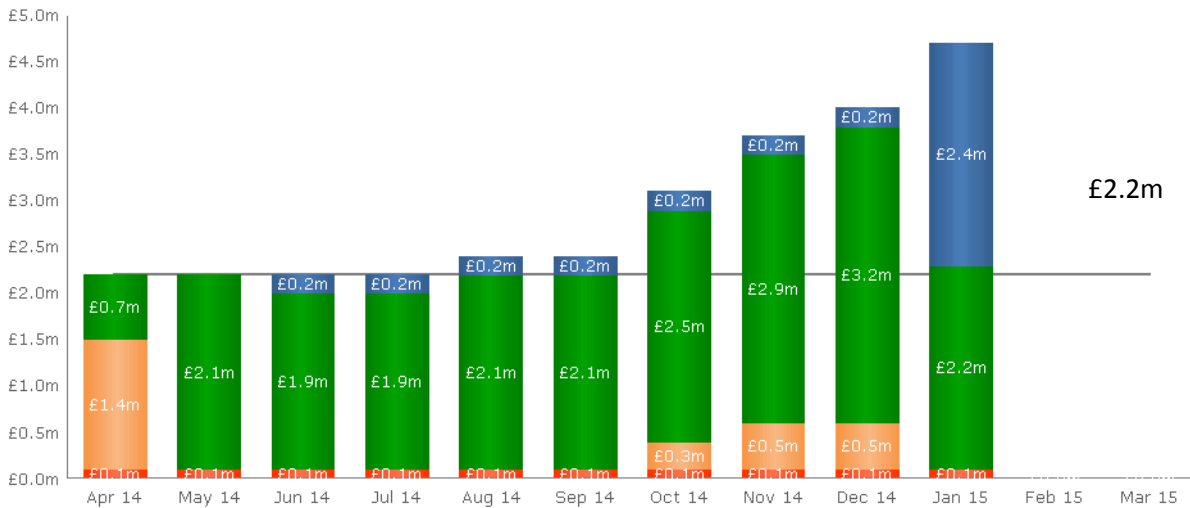
App 10. F&R has plans in place to achieve part of their increased income target which currently leaves a shortfall estimated at £0.1m for 2014/15 for which the service is actively pursuing a number of opportunities. The Fire reconfiguration efficiency has been delayed and is expected to be achieved in 2015/16.

Environment & Infrastructure



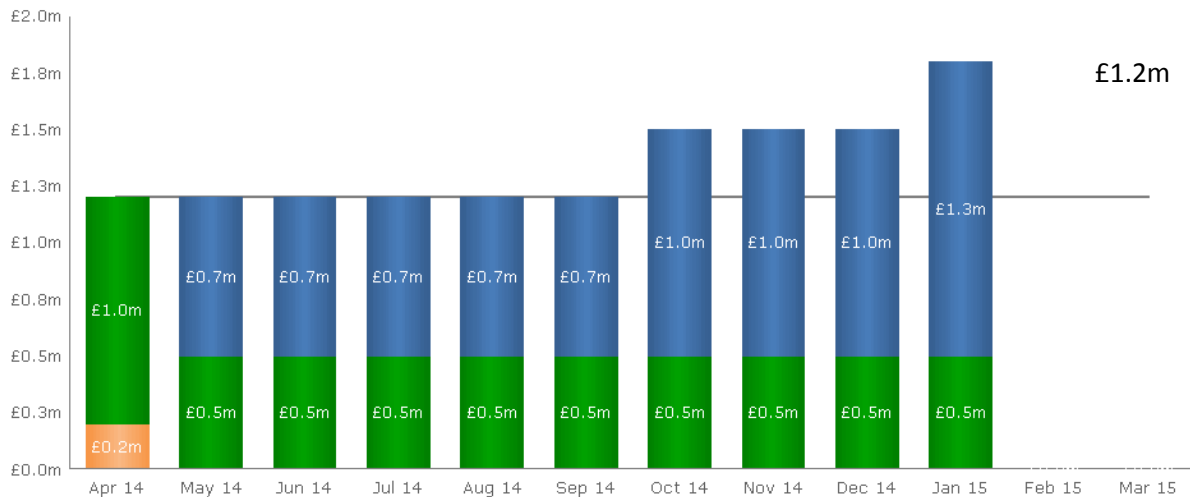
App 11. E&I has established a Savings and Efficiency Panel to oversee the delivery of efficiency savings. The panel is scrutinising plans to deliver savings to ensure they are robust and stretching. Currently, after taking into account compensating savings, there is an expected shortfall of £0.5m primarily as a result of a number of smaller savings being delayed and only partially achieved this year. The panel will continue to investigate this and the potential for other offsetting savings.

Business Services



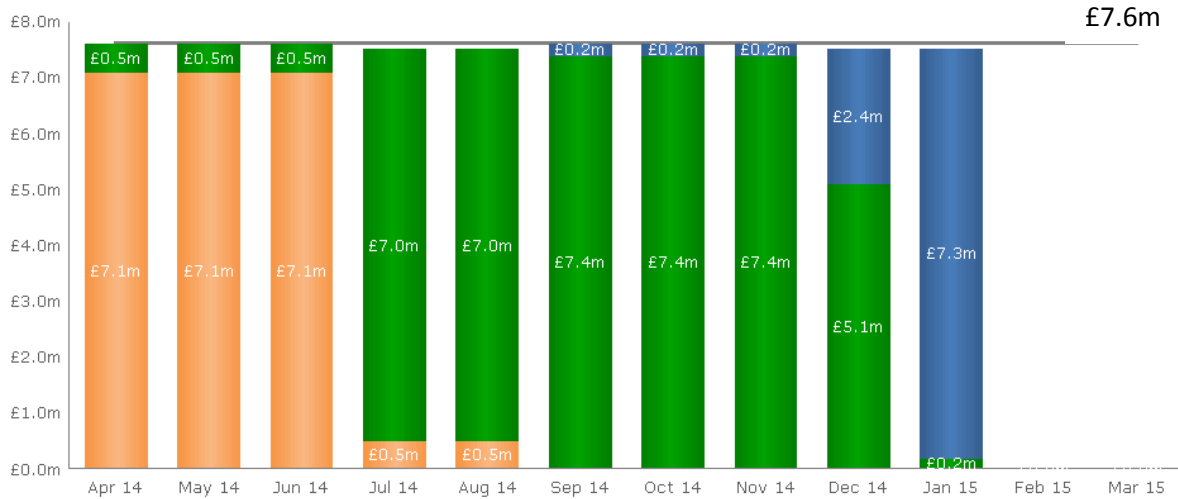
App 12. Business Services’ budget includes challenging efficiency savings and increased income targets of £2.2m. It is on target to achieve £2.2m of these savings and a further £2.5m of 2015/16 savings this year. This is an increase of £0.7m since last month, mainly on staffing and building maintenance.

Chief Executive’s Office



App 13. CEO is on target to achieve its £1.2m planned efficiencies in 2014/15. Cultural Services has achieved £0.5m of future years’ ongoing savings early.

Central Income & Expenditure



App 14. CIE forecasts a -£0.1m shortfall against its £7.6m efficiencies target. The likely continuation of the council’s internal borrowing strategy in 2014/15 means £2.1m has been achieved and the rest (£4.5m) is on track. Planned public health activities to achieve £0.5m efficiencies in other services (Table 13 above) has achieved £0.3m to date. The communications review has identified £0.4m efficiencies against its £0.5m efficiency target in 2014/15. This shortfall also means the £0.5m efficiencies planned for 2016/17 are at risk.

Updated budget - revenue

App 15. The council's 2014/15 revenue expenditure budget was initially approved at £1,651.8m. Virement changes in quarters one, two and three increased the budget to £1,675.5m. In January the council made 24 virements which increased the budget to £1,675.7m.

Table App 1: Movements in 2014/15 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m	Total £m	Number of Virements
Original MTFP	-1,625.9	1,651.8	0.0	0.0	25.9	
Quarter 1 changes	0.2	-0.2	0.0	0.0	0.0	94
Quarter 2 changes	-11.2	11.2	0.0	0.0	0.0	126
Quarter 3 changes	-12.7	12.7	0.0	0.0		74
Updated budget - Dec 2014	-1,649.6	1,675.5	0.0	0.0	25.9	294
January changes						
LA Counter Fraud Grant	-0.2	0.2			0.0	1
Transfer of income and expenditure	0.1	-0.1			0.0	23
Updated budget -Jan 2015	-1,649.7	1,675.6	0.0	0.0	25.9	318

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

App 16. When Council agreed MTFP 2014-19 in February 2014, some government departments had not determined the final amount for some grants. So, services estimated their likely grant. The general principle agreed by Cabinet was any changes in final grants, whether higher or lower, would be reflected in the service's income and expenditure budget.

App 17. 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 approved by the Director of Finance.

App 18. In October 2014, Council agreed changes to Financial Regulations, such that virements above £500,000 require Cabinet approval except where they are in accordance with prior Cabinet approval. In January there were no such virements.

App 19. Table App 2 shows the year to date and forecast year end revenue position supported by general balances.

Table App 2: 2014/15 Revenue budget forecast position as at 31 January 2015

	YTD budget £m	YTD actual £m	YTD variance £m	Full year budget £m	Feb - Mar forecast £m	Full year projection £m	Full year variance £m
Income:							
Local taxation	-501.5	-502.0	-0.5	-615.8	-114.2	-616.2	-0.4
Government grants	-775.3	-748.6	26.7	-873.9	-108.8	-857.4	16.5
Other income	-133.4	-166.1	-32.7	-160.0	-18.7	-184.8	-24.8
Income	-1,410.2	-1,416.7	-6.5	-1,649.7	-241.7	-1,658.4	-8.7
Expenditure:							
Staffing	257.0	251.2	-5.8	315.8	57.1	308.3	-7.5
Service provision	721.5	728.3	6.8	880.0	160.0	888.3	8.3
Non schools sub-total	978.5	979.6	1.1	1,195.8	217.0	1,196.6	0.8
Schools expenditure	419.3	416.6	-2.7	479.8	63.2	479.8	0.0
Total expenditure	1397.8	1396.2	-1.6	1,675.6	280.2	1,676.4	0.8
Movement in balances	-12.4	-20.5	-8.1	25.9	38.5	18.0	-7.9

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

App 20. Table 1 shows the council's updated revenue budget by services as at 31 January 2015