

## Budget monitoring period 11 2014/15 (February 2015)

### Summary recommendations

Cabinet is asked to note the following.

1. The council forecasts an improved revenue position for 2014/15 of -£13.4m underspend, up from -£7.9m at 31 January 2015 (paragraph 3). This forecast includes £6.2m of spending on planned service commitments that will continue beyond 2014/15.
2. Services are forecasting achieving a higher level of efficiencies and savings by year end of £73.8m, up from £72.7m at the end of January 2015 (paragraph 80) (against the planned target of £72.3m).
3. The council forecasts investing £198.3m through its capital programme in 2014/15 (paragraphs 84 and 85).
4. Services' management actions to mitigate overspend (throughout this report).

To approve the following:

5. use the uncommitted member allocations, totalling £22,362, to make a grant to the Surrey Save Credit Union (paragraph 36);
6. virement of the Surrey Growth Fund (£0.8m) from Environment & Infrastructure to the Chief Executive's Office, to align with managerial responsibility for the Economy function (paragraph 46); and
7. to transfer £2.5m from Central Income and Expenditure Budget to fund a new reserve "Economic Prosperity Reserve" (paragraph 70)

### 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 £23.9m.

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 28 February 2015, the council forecasts a -£13.4m 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 of 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 covered 80% of service spend and concluded the key strategies are valid. To maintain good progress in the rigour and robustness of services' savings plans and in managing the risks in the MTFP, the 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's plans for efficiencies and reductions in 2014/15 totalled £72.3m (£253m for 2014-19). As at 28 February 2015, services forecast to achieve £73.8m 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 severe weather and flooding. Part of this preparedness is maintaining 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 £6.7m in the period to 28 February 2015.

As at 28 February 2015, the council forecasts a year end position of:

- £191.1m spend against 2014/15's reprofiled mainstream capital budget of £206.3m; and
- £7.2m 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 £25.9m. This brings the revised total income budget to -£1,649.8m and the revised total expenditure budget to £1,675.7m. Table 1 summarises the revised revenue budget as at 28 February 2015. Services' income includes specific grants plus fees, charges and reimbursements.

Table 1: 2014/15 updated revenue budget as at 28 February 2015

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-73.9	415.9	342.0
Children, Schools & Families	-154.4	341.4	187.0
Schools	-479.7	479.7	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	99.1	82.5
Chief Executive's Office	-42.9	69.1	26.2
Central Income & Expenditure	-845.7	58.5	-787.2
<b>Service total</b>	<b>-1649.8</b>	<b>1675.7</b>	<b>25.9</b>

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

3. As at 28 February 2015, services forecast a -£13.4m underspend net revenue budget position. This is a £5.5m increase in the forecast underspending from the position forecast at 31 January 2015. The main variances and changes are as follows:
  - Adult Social Care forecasts a -£1.5m improvement in the overspend projected as at 28 February 2015 (+£1.8m) from that reported as at 31 January (+£3.3m). The reduced overspend outlined in the February forecast reflects the outcome of a detailed review of care costs anticipated to be incurred in the remainder of the year, which has incorporated the lower rate of demand increase evident in the last quarter of the financial year. This has reduced total forecast "spot" purchased care costs across all of the care groups and types of care.
  - Children's services forecasts a +£0.6m overspend net of income, mainly on: agency placements, pressures on fostering and adoption allowances, adoption reform grant and increases in numbers of care leavers and asylum seekers.
  - Schools & Learning forecasts -£6.0m underspend net of income. This 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.
  - Customer & Communities forecast -£0.7m underspend. This is predominately due to committed expenditure that will not be incurred until the next financial year for

the Community Improvement Fund (£0.6m) and Member allocations (£0.1m) for which carry forwards will be requested.

- Environment & Infrastructure forecasts -£0.7m underspend mainly due to reduced concessionary fares reimbursements and other savings, offset by highways pressures and recharges shortfall.
- Business Services forecasts -£6.0m 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 January is due to Modern Worker programme, Property cleaning and rents, and from HR & OD training delivery.
- Chief Executive's Office forecasts -£1.5m underspend, mainly due to holding vacancies and expenditure on the Magna Carta celebrations being incurred in 2015/16.

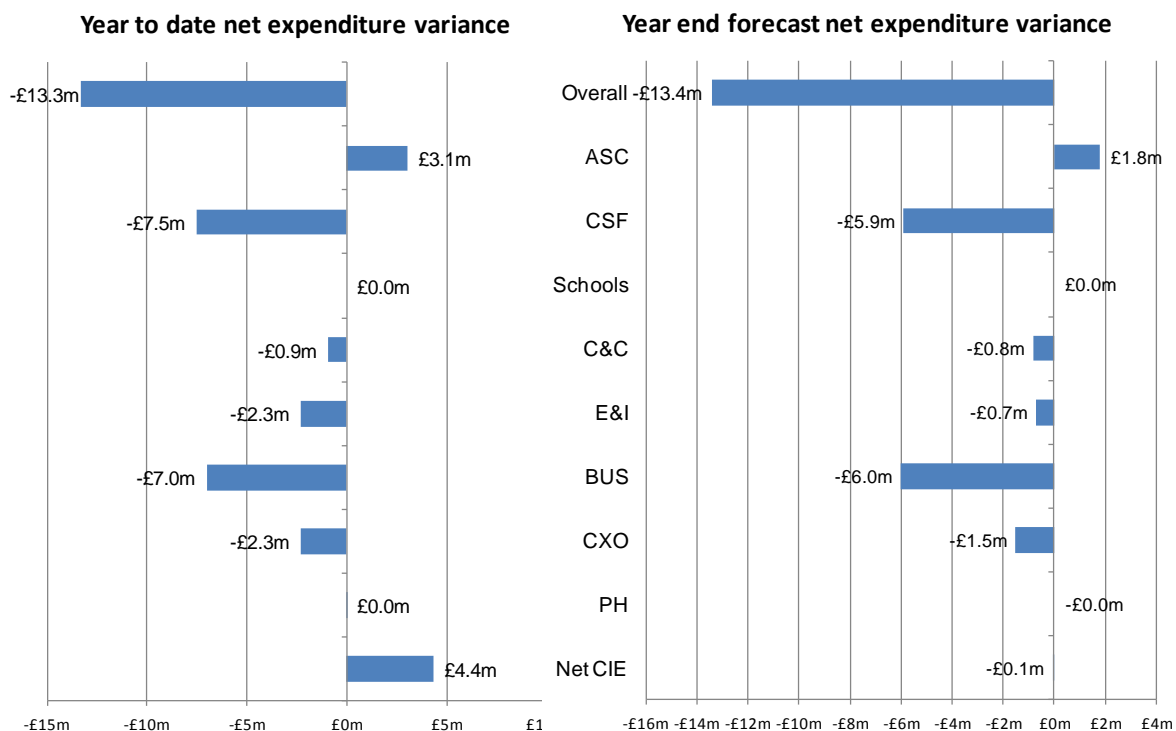
4. Table 2 and Figure 2 show the year to date and forecast year end net revenue position for services and the council overall.

Table 2: 2014/15 net revenue budget

Jan forecast variance		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
3.3	Adult Social Care	311.6	314.7	3.1	342.0	29.2	343.8	1.8
-4.2	Children, Schools & Families	170.7	163.2	-7.5	187.0	17.9	181.1	-5.9
0.0	Schools (gross exp £479m)	-2.0	-2.0	0.0	0.0	2.0	0.0	0.0
-0.1	Customer & Communities	10.8	9.9	-0.9	11.9	1.2	11.1	-0.8
-0.2	Fire	32.5	31.8	-0.7	35.4	3.4	35.2	-0.2
-0.2	Environment & Infrastructure	112.6	110.3	-2.3	128.0	17.0	127.3	-0.7
-5.2	Business Services	75.1	68.1	-7.0	82.5	8.4	76.5	-6.0
-1.3	Chief Executive's Office	24.0	21.7	-2.3	26.2	3.0	24.7	-1.5
0.5	Central Income & Expenditure	-178.2	-173.3	4.9	-171.4	2.3	-171.0	0.4
-7.5	<b>Service net budget</b>	<b>557.1</b>	<b>544.6</b>	<b>-12.5</b>	<b>641.7</b>	<b>84.1</b>	<b>628.7</b>	<b>-13.0</b>
-0.4	Local taxation Revolving Infrastructure & Investment Fund	-558.7	-559.1	-0.4	-615.8	-57.1	-616.2	-0.4
		0	-0.4	-0.4		0.4		0
<b>-7.9</b>	<b>Overall net budget</b>	<b>-1.6</b>	<b>-14.9</b>	<b>-13.3</b>	<b>25.9</b>	<b>27.4</b>	<b>12.5</b>	<b>-13.4</b>

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

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



Net CIE comprises: Central Income & Expenditure, local taxation and Revolving Infrastructure & Investment Fund.

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

<b>Adult Social Care</b>	<b>YTD budget £m</b>	<b>YTD actual £m</b>	<b>YTD variance £m</b>	<b>Full year (revised) budget £m</b>	<b>Mar forecast £m</b>	<b>Full year projection £m</b>	<b>Full year variance £m</b>
Income	-67.7	-68.6	-0.9	-73.9	-6.1	-74.7	-0.8
Expenditure	379.3	383.3	4.0	415.9	35.2	418.5	2.6
<b>Net position</b>	<b>311.6</b>	<b>314.7</b>	<b>3.1</b>	<b>342.0</b>	<b>29.2</b>	<b>343.8</b>	<b>1.8</b>
<b>Summary by service</b>							
Income	-67.7	-68.6	-0.9	-73.9	-6.1	-74.7	-0.8
Older People	146.2	149.4	3.2	159.8	13.7	163.1	3.3
Physical Disabilities	43.9	42.8	-1.1	48.0	4.2	47.0	-1.0
Learning Disabilities	117.7	120.2	2.5	130.1	11.9	132.1	2.0
Mental Health	8.0	8.0	0.0	8.8	0.8	8.8	0.0
Other Expenditure	63.5	62.9	-0.6	69.2	4.6	67.5	-1.7
<b>Total by service</b>	<b>311.6</b>	<b>314.7</b>	<b>3.1</b>	<b>342.0</b>	<b>29.2</b>	<b>343.8</b>	<b>1.8</b>

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8. As at 28 February 2015, Adult Social Care services (ASC) has a +£3.1m year to date overspend with +£1.8m forecast overspend at year end. The forecast position has decreased by -£1.5m since last month. The overspend of +£1.8m is due to a £1.2m shortfall against the MTFP savings target and additional demand pressures of £0.6m across the whole financial year. It is important to recognise though that 97% of the MTFP savings target is now forecast to be achieved.
9. The reduced overspend outlined in the February position reflects the outcome of a detailed review of care costs anticipated to be incurred in the remainder of the year, which has incorporated the lower rate of demand increase evident in the last quarter of the financial year. This has reduced total forecast "spot" purchased care costs across all of the care groups and types of care.
10. The year to date position is an overspend of +£3m. The difference between the year to date and full year projected overspend is mainly due to the way the budget was profiled for some savings streams. For initiatives where plans were still being developed, it was anticipated that more savings would be achieved in the last quarter of the year and so hence more of the savings target was profiled in this period. If the budget had been profiled evenly across the year for all areas then the year to date overspend would be £1.1m, so broadly in line with the full year position.
11. 2014/15 was highlighted as a challenging year in the budget planning process with a significant savings target of £42m plus additional income of £4m to be generated. The Directorate has made good progress in many of its savings actions and judges that £38.7m of savings have either been achieved or will be achieved without needing further management action. A further £2m of savings are forecast to be delivered through management actions in the remainder of the year. A full list of the management actions included in the February projections is outlined in Table 5.
12. Since the beginning of the year, £0.6m 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. This collaboration is already having an impact as the rate of increase in the number of individuals ASC supports has slowed in the last quarter of this financial year.

13. 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.
14. 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 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	-0.3	-0.1	-0.4	3.2	-3.6	1.1	2.5
Reassessments	-6.0	-2.4	0	-2.4	3.6	-6.0	-5.9	-0.1
FFC DP surplus	-3.0	-5.0	-0.3	-5.3	-2.3	0.0	0.0	0.0
<b>Sub-total</b>	<b>-12.6</b>	<b>-7.7</b>	<b>-0.4</b>	<b>-8.1</b>	<b>4.4</b>	<b>-9.6</b>	<b>-7.0</b>	<b>2.5</b>
New packages transition	-0.4	1.3	0	1.3	1.7	-0.4	1.6	2.0
<b>Total</b>	<b>-13.0</b>	<b>-5.7</b>	<b>-0.4</b>	<b>-6.9</b>	<b>6.1</b>	<b>-10.0</b>	<b>-5.4</b>	<b>4.6</b>

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

15. Table 4 shows that savings are progressing in all areas other than new Transition care packages for individuals who have transferred from Children's, Schools and Families to Adult Social Care during this financial year. Costs for these individuals are historically volatile and the number of high costs cases the service have had to pick up so far this year has led to overall additional costs of £1.2m to date. Excluding new Transition packages, £7.7m of savings have been achieved to date and £8.3m are forecast for the year as a whole.
16. At the start of the year, 1,400 reassessments were planned. The service have worked hard to pick up the pace of reassessments in recent months and to date 1,176 have been completed. The aim is to complete the remaining 224 by year end. This strong performance is particularly noteworthy given the many resource challenges the service have faced this year. It also provides a sound basis for continuing the programme of reassessments from the start of the new financial year, which should enable a higher amount of in-year savings to be achieved in 2015/16.

17. Savings for new packages of care excluding transition continue to be challenging with reductions being lower than the 20% target. This is partly due to the continued strategic shift away from residential care. Although this is better both for individuals in terms of maintaining their independence and wellbeing and financially beneficial community care packages are on average less expensive than residential care placements, it also makes it less likely that it will be possible to reduce community care costs by 20% on average overall as there may be a higher proportion of individuals with more complex needs receiving community care.
18. The whole of the FFC programme is under close review by the service so that lessons learned from this year can be fed into the planning of the delivery of next year's savings targets.
19. Challenges remain in two other significant areas of planned savings.
- The correct application of Continuing Health Care arrangements is still anticipated to deliver £0.2m 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 £1.2m has been achieved. The remaining £0.3m 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.
20. Table 5 summarises the forecast.

Table 5: Summary of ASC forecast

	£m	£m
MTFP efficiency savings target		-42.0
Total efficiency savings achieved (or needing no further management action) to date		<u>-38.8</u>
Efficiency savings forecast for the rest of the year through use of FFC	-0.1	
FFC applied to direct payments reclaims	-0.3	
Other savings forecast in the remainder of the year and included as management actions	-1.6	
Risk contingency of savings not being achieved	+0.1	
Total additional savings forecast through Management actions		<u>-2.0</u>
Total savings forecast		<u>-40.8</u>
Under(+)/over(-) performance against MTFP target		<u>+1.2</u>
Additional demand pressures		<u>+0.6</u>
Total projected (+)over/(-)under spend against ASC budget		<u>+1.8</u>

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## Children, Schools & Families

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

Children, Schools & Families	YTD	YTD	YTD	Full year	Mar	Full year	Full year
	budget	actual	variance	(revised)	forecast	projection	variance
	£m	£m	£m	£m	£m	£m	£m
Income	-139.8	-139.8	0.0	-154.4	-15.5	-155.3	-0.9
Expenditure	310.5	303.0	-7.5	341.4	33.4	336.4	-5.0
<b>Net position</b>	<b>170.7</b>	<b>163.2</b>	<b>-7.5</b>	<b>187.0</b>	<b>17.9</b>	<b>181.1</b>	<b>-5.9</b>
<b>Summary by service:</b>							
Income	-139.8	-139.8	0.0	-154.4	-15.5	-155.3	-0.9
Strategic Services	3.4	3.8	0.4	3.6	0.3	4.1	0.5
Children's Services	85.7	85.3	-0.4	93.8	9.1	94.4	0.6
Schools and Learning	195.9	189	-6.9	216.2	21.2	210.2	-6.0
Services for Young People	25.5	24.9	-0.6	27.8	2.8	27.7	-0.1
<b>Total by service</b>	<b>170.7</b>	<b>163.2</b>	<b>-7.5</b>	<b>187.0</b>	<b>17.9</b>	<b>181.1</b>	<b>-5.9</b>

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21. As at 28 February 2015 Children, Schools & Families services (CSF) has a -£7.5m year to date underspend and forecasts -£5.9m year end underspend, a -£1.7m increase in forecast underspend compared to the position at 31 January 2015.
22. The underspend position includes -£2.1m lower than anticipated spend against the service transformation grants for adoption reform and the reforms for children with special educational needs and disabilities (SEND). These grants carry ongoing, planned commitments that continue beyond 2014/15, bringing the underlying position for CSF down to -£3.8m underspend. As reported previously the service will seek to carry this grant funding forward into future financial years.
23. The underlying underspend has increased by -£1.3m since period ten mainly due to additional forecast income for Children's Services and Commercial Services together with reductions in anticipated expenditure mainly in Schools & Learning.
24. 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

25. Children's Services forecasts a balanced budget net of income. However, this includes a -£1.0m underspend on adoption reform activities which are funded by a government specific grant, bringing the underlying position to a +£1m overspend. This compares to a forecast overspend at period two of £2.9m.
26. The underlying overspend continues to arise from care provided for children who are or have been in Surrey's care:
  - +£0.6m agency placements, the main reason for the overspend this year is high cost secure accommodation placements exerting particular pressure on this budget.
  - +£0.1m continuing pressures on fostering allowances and cost of adoption allowances;
  - +£0.6m for leaving care, as the number of care leavers continues at a similar level to that experienced in 2013/14 also occurred; and

- +£0.6m for asylum seekers, higher numbers in 2014/15 exacerbating the grant shortfall for each child, on top of costs for those with no recourse to public funds.
27. In addition CSF expects a +£0.8m overspend in services for children with disabilities mainly due to pressure on care packages and increasing complexity.
28. Offsetting these overspends Children's Services expects to underspend its staffing budget by -£1.0m, mainly due to a high number of vacancies early in the year. Also additional income of -£0.7m is forecast in 2014/15 from NHS contributions to care costs and interagency adoption fees. This includes -£0.4m further income now anticipated from Adults Services for care provided for young people over 18.
29. 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. Recruitment is now underway and a carry forward of £1.0m of this grant will be sought to sustain changes in practice with the intention of making the reforms sustainable through reductions in timescales, assessment and care costs.

### Schools & Learning

30. Overall Schools & Learning forecasts a -£6.2m underspend, net of income, on county funded services. This includes a £1.1m underspend on the SEND reform grant giving an underlying underspend of -£5.1m.
31. This underlying underspend has increased by -£0.8m since period ten due to a -£0.4m reduction in anticipated expenditure on mainstream transport coach contracts and school improvement and a -£0.4m increase in income from school meal sales.
32. As previously reported the main underspend is on the centrally held budget to cover demographic and inflationary increases. In addition Commercial Services forecasts to underspend by -£0.9m mainly as a result of greater sales turnover and delays in recruitment of the staff required to fulfil demand for free infant meals. These underspends are partly offset by a +£0.7m overspend on transport, mainly for children with SEN.
33. Schools & Learning now expects an underspend of -£1.1m against the £2.1m SEND reform grant intended to support the introduction of Education, Health and Care Plans from September 2014. The service has encountered difficulties recruiting to short term posts to manage the transfer of 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

Delegated schools budget	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	-438.3	-461.5	-23.2	-479.7	-18.1	-479.7	0.0
Expenditure	436.3	459.5	23.2	479.7	20.2	479.7	0.0
<b>Net position</b>	<b>-2.0</b>	<b>-2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>

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34. 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

Customer & Communities	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	-0.8	-1.6	-0.8	-0.9	-0.2	-1.8	-0.9
Expenditure	11.6	11.5	-0.1	12.8	1.4	12.9	0.1
<b>Net position</b>	<b>10.8</b>	<b>9.9</b>	<b>-0.9</b>	<b>11.9</b>	<b>1.2</b>	<b>11.1</b>	<b>-0.8</b>
<b>Summary by service</b>							
Customer Services	3.1	2.9	-0.2	3.3	0.3	3.2	-0.1
Trading Standards	1.8	1.8	0.0	2.0	0.3	2.1	0.1
Community Partner & Safety	3.2	2.8	-0.4	3.7	0.2	3.0	-0.7
County Coroner	1.2	1.1	-0.1	1.3	0.3	1.4	0.1
C&C Directorate Support	1.5	1.3	-0.2	1.6	0.1	1.4	-0.2
<b>Total by service</b>	<b>10.8</b>	<b>9.9</b>	<b>-0.9</b>	<b>11.9</b>	<b>1.2</b>	<b>11.1</b>	<b>-0.8</b>

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

35. As at 28 February 2015 Customer & Communities services (C&C) had -£0.9m year to date underspend and forecasts an underspend of -£0.8m at year end. This is predominately due to committed expenditure that will not be incurred until the next financial year for the Community Improvement Fund (£0.6m) and Member allocations (£0.1m) for which carry forwards will be requested.
36. It is proposed that the uncommitted member allocations totalling £22,362 are used to pay a grant to the Surrey Save Credit Union.
37. The year to date underspend is -£0.9m. This reflects the projected year end underspend on third party grants and member allocations within Community Partnership. The remainder is due to staff underspends within Directorate Support, Customer Services and Trading Standards.
38. The remaining underspend includes staff savings within Directorate Support and Customer Services of £0.3m, which are offset by pressures for the Coroner of £0.1m, from the implementation of temporary mortuary facilities, plus other small pressures of £0.1m across other services.
39. C&C anticipates making carry forward requests totalling £0.7m for the following items:
- Community Improvement Fund - £575,000 for committed grants, and
  - Member allocations - £121,000 for committed allocations.

These will fund payments for existing commitments within the new financial year.

## Fire & Rescue

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

Fire	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	-10.4	-10.6	-0.2	-11.3	-0.8	-11.4	-0.1
Expenditure	42.9	42.4	-0.5	46.7	4.2	46.6	-0.1
<b>Net position</b>	<b>32.5</b>	<b>31.8</b>	<b>-0.7</b>	<b>35.4</b>	<b>3.4</b>	<b>35.2</b>	<b>-0.2</b>
<b>Summary by service</b>							
Rescue Operations	26.4	25.8	-0.6	28.8	2.9	28.7	-0.1
Fire Support Functions	1.1	1.1	0	1.2	0.2	1.3	0.1
Community Fire Safety	1.1	1.2	0.1	1.2	0	1.2	0
Emergency Planning	0.2	0.3	0.1	0.2	-0.1	0.2	0
FF Pension Fund	3.7	3.4	-0.3	4.0	0.4	3.8	-0.2
<b>Total by service</b>	<b>32.5</b>	<b>31.8</b>	<b>-0.7</b>	<b>35.4</b>	<b>3.4</b>	<b>35.2</b>	<b>-0.2</b>

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

40. As at 28 February 2015 Fire & Rescue services (F&R) has -£0.7m year to date underspend of and forecasts -£0.2m underspend of at year end.
41. 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.
42. There are estimated revenue carry forward requests totalling £0.14m for the following items, where the projects have been delayed due to the impact of strike action:
- clothing upgrade - £80,000 to replace and upgrade Firefighter clothing to meet enhanced requirements of Emergency Medical Care Responding.
  - Public Safety Plan modelling - £63,000 to undertake resources modelling in preparation for new Public Safety Plan.

## Environment & Infrastructure

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

Environment & Infrastructure	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	-22.3	-22.5	-0.2	-24.4	-2.6	-25.1	-0.7
Expenditure	134.9	132.8	-2.1	152.4	19.6	152.4	0.0
<b>Net position</b>	<b>112.6</b>	<b>110.3</b>	<b>-2.3</b>	<b>128.0</b>	<b>17.0</b>	<b>127.3</b>	<b>-0.7</b>
<b>Summary by service</b>							
Environment	70.5	73.7	3.2	82.0	6.9	80.6	-1.4
Highways	39.7	35.0	-4.7	43.4	8.7	43.7	0.3
Other Directorate Costs	2.4	1.6	-0.8	2.6	1.4	3.0	0.4
<b>Total by service</b>	<b>112.6</b>	<b>110.3</b>	<b>-2.3</b>	<b>128.0</b>	<b>17.0</b>	<b>127.3</b>	<b>-0.7</b>

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

43. As at 28 February 2015 Environment & Infrastructure (E&I) has a -£2.3m year to date underspend, comprised of an underspend on Highway works (including road repairs, street lighting & drainage) offset by an overspend on Waste, reflecting funding from the wider council budget.

44. E&I forecasts to underspend by £0.7m at the end of the year. This is mainly due to:
- +£0.4m shortfall in expected recharges to grant funded capital schemes
  - +£0.3m highways pressures including increased insurance costs and a shortfall in streetworks income; and
  - -£1.4m Environment underspend, including concessionary fares.
45. 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 £0.6m and include Local Growth Deal scheme preparation costs, match funding for the Local Sustainable Transport Fund grant, Drivesmart income and flood investigations.
46. Cabinet is asked to approve the virement of the Surrey Growth Fund (£813,000) from Environment & Infrastructure to the Chief Executive's Office, to align with managerial responsibility for the Economy function.

## 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	Mar forecast £m	Full year projection £m	Full year variance £m
<b>Business Services</b>							
Income	-15.0	-16.3	-1.3	-16.6	-1.3	-17.6	-1.0
Expenditure	90.1	84.4	-5.7	99.1	9.7	94.1	-5.0
<b>Net position</b>	<b>75.1</b>	<b>68.1</b>	<b>-7.0</b>	<b>82.5</b>	<b>8.4</b>	<b>76.5</b>	<b>-6.0</b>
<b>Summary by service</b>							
Property	28.6	24.6	-4.0	31.5	3.6	28.2	-3.3
Information Management & Technology	22.6	21.5	-1.1	25.1	2.7	24.2	-0.9
Human Resources & OD	8.4	6.8	-1.6	9.3	1.0	7.8	-1.5
Finance	8.7	8.6	-0.1	9.4	0.8	9.4	0.0
Shared Services	3.7	3.5	-0.2	3.8	0.1	3.6	-0.2
Procurement & Commissioning	3.1	3.1	0.0	3.3	0.2	3.3	0.0
<b>Total by service</b>	<b>75.1</b>	<b>68.1</b>	<b>-7.0</b>	<b>82.5</b>	<b>8.4</b>	<b>76.5</b>	<b>-6.0</b>

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

47. Business Services has a -£7.0m year to date underspend at the end of February, primarily relating to Property and HR, an increase of -£0.6m since January. This is reflected in the full year forecast underspend.
48. The directorate is currently forecasting a full year variance of -£6.0m, a change of -£0.8m since January. As reported last month 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 2014/15 MTFP savings of £2.2m and a further £2.6m of new efficiency savings. This is an increase of £0.1m since January which is due to reduced utility usage. The efficiencies already reported have not changed and are from staffing re-structures, property maintenance, the IMT network, training and further utility savings.
49. In addition to these efficiency savings the directorate is forecasting -£3.4m of one-off underspends, an increase of -£0.7m. The main one-off changes relate to the Modern Worker programme, Property cleaning and rents, and from HR & OD training delivery.

The one-off savings previously reported have not changed and relate mainly to apprentices, responsive maintenance and training.

50. There have been technical issues with the managed print service supplier, these have now been addressed, however the delays mean the main phase of implementation will happen in 2015/16 and this will result in an underspend against the 2014/15 budget of -£0.6m. The service would like to carry forward £0.5m of the underspend to fund the implementation that will now take place in 2015/16.
51. 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.
52. The Council is investing £4m in the IMT Modern Worker programme, the service is on track to deliver £3.2m of this in 2014/15 but due to some technical issues, in particular with wi-fi, £0.8m is likely to be spent in 2015/16. The service would therefore like to request a carry forward of the estimated underspend.

### 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	Mar forecast £m	Full year projection £m	Full year variance £m
<b>Chief Executive's Office</b>							
Income	-37.4	-35.9	1.5	-42.9	-7.8	-43.7	-0.8
Expenditure	61.4	57.6	-3.8	69.1	10.8	68.4	-0.7
<b>Net</b>	<b>24.0</b>	<b>21.7</b>	<b>-2.3</b>	<b>26.2</b>	<b>3.0</b>	<b>24.7</b>	<b>-1.5</b>
<b>Summary by service</b>							
Strategic Leadership	0.4	0.4	0.0	0.4	0.0	0.4	0.0
Magna Carta	0.6	0.1	-0.5	0.6	0.1	0.2	-0.4
Emergency Management	0.5	0.5	0.0	0.5	0.0	0.5	0.0
Communications	1.9	1.7	-0.2	2.1	0.2	1.9	-0.2
Legal & Democratic Services	8.3	7.8	-0.5	9.1	0.9	8.7	-0.4
Policy & Performance	2.7	2.5	-0.2	2.9	0.2	2.7	-0.2
Cultural Services	9.3	8.4	-0.9	10.3	1.6	10.0	-0.3
Public Health	0.3	0.3	0.0	0.3	0.0	0.3	0.0
<b>Total by service</b>	<b>24.0</b>	<b>21.7</b>	<b>-2.3</b>	<b>26.2</b>	<b>3.0</b>	<b>24.7</b>	<b>-1.5</b>
Public Health - Income	-24.5	-22.0	2.5	-28.9	-7.1	-29.1	-0.3
Public Health - expenditure	24.8	22.3	-2.5	29.2	7.2	29.5	0.3
Public Health - net expenditure	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>

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

53. As at 28 February 2015 Chief Executive's Office (CEO) has a -£2.3m year to date underspend and forecasts a -£1.5m underspend at year end.
54. 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.

55. 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. It is currently anticipated that up to an additional £0.4m will be required (pending a decision over allocation of security costs) 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 and from using underspends from across the directorate.
56. The year to date underspend of -£2.3m is mainly due the timing of income receipts within Cultural Services, staff underspends within both Legal Services and Libraries due to vacancies being held in advance of staffing restructures and the timing of Library resources expenditure. In addition, -£0.5m is due to the timing of events in relation to the Magna Carta and -£0.1m is due to delays in services using the Centralised Communications budget.
57. 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.
58. 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
<b>Total</b>	<b>£500,000</b>		

59. 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.
60. The GUM (Genito Urinary Medicine) funding received late in the financial year is set to be spent in full in 2014/15. However, as receipt of this funding was not certain in April 2014 PH applied a prudent approach to other aspects of grant expenditure, with these being held from starting immediately. Due to delays receiving the GUM funding, some projects may need to continue into the next financial year. The current estimate of the carry forward into 2015/16 for these projects is £4m.

## Central Income & Expenditure

Table 14: Summary revenue position for Central Income & Expenditure

Central Income & Expenditure	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	-220.4	-223.3	-2.9	-229.9	-9.0	-232.3	-2.4
Expenditure	42.2	50.0	7.8	58.5	11.3	61.3	2.8
<b>Net</b>	<b>-178.2</b>	<b>-173.3</b>	<b>4.9</b>	<b>-171.4</b>	<b>2.3</b>	<b>-171.0</b>	<b>0.4</b>
Local Taxation	-558.7	-559.1	-0.4	-615.8	-57.1	-616.2	-0.4
<b>Net position</b>	<b>-736.9</b>	<b>-732.4</b>	<b>4.5</b>	<b>-787.2</b>	<b>-54.8</b>	<b>-787.2</b>	<b>0.0</b>

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

61. As at 28 February 2015 Central Income & Expenditure (CIE) has a year to date overspend of +£4.5m and forecasts a balanced year end position.
62. 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.
63. The full year projection is for a balanced budget. 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.
64. 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 budgeted.
65. 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.
66. 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.
67. 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.
68. 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.



69. 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.
70. Within the Central Income and Expenditure Budget is a budget provision for cross-cutting schemes to promote economic development. This is funded from the New Homes Bonus grant and is allocated to schemes and services upon successful bids. The remaining balance in 2014/15 is £2.5m. Economic Prosperity is a key objective of the council's new Corporate Strategy and to fund future schemes it is proposed that an Economic Prosperity Reserve is created. It is further proposed to transfer the remaining 2014/15 budget to this reserve.

### 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	-3.0	-3.3
Expenditure	0.4	0.4
Net income before funding	-2.6	-2.9
Funding	2.2	2.5
<b>Net income after funding</b>	<b>-0.4</b>	<b>-0.4</b>
<b>Capital expenditure summary</b>	<b>6.7</b>	<b>7.2</b>

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

71. Net income of -£0.4m (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.
72. 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 £7.2m 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. The submission has now received planning permission, subject to some standard conditions.

## Staffing costs

73. 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.
74. 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.
75. 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.
76. 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.
77. The council's total full year budget for staffing is £316.4m based on 7,823 budgeted FTEs. The year to date budget to 28 February 2015 is £283.1m and expenditure incurred is £277.1m. At 28 February 2015, the council employed 7,283 FTE contracted staff.
78. Table 16 shows the staffing expenditure and FTEs for the period to 28 February 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 28 February 2015

	Staffing budget to Feb 2015 £	Staffing spend by category				Total £m	Variance £m	Feb 2015 occupied Budget FTE	contracted FTE
		Contracted £m	Agency £m	Bank & casual £m					
Adult Social Care	61.6	55.6	3.0	2.1	60.7	-0.9	1,887	1,646	
Children Schools & Families	98.3	88.1	4.3	3.7	96.0	-2.2	2,828	2,651	
Customer and Communities	34.0	31.1	0.7	1.5	33.3	-0.7	922	871	
Environment & Infrastructure	20.4	19.6	0.7	0.3	20.6	0.2	501	480	
Business Services and Central Income & Expenditure	39.4	34.8	3.4	0.1	38.4	-1.1	900	859	
Chief Executive's Office	29.4	25.2	0.4	2.5	28.1	-1.3	785	776	
<b>Total</b>	<b>283.1</b>	<b>254.5</b>	<b>12.5</b>	<b>10.2</b>	<b>277.1</b>	<b>-6.0</b>	<b>7,823</b>	<b>7,283</b>	

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

79. Table 17 shows there are 414 “live” vacancies, for which active recruitment is currently taking place, with 305 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

	<b>Feb 2015 FTE</b>
Budget	7,823
Occupied contracted FTE	7,283
“Live” vacancies (i.e. actively recruiting)	414

## Efficiencies

80. The council's overall efficiencies target is £72.3m. Against this, the council forecasts achieving £73.8m by year end, an increase of £1.1m on February's position.
81. 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.
82. 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 February:
- BLUE - action taken to achieve the saving rose by £1.3m to £42.1m;
  - GREEN - plans in place to achieve the saving rose by £4.5m to £27.5m;
  - AMBER - potential barriers to success fell by £4.5m to £2.5m;
  - RED - barriers preventing the saving fell by £0.4m to £0.0m;
  - PURPLE - compensating and one off efficiencies rose by £0.1m to £1.6m.

Figure 3: 2014/15 overall risk rated efficiencies as at 28 February 2015



Table 18: 2014/15 Efficiency programme forecasts as at 28 February 2015

	<b>MTFP £m</b>	<b>Forecast £m</b>	<b>Compensating and one off efficiencies £m</b>	<b>Variance £m</b>
Adult Social Care	45.8	43.3	1.2	-1.3
Children, Schools & Families	9.6	9.6		0.0
Customer & Communities	0.8	1.0		0.2
Fire & Rescue	1.1	1.1		0.0
Environment & Infrastructure	4.0	3.1	0.4	-0.5
Business Services	2.2	4.8		2.6
Chief Executive's Office	1.2	1.8		0.6
Central Income & Expenditure	7.6	7.5		-0.1
<b>Total</b>	<b>72.3</b>	<b>72.2</b>	<b>1.6</b>	<b>1.5</b>

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

## Capital

83. By planning significant capital investment as part of MTFP 2014-19, the council demonstrated its firm long term commitment to supporting Surrey's economy.
84. On 22 July 2014 Cabinet approved reprofiling of the 2014-19 capital programme. The capital budget for 2014/15 has increased by £0.6m for school funded expenditure. Table 19 shows current forecast expenditure for the service capital programme of £191.1m against a revised budget of £206.3m.
85. Approved investment strategy capital spending is expected to be £7.2m in 2014/15. Cabinet will receive further investment project proposals for spending approval during the year.

Table 19: Forecast capital expenditure 2014/15

	<b>Revised full year budget</b>	Apr - Jan actual	Feb - Mar projection	<b>Full year forecast</b>	<b>Full year variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adult Social Care	<b>1.4</b>	0.6	0.5	<b>1.1</b>	<b>-0.3</b>
Children, Schools & Families	<b>9.2</b>	7.5	0.8	<b>8.2</b>	<b>-1.0</b>
Customer & Communities	<b>0.4</b>	0.2	0.2	<b>0.4</b>	<b>0.0</b>
Surrey Fire & Rescue Service	<b>5.2</b>	4.1	-0.3	<b>3.9</b>	<b>-1.4</b>
Environment & Infrastructure	<b>74.5</b>	66.1	1.9	<b>68.0</b>	<b>-6.5</b>
School Basic Need	<b>54.3</b>	53.4	3.6	<b>57.0</b>	<b>2.7</b>
Business Services	<b>49.3</b>	39.6	4.0	<b>43.5</b>	<b>-5.7</b>
Chief Executive Office	<b>12.0</b>	10.6	-1.6	<b>9.0</b>	<b>-3.1</b>
<b>Service programme</b>	<b>206.3</b>	<b>182.1</b>	<b>9.0</b>	<b>191.1</b>	<b>-15.2</b>
Long term investments	<b>0.0</b>	6.7	0.5	<b>7.2</b>	<b>7.2</b>
<b>Overall programme</b>	<b>206.3</b>	<b>188.8</b>	<b>9.5</b>	<b>198.3</b>	<b>-8.0</b>

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

86. The current forecast service capital programme underspend is -£8.0m 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

	January position	Movement	February 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	£0.0m	-£0.9m
Resilience Grant	£0.0m	-£0.5m	-£0.5m
The Redhill Balanced Network scheme reprofiled to coincide with adjacent works.	-£0.6m	£0.0m	-£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	-£0.2m	-£1.6m
Highway flood enforcement - delayed pending site investigations.	-£0.8m	£0.0m	-£0.8m
The SEN strategy is expected to be ahead of schedule at year end and will need to bring forward 2015/16 capital.	£1.3m	-£0.4m	£0.9m
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	£0.0m	£0.3m
Small variances in Discrimination Disability Act works, replacing aged modular buildings, other non school projects	-£3.3m	£0.1m	-£3.2m
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	-£0.7m	-£0.1m	-£0.8m
Carbon reduction - Schools : to resources being focussed on delivering other schools related schemes and contract tender issues	£0.0m	-£0.5m	-£0.5m
School Basic Need - programme is ahead of target	£1.7m	£1.0m	£2.7m
Cabinet has allocated the Economic Regeneration budget to support Local Growth Deal schemes and is unlikely to be required in full in 2014/15	-£1.7m	£0.0m	-£1.7m
Local transport schemes - works programmed for 2015/16	-£0.5m	£0.0m	-£0.5m
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	-£1.4m	£0.0m	-£1.4m
Traffic signals replacement - works programmed for 2015/16.	-£0.4m	-£0.1m	-£0.5m
Other environment and infrastructure schemes, including closed landfill site maintenance and works at Basingstoke canal.	-£0.8m	-£0.1m	-£0.9m
Asset Planning group	-£0.9m	£0.1m	-£0.8m
Superfast Broadband	£0.0m	-£3.0m	-£3.0m
Other project variances for Children, Schools & Families, Adult Social Care and Chief Executive's Office	-£0.8m	-£0.6m	-£1.4m
<b>Capital variance</b>	<b>-£10.9m</b>	<b>-£4.3m</b>	<b>-£15.2m</b>

**Appendix to Annex**

**Contents**

**Corporate performance scorecard – finance**

**Efficiencies & service reductions**

**Updated budget - revenue**

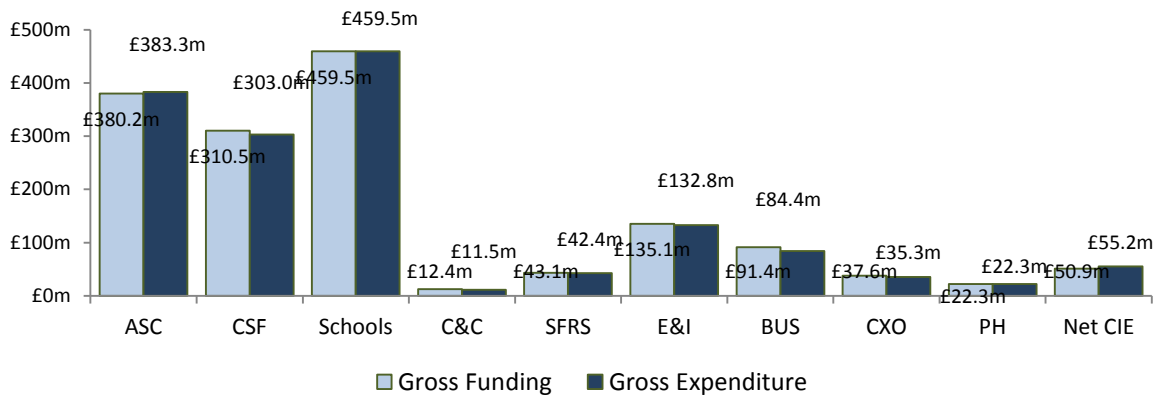


### Corporate performance scorecard – finance

App 1. Figure App 1 shows the gross funding and expenditure for the council for the year to 28 February 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.

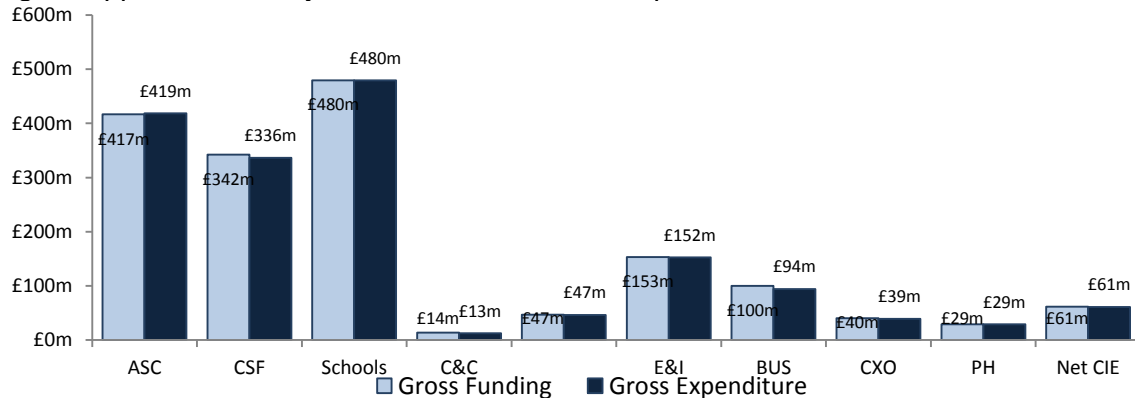
App 2. The corporate performance scorecard, shown above in the main annex in Figure 2, also includes the year end forecast revenue position.

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



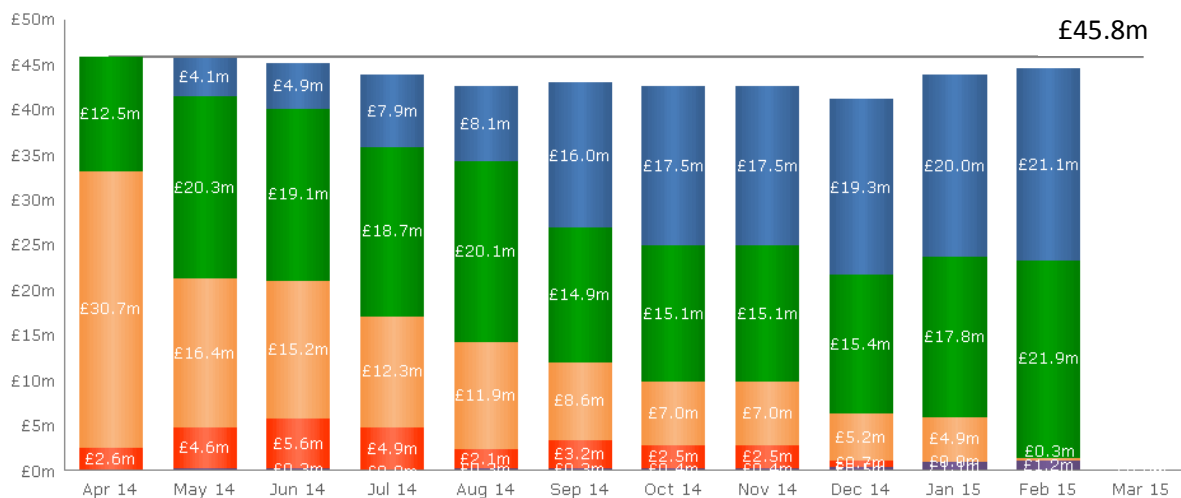
### Efficiencies and service reductions

App 4. The graphs below track progress against MTFP 2014-19's risk rated efficiencies and service reductions over the nine months to 28 February 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

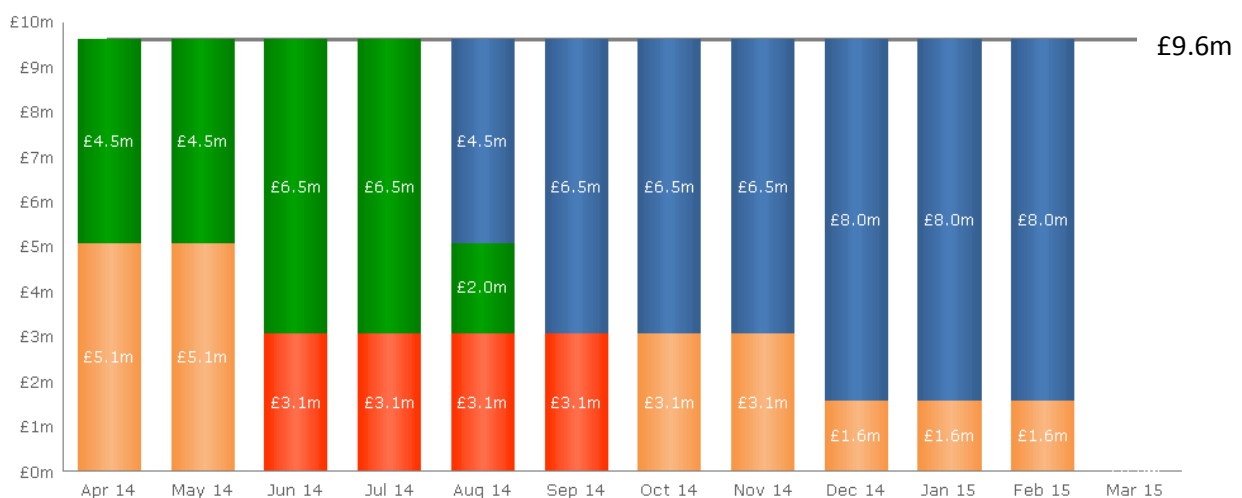
App 6. Each graph is based on the appropriate scale and so they are not directly comparable one against another.

### Adult Social Care



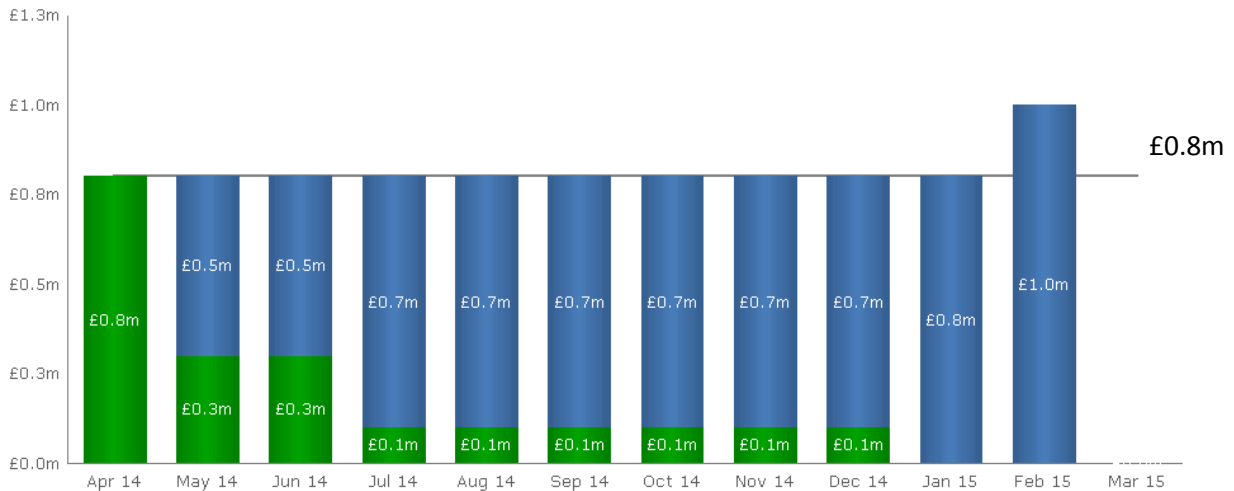
App 7. ASC has already achieved savings of £21.1m this year. A further £21.9m is on target to be achieved by year-end with no difficulties anticipated, and largely without further action being required. Additionally £1.2m of savings of one-off savings are on track to be achieved, but will need to be replaced with new savings in next year's budget. Management actions will be necessary to deliver the remaining £0.3m of savings judged to be amber.

### Children, Schools & Families



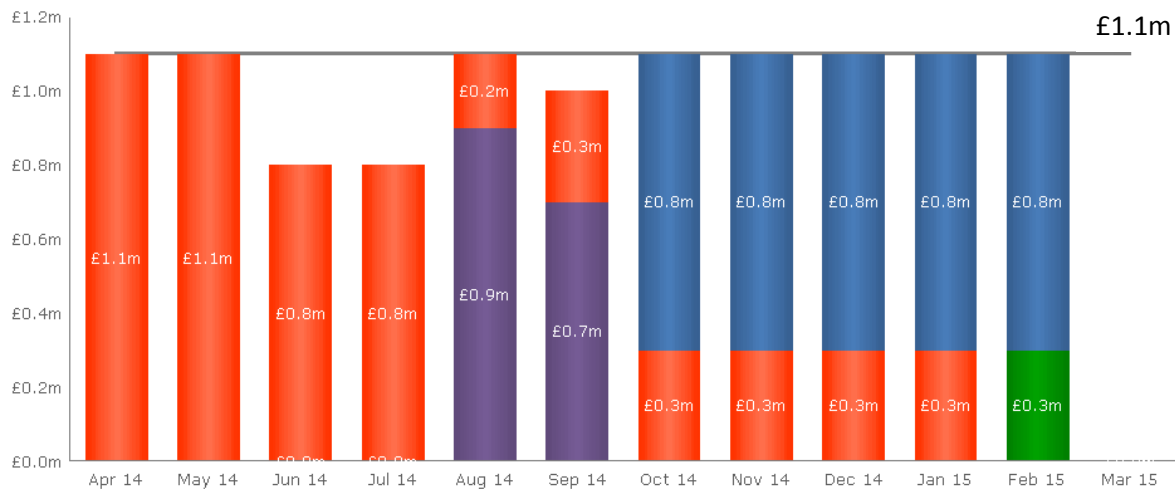
App 8. CSF forecasts to meet its £9.6m efficiencies target. CSF has achieved about 80% of its efficiencies target; the remaining fifth has some issues.

**Customer & Communities**



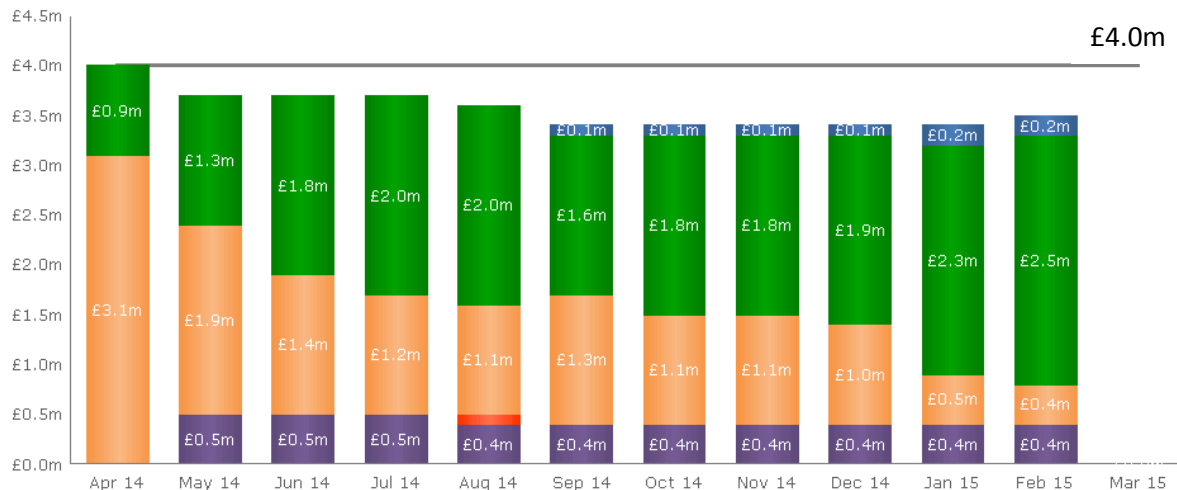
App 9. Overall C&C is showing a £0.2m overachievement of efficiencies. This is due to the early achievement of 2015/16 savings for Directorate Support of £0.2m. This is offset by £35,000 for Trading Standards who although achieving their planned income increases are showing an overall shortfall in income due to reductions in other income streams - proceeds of crime and recovery of court costs. The remainder of the other efficiencies were achieved on target

**Fire and Rescue Service**



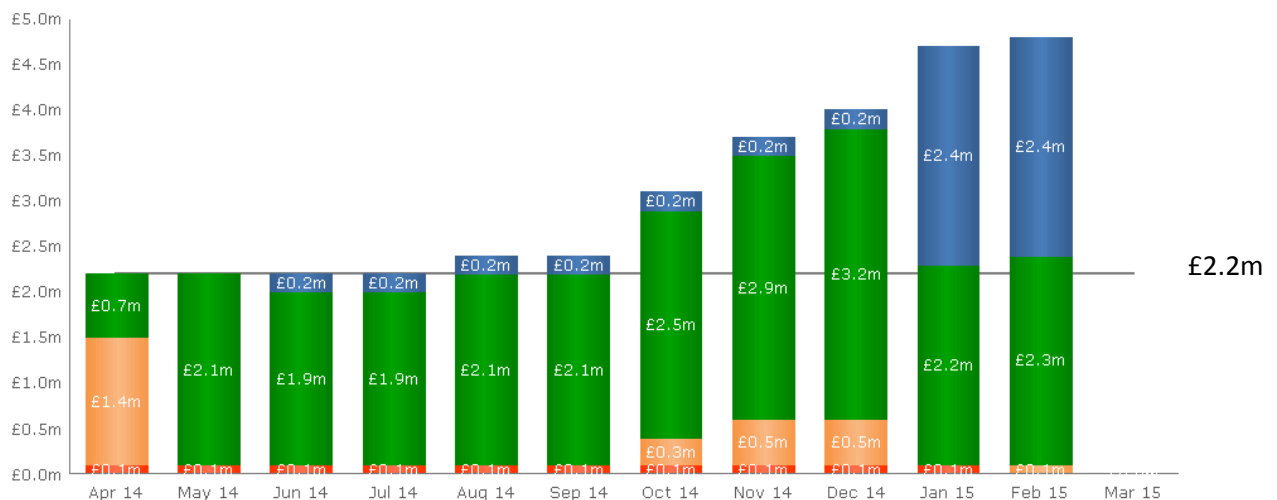
App 10. F&R has plans in place to achieve part of their increased income target which currently leaves a shortfall estimated at £0.1m for 2014/15 for which the service is actively pursuing a number of opportunities. The Fire reconfiguration efficiency has been delayed and is expected to be achieved in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

## Environment & Infrastructure



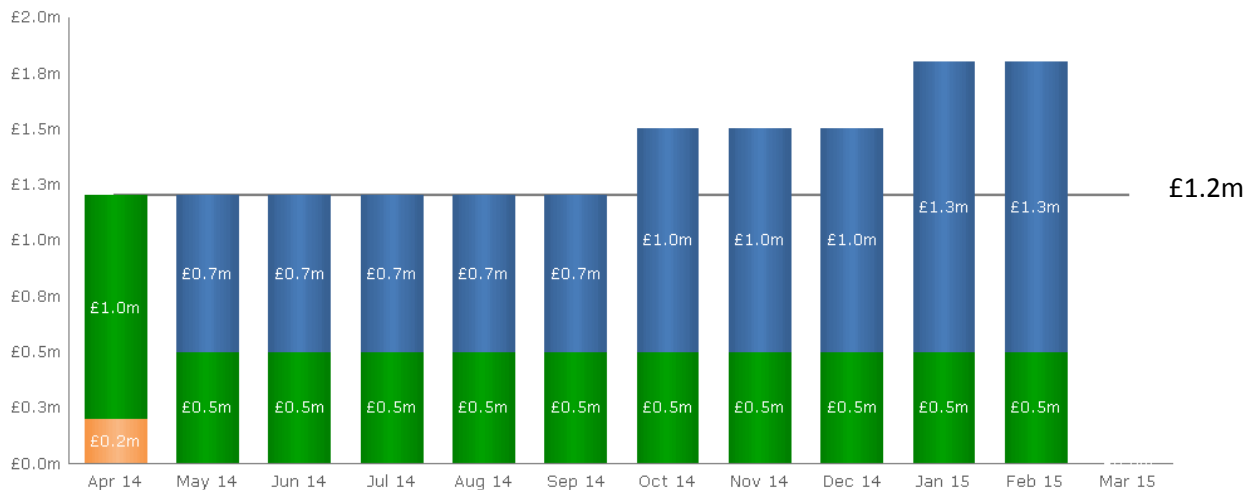
App 11. E&I has established a Savings and Efficiency Panel to oversee the delivery of efficiency savings. The panel is scrutinising plans to deliver savings to ensure they are robust and stretching. Currently, after taking into account compensating savings, there is an expected shortfall of £0.5m primarily 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



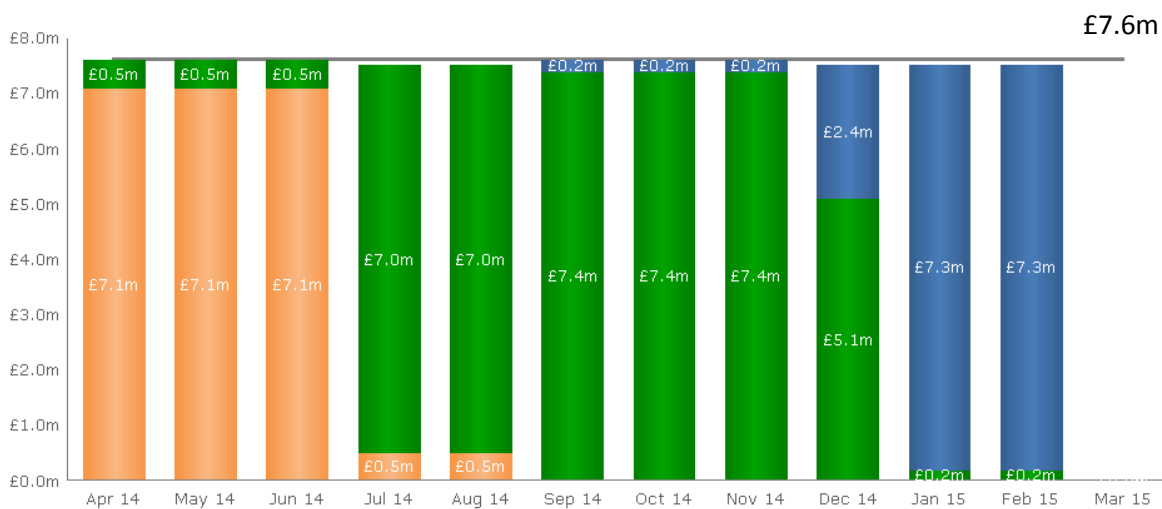
App 12. Business Services' budget includes challenging efficiency savings and increased income targets of £2.2m. It is on target to achieve £2.2m of these savings and a further £2.6m of 2015/16 savings this year. This is an increase of £0.1m since last month, mainly on staffing and building maintenance.

**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 and January 2015 increased the budget to £1,675.7m. In February the council made 9 virements which increased the budget to £1,675.8m.

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
January changes	-0.1	0.1	0.0	0.0	0.0	24
Updated budget - Jan 2015	-1,649.7	1,675.6	0.0	0.0	25.9	318
<b>February changes</b>						
Transfer of income and expenditure	-0.1	0.1			0.0	9
<b>Updated budget -Feb 2015</b>	<b>-1,649.8</b>	<b>1,675.7</b>	<b>0.0</b>	<b>0.0</b>	<b>25.9</b>	<b>327</b>

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. 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 17. 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 February there were no such virements. 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 28 February 2015

	YTD budget £m	YTD actual £m	YTD variance £m	Full year budget £m	Mar forecast £m	Full year projection £m	Full year variance £m
Income:							
Local taxation	-558.7	-559.1	-0.4	-615.8	-57.1	-616.2	-0.4
Government grants	-805.7	-801.7	4.0	-873.7	-48.1	-849.8	23.9
Other income	-146.7	-183.8	-37.1	-160.3	-8.0	-191.8	-31.5
Income	-1,511.1	-1,544.6	-33.5	-1,649.8	-113.2	-1,657.8	-8.0
Expenditure:							
Staffing	283.1	277.1	-6.0	316.4	32.0	309.1	-7.3
Service provision	790.1	793.1	3.0	879.6	88.4	881.5	1.9
Non schools sub-total	1073.2	1070.2	-3.0	1,196.0	120.4	1,190.6	-5.4
Schools expenditure	436.3	459.5	23.2	479.7	20.2	479.7	0.0
Total expenditure	1509.5	1529.7	20.2	1,675.7	140.6	1,670.3	-5.4
<b>Movement in balances</b>	<b>-1.6</b>	<b>-14.9</b>	<b>-13.3</b>	<b>25.9</b>	<b>27.4</b>	<b>12.5</b>	<b>-13.4</b>

