

Budget monitoring period 2 2015/16 (May 2015)

Summary recommendations

Cabinet is asked to note the following.

1. Forecast revenue budget for 2015/16 is to overspend by +£1.8m (paragraph 1).
2. Forecast efficiencies and service reductions for 2015/16 is £66.5m (paragraph 25).

Cabinet is asked to approve the following.

3. £1.0m revenue virement from the Economic Prosperity budget to budgets across Environment & Infrastructure directorate to enable preparatory work on Local Growth Deal schemes to continue (paragraph 14).
4. £0.7m virement from the Central HR Training Budget to most services to allocate service specific training budgets for 2015/16 (paragraph 15)
5. £0.75m capital virement from highway maintenance to additional flooding and drainage and embankment works (paragraph 35).
6. £22.3m capital virement to reprofile of 2015/16 capital spending into future years, while maintaining the overall investment over the five year programme (paragraph 36).

Revenue summary

Surrey County Council set its gross expenditure budget for the 2015/16 financial year at £1,671m. A key objective of MTFP 2015-20 is to increase the council's overall financial resilience. As part of this, the council plans to make efficiencies totalling £67.4m.

As at 31 May 2015, services' year end forecasts are to overspend by +£1.8m and achieve £66.5m efficiencies. The overspend is due to several offsetting variances among services, including +£2.6m forecast overspend on SEN transport. Nearly all services are on track to achieve their planned efficiencies.

The council aims to smooth resource fluctuations over its five year medium term planning period. To support 2015/16, Cabinet approved use of £3.7m from the Budget Equalisation Reserve and carry forward of £8.0m to fund continuing planned service commitments. The council currently has £21.3m in general balances.

The financial strategy has a number of long term drivers to ensure sound governance, management of 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.
- Balance the council's 2015/16 budget by maintaining a prudent level of general balances and applying reserves as appropriate.
- Continue to maximise our investment in Surrey.

Capital summary

Creating public value by improving outcomes for Surrey's residents is a key element of Surrey County Council's corporate vision and it is at the heart of its £696m capital programme in MTFP 2015-20. As at 31 May 2015, services forecast spending £171.3m against the current 2015/16 budget of £171.4m and total forecast capital expenditure including long term investments is £189.1m (paragraphs 33 and 34).

As part of increasing the council's overall financial resilience, it plans to invest £18m in long term capital investment assets in 2015/16 to add to the £48m invested up to March 2015.

Revenue budget

1. As at 31 May 2015, the year to date budget variance is -£3.9m underspent and services forecast +£1.8m overall net revenue budget overspend at year end.
2. In March 2015, Cabinet approved the council's 2015/16 revenue expenditure budget at £1,671.3m. Changes in April and May to reflect agreed carry forwards and small budgetary adjustments increased the expenditure budget as at 31 May to £1,672.3m. Table 1 shows the updated budget, including services' net expenditure budgets (gross expenditure less income from specific grants and fees, charges and reimbursements) and funding of £642.1m local taxation and £3.7m from reserves.

Table 1: 2015/16 updated revenue budget – May 2015

Service	MTFP Income £m	Carry fwds & internal movements £m	Approved income £m	MTFP expenditure £m	Carry fwds & internal movements £m	Approved expenditure £m	Updated net expenditure budget £m
Economic Growth	0.0	0.2	0.2	0.9	0.6	1.5	1.7
Strategic Leadership	0.0	0.0	0.0	0.4	0.0	0.4	0.4
Adult Social Care	-56.8	0.0	-56.8	428.6	0.8	429.4	372.6
Children's Services	-7.0	0.0	-7.0	96.0	1.3	97.3	90.3
Services for Young People	-10.6	0.0	-10.6	25.9	0.0	25.9	15.3
Schools & Learning	-145.3	-0.1	-145.4	217.3	2.3	219.6	74.2
Strategic Services (CSF)	-1.5	0.0	-1.5	3.6	0.1	3.7	2.2
Delegated Schools	-469.0	0.0	-469.0	469.0	0.0	469.0	0.0
Community Partnership & Safety	-0.2	0.0	-0.2	3.0	0.7	3.7	3.5
Coroner	0.0	0.0	0.0	1.3	0.0	1.3	1.3
Cultural Services	-12.9	0.0	-12.9	22.9	-0.1	22.8	9.9
Customer Services & Directorate Support	-0.3	0.0	-0.3	4.6	0.0	4.6	4.4
Emergency Management	0.0	0.0	0.0	0.6	0.0	0.6	0.6
Magna Carta	0.0	0.0	0.0	0.0	0.8	0.8	0.8
Surrey Fire & Rescue Service	-13.1	0.0	-13.1	47.9	0.1	48.0	35.0
Trading Standards	-1.6	0.0	-1.6	3.7	0.0	3.7	2.1
Environment & Planning	-8.5	0.0	-8.5	88.2	0.2	88.4	79.8
Highways & Transport	-7.5	0.0	-7.5	51.9	0.3	52.2	44.7
Public Health	-35.5	0.0	-35.5	35.8	0.0	35.8	0.3
Central Income & Expenditure	-237.7	-0.3	-238.0	61.0	-8.3	52.7	-185.3
Communications	0.0	0.0	0.0	2.0	0.1	2.1	2.1
Finance	-1.8	-0.1	-1.9	10.2	0.0	10.2	8.3
Human Resources & Organisational Development	-0.2	0.0	-0.2	9.3	0.0	9.3	9.1
Information Management & Technology	-0.7	0.0	-0.7	25.2	0.9	26.1	25.4
Legal & Democratic Services	-0.5	0.0	-0.5	8.9	0.1	9.0	8.5
Policy & Performance	-1.1	0.0	-1.1	3.7	-0.2	3.5	2.4
Procurement	-0.2	0.0	-0.2	3.4	0.0	3.4	3.3
Property	-8.9	-0.7	-9.7	37.2	1.3	38.5	28.8
Shared Service Centre	-4.6	0.0	-4.6	8.8	0.0	8.8	4.2
Service total	-1,025.5	-1.0	-1,026.5	1,671.3	0.8	1,672.3	645.8
Local taxation	-642.1	0.0	-642.1	0.0	0.0	0.0	-642.1
Grand total	-1,667.6	-1.0	-1,668.6	1,671.3	0.8	1,672.3	3.7

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

Revenue budget monitoring position

3. Table 2 summarises the year to date and forecast year end income and expenditure position for the council overall. Table App 2 in the appendix gives details of the overall income and expenditure for the year to date and year end forecast position.

Table 2: 2015/16 revenue budget

Subjective summary	YTD	YTD	YTD	Full year	Jun-Mar	Full year	Full year
	budget	actual	variance	revised	forecast	projection	variance
	£m	£m	£m	£m	£m	£m	£m
Income	-314.7	-325.3	-10.6	-1,668.6	-1,346.2	-1,671.5	-2.9
Expenditure	261.1	267.7	6.6	1,672.3	1,409.3	1,677.0	4.7
Net expenditure	-53.6	-57.6	-4.0	3.7	63.1	5.5	1.8

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

4. Table 3 overleaf, shows the year to date and forecast year end net revenue position for services and the council overall. Services' net revenue position is gross expenditure less income from specific grants and fees, charges and reimbursements.
5. Table 3 shows most services' budgets are on track. The council's overall year to date budget variance as at 31 May 2015 is -£4.0m underspent and services' year end forecast is +£1.8m overspent.
6. The sections below set out services' significant variances, their impact on the council's overall financial position and services' actions to mitigate adverse variances.

Table 3: 2015/16 Revenue budget - net positions by service

Service	YTD budget £m	YTD actual £m	YTD variance £m	Full year revised budget £m	Jun-Mar forecast £m	Full year projection £m	Full year variance £m
Economic Growth	0.3	0.3	0.0	1.7	1.4	1.7	0.0
Strategic Leadership	0.1	0.1	0.0	0.4	0.4	0.5	0.1
Adult Social Care	62.0	63.1	1.1	372.6	309.9	373.0	0.4
Children's Services	14.7	13.8	-0.9	90.3	76.5	90.3	0.0
Services for Young People	2.7	2.6	-0.1	15.3	13.0	15.6	0.3
Schools & Learning	11.3	9.9	-1.4	74.2	65.0	74.9	0.7
Strategic Services (CSF)	0.3	0.0	-0.3	2.2	2.6	2.6	0.4
Delegated Schools Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Partnership & Safety	0.8	0.5	-0.3	3.5	3.1	3.6	0.1
Coroner	0.2	0.2	0.0	1.3	1.3	1.5	0.2
Cultural Services	1.7	1.6	-0.1	9.9	8.4	10.0	0.1
Customer Services & Directorate Support	0.7	0.7	0.0	4.4	3.6	4.3	-0.1
Emergency Management	0.1	0.1	0.0	0.6	0.5	0.6	0.0
Magna Carta	0.1	0.1	0.0	0.8	0.5	0.6	-0.2
Surrey Fire & Rescue Service	6.7	6.4	-0.3	35.0	28.7	35.1	0.1
Trading Standards	0.3	0.3	0.0	2.1	1.8	2.1	0.0
Environment & Planning	13.3	14.4	1.1	79.8	65.3	79.7	-0.1
Highways & Transport	6.8	4.8	-2.0	44.7	39.9	44.7	0.0
Public Health	1.3	1.4	0.1	0.3	-1.1	0.3	0.0
Central Income & Expenditure	-65.5	-65.2	0.3	-185.5	-120.3	-185.5	0.0
Communications	0.3	0.2	-0.1	2.1	1.8	2.0	-0.1
Finance	1.4	1.4	0.0	8.3	6.8	8.2	-0.1
Human Resources & Organisational Development	1.5	1.1	-0.4	9.1	8.0	9.1	0.0
Information Management & Technology	3.9	3.9	0.0	25.4	21.5	25.4	0.0
Legal & Democratic Services	1.8	1.7	-0.1	8.5	6.8	8.5	0.0
Policy & Performance	0.5	0.5	0.0	2.5	2.0	2.5	0.0
Procurement	0.5	0.5	0.0	3.3	2.8	3.3	0.0
Property	4.7	4.5	-0.2	28.8	24.3	28.8	0.0
Shared Service Centre	0.8	0.8	0.0	4.2	3.4	4.2	0.0
Service net budget	73.3	69.7	-3.6	645.8	577.9	647.6	1.8
Local taxation	-126.9	-127.2	-0.3	-642.1	-514.9	-642.1	0.0
Revolving Infrastructure & Investment Fund	0.0	-0.1	-0.1	0.0	0.1	0.0	0.0
Overall net budget	-53.6	-57.6	-4.0	3.7	63.1	5.5	1.8

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

Significant budget variances

Schools & Learning

- As at 31 May 2015, Schools & Learning anticipates +£0.7m overspend against county council funded budgets. This includes the following variances.

- +£2.2m overspend on home to school transport. The main pressure is +£2.6m on SEN transport, offset by an underspend on mainstream transport costs as the changes to denominational transport introduced in 2012 continue to reduce costs.
- +£1.0 m overspend in early years services where delays to the consultation process around reconfiguring provision based in Children's Centres mean the efficiencies planned for 2015/16 will not be achieved in full.
- -£1.8m underspend on the centrally held budget to cover the potential financial impacts of legislative reforms, demographic pressures and excess inflation.
- At this early stage in the financial year a -£0.8m underspend is expected on the county council funded element of agency school placements. The position will be clearer in September when final placement numbers are confirmed.

Environment & Planning

8. As at 31 May 2015, Environment & Planning has a +£1m year to date overspend. This is primarily due to waste management, where costs are higher than budgeted for a number of reasons including volumes and demographics. The service expects to offset this with a contribution from the waste sinking fund. The year to date position also reflects grant which has not yet been received.

Highways & Transport

9. As at 31 May 2015, Highways & Transport has a -£2m year to date underspend, primarily on highway maintenance and local schemes, where costs do not fully reflect the value of work in progress.

Adult Social Care

10. The year to date net expenditure is currently +£1.1m ahead of the budget. This is due to the timing of the planned savings to be delivered in the coming months. The service forecasts the budget will be balanced at the year end.

Areas to be aware – Adult Social Care

11. Challenges remaining within Adult Social Care's savings plans include the following.
- Care Act
There is still a high degree of uncertainty whether the timescales for the cap on care costs will remain as planned for April 2016. The current assumption is that this funding will be either spent in 2015/16 or carried forward into 2016/17 to meet care act costs if the implementation is delayed. A clearer position should be available for the June reporting period.
 - Pricing strategy
The service is working with the market to manage prices but there is a high risk of legal challenge by national providers. Work is continuing with Procurement to establish a fair cost of care by working with local providers.
 - Demand
The service's ability to control demand within the current MTFP assumptions will continue to be a challenge.

Areas to be aware – Children's Services

12. Overall Children's Services forecast to be on budget in 2015/16, although it is worth noting two emerging pressures.

- There are pressures on staffing in the area social work teams where a £0.9m overspend is expected due to rising demand requiring additional social work capacity to manage case loads safely. In addition the number of locums is rising. This pressure is offset by vacancies elsewhere across the service.
- The number of looked after children has been rising, up by 34 over the past six months. This is currently seen as an increase in the number and cost of agency placements. The service will continue to monitor this trend closely to anticipate the budgetary implications.

Areas to be aware - Coroner

13. Changes in legislation regarding Deprivation of Liberty may result in an increased number of coroner inquests, although the exact number cannot currently be confirmed, but it could be significant. In addition the coroner is undertaking a new inquest into a death of Pte Cheryl James at Deepcut Barracks, which is likely to create a pressure against the inquest budget. Last financial year a shortage of mortuary provision within Surrey meant the Coroner had to purchase temporary mortuary facilities creating a pressure of £70,000. With no increase in provision available it is anticipated there will be a similar pressure this year. Taking these three pressures together the Coroner Service is currently projecting a pressure of £0.3m, though there is a risk it could be higher.

Virement requests

14. At the end of 2014/15 the council created an Economic Prosperity Reserve, in part to enable development of Local Growth Deal schemes. The reserve has a current balance of £2.5m. Highways & Transport service is reviewing the current Local Growth Deal programme and assessing the resources required to develop and deliver it. The service will report an update to Cabinet later in the year. In the interim, the service requests a £1.0m virement from Economic Prosperity budget held within Central Income & Expenditure (funded from New Homes Bonus) to Environment & Infrastructure to enable scheme preparation work to continue.
15. Human Resources & Organisational Development (HR&OD) requests a £0.7m virement from its Central HR Training Budget to most services that have service specific training budget allocations for 2015/16. This facilitates co-ordination of training needs at service level. HR&OD will continue to hold the budget and responsibility for providing generic Corporate Training and the Social Care Open programme. The training budget virement is to services within the council's directorates as follows.

- | | |
|--------------------------------|---------|
| • Adult Social Care | £0.090m |
| • Children, Schools & Families | £0.234m |
| • Customer & Communities | £0.109m |
| • Environment & Infrastructure | £0.069m |
| • Business Services | £0.133m |
| • Chief Executive's Office | £0.060m |

Revolving Infrastructure & Investment Fund

Table 4: Summary revenue and capital position

Summary	YTD actual	Full year forecast
Revenue expenditure	£m	£m
Income	-0.6	-3.5
Expenditure	0.1	0.6
Net income before funding	-0.5	-2.9
Funding costs	0.4	2.7
Net income after funding	-0.1	-0.2
Capital expenditure	7.8	17.8

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

16. Net income of £0.2m (after the deduction of funding costs and other expenses) is being generated in 2015/16 by the joint venture project to deliver regeneration in Woking town centre and from various property acquisitions made for future service delivery. It is anticipated the net income will transfer to the Revolving Infrastructure and Investment Fund at the year-end.
17. Capital expenditure in 2015/16 is on further loans to the Woking Bandstand Joint Venture company and costs associated with the development of the former Thales site in Crawley. In September 2014 Cabinet approved the submission of a detailed planning application for the former Thales site and contract tender for the first phase of development.

Staffing costs

18. The council employs three categories of staff.
 - Contracted staff 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 employed through an agency with which the council has a contract.
19. 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. Some flexibility in the staffing budget is sensible, as it allows the council to vary a portion of staffing costs.
20. The council sets its staffing budget on the estimated labour needed to deliver its services. It expresses this as budgeted full time equivalent (FTEs) staff and converts it to a cost for the budget. The budget includes spending on all three categories of staff and is the key control in managing staffing expenditure. The council's total full year staffing budget for 2015/16 is £297.3m based on 7,935 budgeted FTEs.
21. Table 5 shows 539 "live" vacancies, where the council is actively recruiting. 419 of these vacancies are in social care.

Table 5: Full time equivalents in post and vacancies

	<u>May 2015 FTE</u>
Budget	7,935
Occupied contracted FTE	7,250
"Live" vacancies (i.e. actively recruiting)	539
Vacancies not occupied by contracted FTEs	146

22. Table 6 shows the staffing expenditure and FTEs as at 31 May 2015 against budget, analysed among the three staff categories. The data includes staff costs and FTEs the council recharges to other public services such as: other councils, NHS Trusts, South East of England Councils or capital funded (superfast broadband). The income for the recharges is within other income.
23. Agency or bank staff often cover vacancies on a temporary basis. 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 measure is the actual expenditure shown in Table 6 (agency staff and bank & casual staff).
24. The year to date budget as at 31 May 2015 is £108.5m and the expenditure incurred is £109.4m. As at 31 May 2015, the council employed 7,250 FTE contracted staff, against 7,935 budgeted FTEs, accounting for about 94% of total staffing costs.

Table 6: Staffing costs and FTEs to 31 May 2015

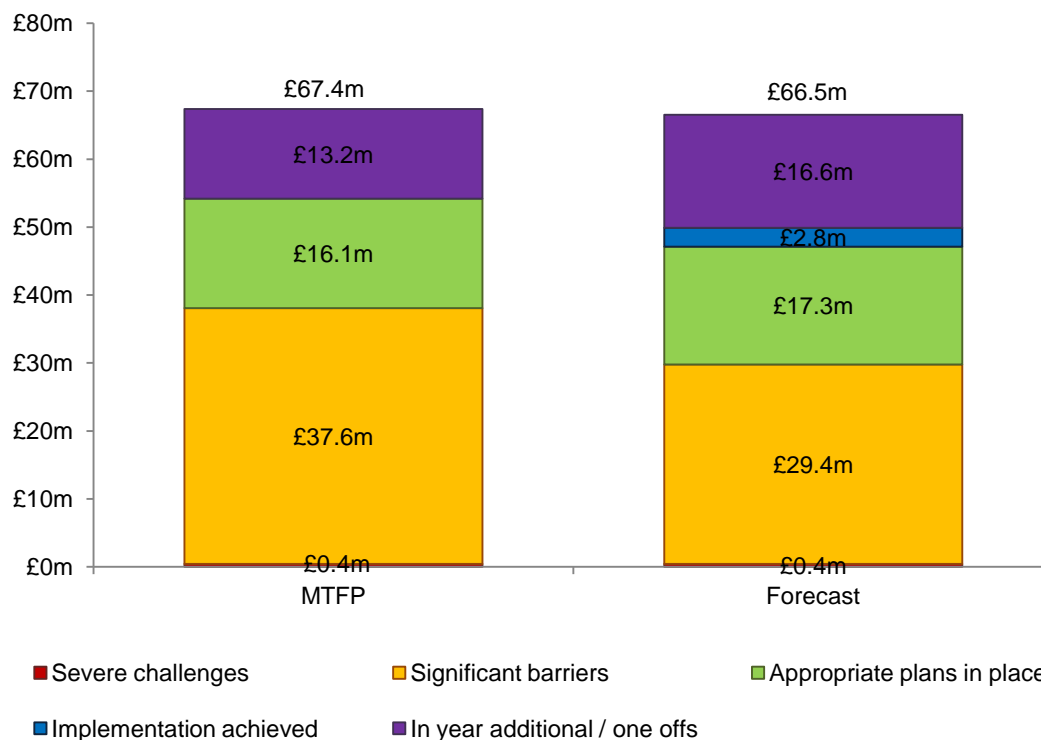
Service	YTD	----- Staffing spend by category ----->					Variance	Budget FTE
	staffing budget	Contracted	Agency	Bank & casual	Total			
	£m	£m	£m	£m	£m	£m		
Economic Growth							1	
Strategic Leadership	0.1	0.1	0	0	0.1	0	2	
Adult Social Care	9.7	9.5	0.4	0.3	10.3	0.6	1,925	
Children's Services	7.6	6.5	0.8	0.4	7.7	0.2	1,108	
Services for Young People	2.3	2.3	0	0.1	2.4	0.1	395	
Strategic Services	0.5	0.5	0	0	0.5	0	52	
Schools & Learning	7.4	7.2	0	0.1	7.4	-0.1	1,332	
Delegated Schools							0	
Community Partnership & Safety	0.2	0.2	0	0	0.2	0	24	
Coroner	0.1	0	0	0	0.1	0	1	
Cultural Services	3.2	2.8	0	0.3	3.1	-0.1	520	
Customer Services & Directorate Support	0.7	0.7	0	0	0.8	0	137	
Emergency Management	0.1	0.1	0	0	0.1	0	12	
Magna Carta							0	
Surrey Fire & Rescue Service	4.6	4.3	0	0.3	4.6	0	675	
Trading Standards	0.5	0.5	0	0	0.5	0	75	
Environment & Planning	1.2	1.1	0	0	1.2	0	215	
Highways & Transport	2.0	1.9	0.1	0	2.0	0	313	
Public Health	0.5	0.4	0	0	0.4	0	51	
Central Income & Expenditure	-0.1	0	0	0	0	0.1	0	
Communications	0.2	0.2	0	0	0.2	0	23	
Finance	0.9	0.9	0	0	0.9	0	101	
Human Resources & Organisational Development	0.9	0.8	0	0	0.9	0	104	
Information Management & Technology	1.8	1.7	0.4	0	2.1	0.3	221	
Legal & Democratic Services	0.9	0.8	0	0	0.8	-0.1	130	
Policy & Performance	0.4	0.4	0	0	0.4	0	42	
Procurement	0.5	0.5	0	0	0.5	0	57	
Property	1.4	1.4	0.1	0	1.4	0	177	
Shared Service Centre	1.4	1.3	0	0	1.3	-0.1	242	
Total	49.4	46.6	1.9	1.7	50.3	0.9	7,935	

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

Efficiencies

25. MTFP 2015-20 incorporates £67.4m of efficiencies in 2015/16. Against this, the council forecasts achieving £66.5m by year end, an under achievement of -£0.9m. Figure 3 summarises services' efficiency targets, their forecasts for achieving the efficiencies and the risks to achieving them.

Figure 3: 2015/16 overall risk rated efficiencies



26. Each service's assessment of its progress on achieving efficiencies uses 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;
 - PURPLE – in year additional and one off savings to support the programme, which are not sustainable in subsequent years.
27. Table 7 summarises forecast progress on efficiencies by service. It shows most services are on track to achieve their planned efficiencies. Adult Social Care, Environment & Planning and Surrey Fire & Rescue are supporting their programmes with additional in year and one off efficiencies.
28. The appendix to this annex sets out significant variances, their impact on the council's overall position and services' actions to mitigate adverse variances.

Table 7: 2015/16 Efficiency programme

Service	MTFP £m	Forecast sustainable £m	Forecast one offs £m	Overall variance £m
Adult Social Care	37.3	22.4	15.2	0.3
Children's Services	0.3	0.3	0.0	0.0
Services for Young People	1.9	1.9	0.0	0.0
Schools & Learning	9.8	8.8	0.0	-1.0
Cultural Services	0.3	0.3	0.0	0.0
Customer Services & Directorate Support	0.2	0.2	0.0	0.0
Surrey Fire & Rescue Service	1.6	1.4	0.2	0.0
Environment & Planning	6.4	5.7	0.6	-0.1
Highways & Transport	1.7	1.7	0.0	0.0
Central Income & Expenditure	0.9	0.9	0.0	0.0
Communications	0.3	0.3	0.0	0.0
Finance	0.7	0.7	0.0	0.0
Human Resources and Organisational Development	0.8	0.8	0.0	0.0
Information Management and Technology	0.6	0.6	0.0	0.0
Legal & Democratic Services	0.6	0.6	0.0	0.0
Policy & Performance	0.1	0.1	0.0	0.0
Procurement	0.1	0.1	0.0	0.0
Property	3.4	2.8	0.6	0.0
Shared Service Centre	0.1	0.1	0.0	0.0
Total	67.4	49.9	16.6	-0.9

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

CAPITAL

29. The council demonstrated its firm long term commitment to supporting Surrey's economy through its £696m 2015-20 MTFP capital programme, including £176m capital expenditure budget for 2015/16.
30. Cabinet approved carry forward of £17.4m scheme budgets requested in the 2014/15 Outturn report. As at 31 May 2015, there are no significant in-year capital virements.
31. Following the carry forward approval, Property and Information Management & Technology (IMT) reviewed their five year capital programmes to match priorities with capacity. Property and IMT request to reprofile £22.3m of 2015/16 capital spending into future years while maintaining the overall investment over the five year programme (paragraph 36).
32. Table 8 shows the construction of the current year capital expenditure budget from the MTFP budget. To provide a consistent base for monitoring capital expenditure, the 2015/16 current full year budget incorporates the proposed reprofiling as if Cabinet had already approved it.

Table 8: Capital expenditure budget 2015/16

	MTFP budget £m	2014/15 budget c/fwd £m	Budget virement £m	Proposed reprofile £m	Current full year budget £m
Schools basic need	75.2	-3.8		-13.7	57.8
Highways recurring programme	30.4	4.6			33.7
Property & IT recurring programme	24.3	3.5		-2.5	25.6
Other capital projects	46.2	13.0		-6.1	54.3
Service capital programme	176.2	17.4	0.0	-22.3	171.4
Long term investments	0.0	0.0	0.0	0.0	0.0
Overall capital programme	176.2	17.4	0.0	-22.3	171.4

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

33. Table 9 compares the current forecast expenditure for the service capital programme and long term investments of £189.1m to the current full year budget of £171.4m.

Table 9: Forecast capital expenditure 2015/16

	Current full year budget £m	Apr - May actual £m	Jun - Mar projection £m	Full year forecast £m	Full year variance £m
Schools basic need	57.8	13.4	44.4	57.8	0.0
Highways recurring programme	33.7	2.5	31.2	33.7	0.0
Property & IT recurring programme	25.6	2.9	22.6	25.6	0.0
Other capital projects	54.3	5.9	48.3	54.2	-0.1
Service capital programme	171.4	24.7	146.6	171.3	-0.1
Long term investments	0.0	0.4	17.4	17.8	17.8
Overall capital programme	171.4	25.1	164.0	189.1	17.7

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

34. Approved Investment Strategy spending is expected to be £17.8m in 2015/16 and total capital expenditure £189.1m. There are no significant variances to the service capital programme.

Virement requests

35. The Highways & Transport capital programme includes £21m for highway maintenance. Following a review of highway assets, Highways & Transport has determined the best use of resources would be to use £0.3m of this to undertake additional flooding and drainage works and £0.45m to undertake embankment works. The service requests a £0.75m virement from highway maintenance to additional flooding and drainage and embankment works.
36. Property and IMT request to reprofile £22.3m of 2015/16 capital spending into future years (while maintaining the overall investment over the five year programme) as follows.
- Schools basic need -£13.7m
 - Property & IT recurring programme -£2.5m
 - Other capital projects -£6.1m

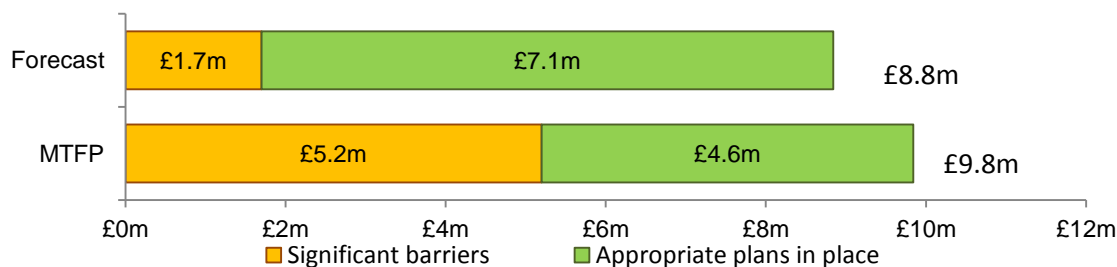
Appendix to Annex

Efficiencies & service reductions

App 1. The figure below reports the only significant variation in services' progress against their MTFP 2015-20 efficiencies & service reductions.

App 2. The figure uses the same basis for rating risks as Figure 3 and outlined in paragraph 26.

Schools & Learning



App 3. Schools & Learning currently anticipates -£1.0m underachievement of early years services' efficiencies as delays in the consultation process around reconfiguring provision based in Children's Centres mean the efficiencies planned for 2015/16 will not be achieved in full.

Updated budget - revenue

App 4. The council's 2015/16 revenue expenditure budget was initially approved at £1,671.3m. Adding virement changes in April and May increased the expenditure budget at the end of May to £1,672.3m. Table 1 shows the updated budget.

App 5. When Council agreed the MTFP in February 2015, some government departments had not determined the final amount for some grants. Cabinet agreed the principle that services would estimate their likely grant and services' revenue budgets would reflect any changes in the final amounts, whether higher or lower.

App 6. To control their budgets during the year, 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 the Director of Finance can approve.

App 7. Virements above £500,000 require the approval of the relevant Cabinet Member. There were no virements above £500,000 in April or May 2015. Other than the reserve transfer for the carry forwards for Central Income & Expenditure, the only significant virement was a system coding hierarchy movement for Surrey Choices between Adult Social Care and Property (£0.7m):

App 8. Table App 1 summarises the movements to the revenue expenditure budget.

Table App 1: Movements in 2015/16 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m	Virement count
MTFP	-1,667.6	1,671.3		3.7	
Carry forwards	0.2	7.8	-8.0	0.0	1
	-1,667.4	1,679.1	-8.0	3.7	1
April & May movements					
Internal service movements	-1.3	1.3		0.0	28
Cabinet approvals	0.0	0.0		0.0	3
Reserve drawdowns		0.3	-0.3	0.0	1
Funding changes	0.0	0.0		0.0	1
Total April & May movements	-1.3	1.6	-0.3	0.0	33
May approved budget	-1,668.7	1,680.7	-8.3	3.7	34

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

App 9. Table App 2 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 2: 2015/16 Revenue budget forecast position as at 31 May 2015

	Year to date			Full year			
	Budget £m	Actual £m	Variance £m	← Budget £m	Remaining forecast £m	Projection £m	→ Variance £m
Income:							
Local taxation	-126.9	-127.2	-0.3	-642.1	-514.9	-642.1	0.0
Government grants	-164.9	-164.5	0.4	-884.6	-718.4	-882.9	1.7
Other income	-22.9	-33.6	-10.7	-141.9	-112.9	-146.5	-4.6
Income	-314.7	-325.3	-10.6	-1,668.6	-1,346.2	-1,671.5	-2.9
Expenditure:							
Staffing	49.4	50.3	0.9	297.2	247.0	297.2	0.0
Service provision	136.9	142.6	5.7	906.0	768.1	911.7	4.7
Non schools sub-total	186.3	192.9	6.6	1,203.3	1,015.1	1,208.0	4.7
Schools expenditure	74.8	74.8	0.0	469.0	394.2	469.0	0.0
Total expenditure	261.1	267.7	6.6	1,672.3	1,409.3	1,677.0	4.7
Movement in balances	-53.6	-57.6	-4.0	3.7	63.1	5.5	1.8

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