

Overview & Scrutiny Board

1 July 2015

**Budget Monitoring
Business Services, Chief Executive's Office,
Central Income & Expenditure**

Purpose of the report:

This report provides supplementary detailed budget monitoring information for Business Services, Chief Executive's Office and Central Income and Expenditure.

The report provides information based upon 2014/15 period 2 reporting and provides background to the monthly budget monitoring report provided to Cabinet.

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Business Services

1. The Business Services revenue budget is £79.1m, this includes efficiency savings of £5.6m and carry forwards of £1.9m. The capital budget is £106.9m which includes £57.8m for the schools basic need programme..

Revenue Summary

2. Services successfully reviewed staffing structures and processes in 2014/15 and achieved £2.6m of 2015/16 savings last year. The services expects these savings to continue and will also constantly challenge its service delivery to achieve further demanding efficiency savings targets.
3. The year to date variance is a -£0.6m underspend and the full year forecast is an underspend of -£0.1m.
4. The HR & OD service budget includes the council's training budgets, these are on track to deliver however the profile of spend is not even which accounts for the majority of the year to date variance, -£0.3m. The other year to date variance is again timing of spend relating to property maintenance, -£0.2m.
5. The council's 2015/16 audit fee is likely to reduce by more than anticipated leading to a forecast underspend of -£0.1m. The Finance Service will include any ongoing savings in the Medium Term Financial Plan.

Table 1: 2015/16 Revenue position

Subjective Analysis	Year to Date			Full Year		
	YTD Budget	YTD Actual	YTD Variance	Full Year Budget £000s	Full Year Forecast £000s	Full Year Variance £000s
Income (excl grant)	-2,647	-2,855	-208	-17,178	-17,178	0
Grant	0	-99	-99	0	0	0
Total Income	-2,647	-2,954	-307	-17,178	-17,178	0
Staffing	6,960	7,077	118	41,732	41,732	0
Non-staffing	8,533	8,093	-440	54,524	54,424	-100
Total Expenditure	15,493	15,170	-322	96,255	96,155	-100
Total Business Services Net Expenditure	12,845	12,216	-629	79,077	78,977	-100

Policy Budget	Year to Date			Full Year		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Property						
Building Running Costs	3,300	3,073	-226	20,198	20,198	0
Property Projects	310	423	113	1,521	1,521	0
Support & Management	1,140	1,082	-58	7,043	7,043	0
Total Property	4,749	4,578	-171	28,761	28,761	0
Information Management & Technology						
Support & Delivery	1,362	1,293	-70	8,174	8,174	0
Network Contracts	649	854	205	3,894	3,894	0
Design & Build	1,210	1,200	-11	7,263	7,263	0
Project Office	505	491	-14	5,265	5,265	0
Management & Business Change	138	19	-119	838	838	0
Total IMT	3,865	3,856	-9	25,434	25,434	0
Human Resources and Organisational Development						
HR & OD Staffing	739	700	-40	4,451	4,451	0
HR & OD Delivery	804	462	-342	4,647	4,647	0
Total HR & OD	1,544	1,162	-382	9,098	9,098	0
Finance						
Finance	869	847	-22	5,214	5,114	-100
Insurance	524	498	-26	3,144	3,144	0
Total Finance	1,393	1,345	-48	8,358	8,258	-100
Shared Services						
Income Management	112	101	-12	675	675	0
Procure to Pay	153	149	-4	916	916	0
HR and Payroll	206	252	46	895	895	0
Customer and Improvement	280	265	-16	1,682	1,682	0
Total Shared Services	752	766	14	4,168	4,168	0
Procurement & Commissioning	543	510	-33	3,258	3,258	0
Total Business Services Net Expenditure	12,845	12,216	-629	79,077	78,977	-100

Efficiencies

6. The budget for the directorate includes challenging efficiency savings and increased income targets of £5.6m. The Directorate is on target to achieve £5.2m of these savings. The Managed Print Service efficiency (£0.4m) is being closely monitored to determine whether printing activity levels are as anticipated.

Table 2: 2015/16 Progress on Efficiencies £000s

MTFP Description	MTFP	MTFP	Latest	Latest
	2015/16	RAG	2015/16	RAG
	£000		£000	
Organisational Review	-1,158	G	-1,158	G
Utilities	-800	A	-800	A
One-off Property	-620	G	-620	G
Office Rationalisation - ongoing savings	-609	G	-609	G
Insurance Self Fund	-500	G	-500	G
Property Maintenance	-480	G	-480	G
Increased income	-435	A	-435	A
Organisational Review	-425	A	-425	A
Managed Print Service	-420	R	-420	R
Unicorn Network	-200	G	-200	G
	-5,647		-5,647	

Capital

7. The capital budget this year is £106.9m which includes £1.3m carried forward from 2014/15. The budgets have been reviewed and £22.3m has been re-profiled to future years. The Service's capital budget includes the Schools Basic Need (SBN) programme of £57.8m. The year to date spend is ahead of target. This is mainly SBN and the recurring property schemes where previous year schemes are being completed. Property Service is forecasting a £0.3m scheme overspend on the Guildford Fire Station which is as reported in 2014/15.

Table 3: 2015/16 Capital position

	YTD - Year To Date			Full Year		
	Budget £'000	Actual £'000	Var £'000	Budget £'000	Forecast £'000	Var £'000
Property						
Schools Basic Need	10,950	13,392	2,442	57,800	57,800	0
Schools DDA	9	9	0	466	466	0
Schools Capital Maintenance	1,232	1,232	0	12,685	12,685	0
Recurring Prog - Schools	1,241	1,241	0	13,151	13,151	0
Fire Risk / minor works / DDA	10	-5	-15	636	636	0
Carbon Reduction	179	179	0	1,585	1,585	0
Capital Maintenance	130	1,302	1,172	6,310	6,310	0
Recurring Prog - Non-Schools	319	1,476	1,157	8,531	8,531	0
SEN Strategy	350	330	-20	2,049	2,049	0
Portesbury	1,490	1,490	0	4,278	4,278	0
Replace Aged Modular Buildings	22	108	86	1,014	1,014	0
Other Schools Projects	20	33	13	1,184	1,184	0
Projects - Schools	1,882	1,961	79	8,525	8,525	0
Fire Projects	124	162	38	3,530	3,833	303
Gypsy Sites	60	0	-60	1,200	1,200	0
Land Payments for Waste	0	0	0	3,798	3,798	0
Regeneration Projects	569	633	64	3,506	3,506	0
Projects to Reprovision & Deliver Capital I	0	0	0	650	650	0
Other Non-School Projects	35	71	36	821	821	0
Projects - Non-Schools	788	866	78	13,505	13,808	303
Total Property	15,180	18,936	3,756	101,512	101,815	303
Information Management & Technology						
IMT Equipment Replacement Reserve	249		-249	1,494	1,494	0
IMT Project Investment	506	222	-284	3,038	3,038	0
Adults Social Care Infrastructure		0	0	578	578	0
Other IMT Projects	44	-39	-83	266	266	0
Total IMT	800	183	-617	5,376	5,376	0
Total Business Services	15,980	19,119	3,139	106,888	107,191	303

Chief Executive's Office

Revenue Summary

8. The directorate is currently projecting an underspend of £0.2m against a total revenue budget of £26.5m. This is due to a projected underspend against the Magna Carta budget of £0.1m plus the accumulation of other small variances across the directorate. Costs for the Magna Carta are being finalised and may change depending upon the level of anticipated contributions received. Adult and Community Learning have been successful in receiving an additional £0.3m of grant to fund an increased programme of activities.
9. The year to date underspend of £0.3m is mainly due to staffing underspends across the directorate, the majority of which are within Libraries following their restructure, and due to the timing of income receipts.
10. The Directorate budget has increased by £1.653m from the initial base budget to reflect the following:

Agreed Carry forwards	£1,409,000
Increase to Surrey Growth Fund for Brooklands Museum grant	£125,000
Invest to Save Funding for Public Services Transformation programme	£90,000
Contribution to the Magna Carta 'Freedom games' concert	£30,000

Table 4: 2015/16 Revenue Position

	YtD Budget £000	YtD Actual £000	YtD Variance £000	Full Year Budget £000	Full Year Projection £000	Full Year Variance £000
Income						
Government Grants	-768	-779	-11	-4,380	-4,722	-342
Other Income	-1,651	-1,740	-89	-10,014	-10,192	-178
Total Income	-2,419	-2,520	-101	-14,393	-14,914	-520
Expenditure						
Staffing	4,810	4,647	-163	28,900	29,061	161
Non Staffing	2,507	2,460	-47	12,031	12,202	171
Total Expenditure	7,317	7,107	-210	40,931	41,263	332
Net position	4,898	4,587	-311	26,538	26,349	-189

	YTD Budget £000	YTD Actual £000	YTD Variance £000	Full Year Budget £000	Full Year Projection £000	Full Year Variance £000
Strategic Leadership	74	72	-3	446	446	0
Strategic Leadership	74	72	-3	446	446	0
Magna Carta	133	141	8	800	685	-115
Magna Carta	133	141	8	800	685	-115
Emergency Management	92	90	-2	553	553	0
Emergency Management	92	90	-2	553	553	0
Communications Team	194	163	-31	1,164	1,164	0
Central Communications	110	21	-89	663	663	0
Surrey Matters	38	35	-4	229	229	0
Communications	343	219	-124	2,056	2,056	0
Legal Services	697	636	-60	4,073	4,087	14
Democratic Services Team	277	249	-28	1,662	1,634	-27
Vol & Community Sector Support	400	399	-1	480	480	0
Member Allowances & Expenses	392	368	-24	2,223	2,223	0
Local Elections	11	0	-11	16	16	0
Legal & Democratic Services	1,777	1,652	-125	8,454	8,440	-13
Corporate Policy & Performance	275	279	4	1,536	1,536	0
Corporate Subscriptions	126	126	0	189	189	0
Economic Growth	288	286	-2	1,727	1,722	-5
Projects (SFBB & SEEC & PSTN)	9	8	-1	90	81	-9
Audit	107	95	-12	640	616	-24
Policy & Performance	805	794	-10	4,182	4,145	-37
Libraries	1,606	1,339	-267	9,637	9,637	0
Surrey Arts	82	192	110	491	491	0
Heritage	200	221	21	1,200	1,200	0
Adult & Community Learning	-143	-79	64	-856	-856	0
Registration & Nationality Services	-97	-71	26	-580	-580	0
Supporting Cultural Services	26	17	-9	155	132	-23
Cultural Services	1,674	1,619	-56	10,047	10,024	-23
Chief Executive's Office	4,898	4,587	-311	26,538	26,349	-189

Efficiencies

Table 5: 2015/15 Efficiency Position

Service	Description	MTFP Forecast Variance			RAG
		2015/16	2015/16	2015/16	
Cultural Services	Registration - Increased income	27	27	0	G
Cultural Services	Libraries - Redesign service delivery	250	250	0	A
Cultural Services	Libraries - Staffing restructure	210	210	0	G
Cultural Services	Heritage savings	61	61	0	G
Cultural Services	Surrey Arts savings	24	24	0	G
Communications	Reduced Central Comms spend	105	105	0	G
Legal and Democratic	Recovery of costs	78	78	0	G
Legal and Democratic	Increasing in-house advocacy	398	398	0	G
Legal and Democratic	Other efficiencies	52	52	0	G
Policy and Performance	Staffing & expenditure reductions	136	136	0	G
Total		1,341	1,341	0	

11. The planned MTFP efficiencies for 2015/16 are on target to be achieved. The libraries redesign of service delivery has mainly been achieved within 2015/16 by a temporary reduction against the resources budget. This is pending the implementation of the redesign to achieve total savings of £750,000 by 2016/17. Following initial vacancies arising from the recent library restructure, the service will review whether the temporary resources reduction could be partly reversed.

Capital

Table 6: 2015/16 Capital Position

	Revised Full Year Budget £000s	Apr – May YTD & committed £000s	June- Mar remaining forecast £000s	Full Year Forecast £000s	Full Year Variance £000s
Community Buildings Grant scheme	150	0	150	150	0
Superfast Broadband	2,647	335	2,312	2,647	0
Magna Carta	187	89	98	187	0
Libraries – Member Funded	1	0	1	1	0
Libraries: (Planning Infrastructure Contributions)	0	30	-30	0	0
Total	2,985	454	2,531	2,985	0

12. There are no projected variations against the capital programme. The Superfast Broadband programme completed its main deployment during 2014, however some work is continuing on a small percentage of premises which are harder to reach or where solutions have been identified to improve speeds.

Central Income & Expenditure

Revenue Summary

13. The year to date overspend of £0.2m is primarily caused by a £0.1m variance in the redundancy and compensation budget and a £0.1m variance in the interest payable budget. The redundancy budget is profiled so that it is weighted towards the end of the financial year and it is anticipated that over the course of the year the expenditure will match the budget. The interest payable budget is profiled to match when the interest payments are made to lenders, with the majority of payments being made in September 2015 and March 2016. The interest paid budget is partially offset by the investment returns from the long-term capital strategy. These returns are profiled evenly across the year which has caused the negative year to date budget for interest payable. These returns are expected to increase in the later part of the year to off-set the current variance.
14. There are currently no variances projected for the full year as there have been no significant developments or variations from budget assumptions that have arisen so far during in the year.

Table 7: 2015/16 Revenue position

	YTD Budget	Year to Date Actual	YTD Variance	Full Year Budget	Remaining Forecast Spend	Outturn Forecast	Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Income:</u>							
Council Tax	-119,585	-119,575	10	-598,000	-478,426	-598,000	0
Business Rate Income	-7,347	-7,619	-272	-44,100	-36,481	-44,100	0
Government Grants	-63,224	-63,016	208	-237,248	-174,232	-237,248	0
Interest Receivable	-75	-91	-16	-373	-282	-373	0
Total Income	-190,231	-190,301	-71	-879,721	-689,420	-879,721	0
<u>Expenditure:</u>							
Staffing Costs	-75	8	83	-75	-83	-75	0
Pensions Backfunding	1,915	1,889	-27	11,332	9,443	11,332	0
Redundancy & Compensation	714	847	133	6,225	5,378	6,225	0
Other Initiatives	0	0	0	1,337	1,337	1,337	0
Risk Contingencies	0	0	0	0	0	0	0
Land Drainage Precept	281	281	0	1,125	844	1,125	0
Transfer from Provision	0	-35	-35	0	35	0	0
Contribution to/from Reserves	-4,146	-4,146	0	-4,146	0	-4,146	0
Revenue Contributions to Capital	0	0	0	0	0	0	0
Interest Payable	-957	-821	136	12,608	13,429	12,608	0
Minimum Revenue Provision (MRP)	0	0	0	25,251	25,251	25,251	0
Write Offs	-30	-2	28	-30	-28	-30	0
Total expenditure	-2,298	-1,979	319	53,627	55,606	53,627	0
Net position	-192,529	-192,281	248	-826,094	-633,813	-826,094	0

	Year to Date			Full Year			
	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Remaining £'000	Projection £'000	Variance £'000
Government Grants	-63,224	-63,016	208	-237,248	-174,232	-237,248	0
Other income	-127,007	-127,285	-278	-642,473	-515,188	-642,473	0
Income	-190,231	-190,301	-71	-879,721	-689,420	-879,721	0
Staffing	-75	8	83	-75	-83	-75	0
Non staffing	-2,223	-1,987	235	53,702	55,689	53,702	0
Expenditure	-2,298	-1,979	319	53,627	55,606	53,627	0
Total	-192,529	-192,281	248	-826,094	-633,813	-826,094	0
Total on Dashboard	-65,597	-65,087	510	-118,907	-183,994	-183,994	0
Council Tax Income	-119,585	-119,575	10	-478,426	-598,000	-598,000	0
Business Rates	-7,347	-7,619	-272	-36,481	-44,100	-44,100	0
Revised Total	-192,529	-192,281	248	-826,094	-633,813	-826,094	0

Efficiencies

Table 8: Efficiency Position

MTFP Description	MTFP 2015/16 £0	MTFP RAG	Latest 2015/16 £0	Latest RAG
Protected salaries	-447	G	-447	G
Synergies from incorporating Public Health	-500	A	-500	A
	-947		-947	

- Central Income and Expenditure has two savings to find, totalling just under £1m in 2015/16.
- In past years, the council has protected the salary of members of staff who have been redeployed as an alternative to being made redundant. The period of protection was originally two years, but was reduced to one year in 2014/15. The use of this budget has been declining and expenditure in 2014/15 was nearly zero, and in setting the budget for 2015/16 it was set at this amount.
- The transfer of the Public Health responsibility to local authorities has led to the possibility of making savings through synergies. Some of these savings will relate to the provision of services by the council – particularly with in Children, Schools and Families and Adult Social Care – and also in management costs. The council is expecting to make on-going savings of £0.5m in 2015/16.