

Budget monitoring period 5 2015/16 (August 2015)

Summary recommendations

Cabinet is asked to:

1. require service managers to confirm actions to manage to an overall balanced budget;
2. note as at 31 August 2015, services forecast a +£3.4m revenue budget variance (paragraph 1);
3. note services forecast efficiencies and service reductions for 2015/16 at £66.3m (paragraph 24);
4. note total forecast capital expenditure, including long term investments is £188.4m (paragraph 34); and
5. approve a virement of £930,000 to reflect expenditure and income in relation to the DCLG Troubled Families Programme (paragraph 3)

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 August 2015, services forecast to overspend by +£3.4m and achieve £66.3m efficiencies at year end. The overspend is due to several offsetting variances among services, including: +£2.8m additional demand for Adult Social Care services; +£1.8m children's services' costs due to higher volumes of children in need; offset by -£1.7m more income from business rates than expected. Service managers are taking and agreeing actions to manage this to an overall balanced budget. Nearly all services forecast 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 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 August 2015, services forecast £169.3m capital spending against the current 2015/16 budget of £174.1m and total forecast capital expenditure including long term investments is £188.4m (paragraphs 33 to 34).

As part of increasing the council's overall financial resilience, it plans to invest £19m 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 August 2015, the year to date budget variance is -£4.6m underspent and the overall forecast is +£3.4m overspend at year end. Service managers are agreeing actions to manage this to an overall balanced budget.
2. In March 2015, Cabinet approved the council's 2015/16 revenue expenditure budget at £1,671.3m. Changes from April to August, reflecting agreed carry forwards and small budgetary adjustments, increased the expenditure budget as at 31 August 2015 to £1,674.0m. 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 – 31 August 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	0.1	-56.7	428.6	0.8	429.4	372.7
Children's Services	-7.0	0.0	-7.0	96.0	1.4	97.4	90.4
Services for Young People	-10.6	0.0	-10.6	25.9	0.1	26.0	15.4
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	-0.2	-13.1	22.9	0.0	22.9	9.8
Customer Services & Directorate Support	-0.3	0.0	-0.3	4.6	0.1	4.7	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	34.9
Trading Standards	-1.6	0.0	-1.6	3.7	0.0	3.7	2.1
Environment & Planning	-8.5	-0.5	-9.0	88.2	1.2	89.4	80.4
Highways & Transport	-7.5	-0.6	-8.1	51.8	1.6	53.4	45.3
Public Health	-35.5	0.0	-35.5	35.8	0.0	35.8	0.3
Central Income & Expenditure	-237.7	0.1	-237.6	61.0	-10.0	51.0	-186.6
Communications	0.0	0.0	0.0	2.0	0.1	2.1	2.1
Finance	-1.8	-0.1	-1.9	10.2	0.1	10.3	8.4
Human Resources & Organisational Development	-0.2	0.0	-0.2	9.3	-0.6	8.7	8.5
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	0.2	9.1	8.6
Policy & Performance	-1.1	0.0	-1.1	3.7	-0.1	3.6	2.5
Procurement	-0.2	0.0	-0.2	3.4	0.1	3.5	3.3
Property	-8.9	-0.8	-9.7	37.2	1.3	38.5	28.8
Shared Service Centre	-4.6	-0.5	-5.1	8.8	0.7	9.5	4.4
Service total	-1,025.5	-2.7	-1,028.3	1,671.3	2.7	1,674.0	645.8
Local taxation	-642.1	0.0	-642.1	0.0	0.0	0.0	-642.1
Overall	-1,667.6	-2.7	-1,670.2	1,671.3	2.7	1,674.0	3.7

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

Revenue Virement request – Strategic services

- The 2015/16 Family Services Budget within the Strategic services for Children, Schools & Families was set on the basis of anticipated grant funding from Department of Communities and Local Government (DCLG) under the second Trouble Families Programme. At the time of setting the budget, DCLG had still to clarify the future shape of the programme and the council had still to finalise arrangements for the programme with boroughs and districts. The council has now completed plans for 2015/16's programme. The plans include use of the payment by results grant received under the first Troubled Families Programme and use of the grant received in 2014/15 in anticipation of the second phase of the programme.

Approval to a virement of £930,000 is sought to bring the expenditure and grant income budgets into line with anticipated spend in 2015/16.

Revenue budget monitoring position

4. 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 budget £m	YTD actual £m	YTD variance £m	Full year		Full year projection £m	Full year variance £m
				revised budget £m	Sep-Mar forecast £m		
Income	-694.5	-703.0	-8.5	-1,670.3	-976.6	-1,679.6	-9.3
Expenditure	666.0	669.9	3.9	1,674.0	1,016.9	1,686.8	12.8
Net expenditure	-28.5	-33.2	-4.6	3.7	40.3	7.1	3.4

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

5. Table 3 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.
6. Table 3 shows the majority of services' budgets are on track. The council's overall year to date budget variance as at 31 August 2015 is -£4.6m underspent and the year end forecast is +£3.4m overspent.
7. The following section sets out services' significant variances, any change since the last monitoring report as at 30 June 2015, 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	Sep-Mar forecast £m	Full year projection £m	Full year variance £m
Economic Growth	0.6	0.6	0.0	1.7	1.1	1.7	0.0
Strategic Leadership	0.2	0.2	0.0	0.4	0.2	0.4	0.0
Adult Social Care	153.1	153.8	0.7	372.7	220.8	374.6	1.9
Children's Services	36.5	37.4	0.9	90.4	54.8	92.2	1.8
Services for Young People	6.5	6.1	-0.4	15.4	9.4	15.5	0.1
Strategic Services (CSF)	0.9	1.0	0.1	2.2	1.5	2.5	0.3
Schools & Learning	29.6	29.3	-0.3	74.2	46.2	75.5	1.3
Delegated Schools Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Partnership & Safety	1.4	1.1	-0.3	3.5	2.4	3.5	0.0
Coroner	0.5	0.5	0.0	1.2	1.0	1.5	0.3
Cultural Services	4.1	4.3	0.2	9.8	5.3	9.6	-0.2
Customer Services & Directorate Support	1.8	1.7	-0.1	4.5	2.7	4.4	-0.1
Emergency Management	0.2	0.2	0.0	0.5	0.3	0.5	0.0
Magna Carta	0.6	0.5	-0.1	0.8	0.2	0.7	-0.1
Surrey Fire & Rescue Service	15.1	15.0	-0.1	34.9	19.9	34.9	0.0
Trading Standards	0.9	0.8	-0.1	2.1	1.3	2.1	0.0
Environment & Planning	33.5	34.1	0.6	80.4	46.3	80.4	0.0
Highways & Transport	17.3	16.4	-0.9	45.3	29.3	45.7	0.4
Public Health	1.8	1.8	0.0	0.3	-1.5	0.3	0.0
Central Income & Expenditure	-112.7	-113.9	-1.2	-186.6	-72.7	-186.6	0.0
Communications	0.9	0.7	-0.2	2.1	1.3	2.0	-0.1
Finance	3.5	3.1	-0.4	8.4	4.8	7.9	-0.5
Human Resources & Organisational Development	3.5	3.0	-0.5	8.5	5.4	8.4	-0.1
Information Management & Technology	9.9	10.1	0.2	25.5	15.4	25.5	0.0
Legal & Democratic Services	3.9	3.7	-0.2	8.5	4.9	8.6	0.1
Policy & Performance	1.2	1.2	0.0	2.5	1.2	2.4	-0.1
Procurement	1.4	1.3	-0.1	3.3	2.0	3.3	0.0
Property	11.4	11.2	-0.2	28.8	17.6	28.8	0.0
Shared Service Centre	1.2	1.1	-0.1	4.3	3.2	4.3	0.0
Service net budget	229.0	226.2	-2.7	645.8	424.6	650.8	5.0
Local taxation	-257.5	-259.2	-1.7	-642.1	-384.5	-643.7	-1.6
Revolving Infrastructure & Investment Fund		-0.2	-0.2		0.2		
Overall net budget	-28.5	-33.2	-4.6	3.7	40.3	7.1	3.4

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

Significant budget variances

Adult Social Care (+£0.5m since June)

- As at 31 August 2015 Adult Social Care (ASC) services project an overall overspend of +£1.9m, a change of +£0.5m from the overspend forecast as at 30 June 2015. The position as at 31 August 2015 indicates demand is above the level budgeted for 2015/16. Based on current trends, ASC forecasts +£2.8m of additional demand pressures for care services above that built into the budget. For example, non-

elective admissions are rising in four of Surrey's five acute hospitals. This places direct pressure on social care. The increase in demand for care is partially offset by -£0.4m higher fees and charges related to the higher volumes of care services and -£0.4m extra grant funding to help meet the increased volume of Deprivation of Liberty Safeguards (DOLS) assessments.

9. ASC's leadership team is reviewing all options to achieve compensating savings to recover the position and balance the budget by year end. However, the additional demand pressures and challenges in delivering ASC's savings programme means the team does not currently consider it feasible to reduce the projection below the +£1.9m overspend currently forecast (equivalent to 0.5% of net budget).

Children's Services (+£1.1m since June)

10. As at 31 August 2015, Children's Services anticipates +£1.8m overspend. There are two main drivers of this overspend, partially offset by a range of smaller variances.
 - Increasing numbers of looked after children. As at 31 July 2015 there were 852 looked after children, an increase of 68 since March 2015. This includes an additional 31 unaccompanied asylum seekers where numbers have increased by 50% since August 2014. This is the main reason for the increase in the forecast overspend since June. It mainly affects the budget for external placements which anticipates an overspend of +£1.8m, plus a +£0.8m overspend for Asylum.
 - Increasing numbers of children in need are intensifying pressures on staffing. The referral, assessment and care management teams anticipate an overspend of +£1.5m. In particular there is an increased reliance on locum social workers. This pressure is partly offset by vacancies in other areas of the service and work continues to improve the recruitment and retention of social workers.

Schools & Learning (+£0.5m since June)

11. As at 31 August 2015, Schools & Learning forecasts +£1.3m overspend against county council funded budgets. This includes the following major variances partially offset by a range of smaller variances.
 - +£1.0 m overspend in early years services due to delays in achieving efficiencies planned for 2015/16.
 - +£0.8m net overspend on home to school transport mainly in relation to children with special educational needs (SEN) transport due to higher user volumes.

Central Income & Expenditure (no change since June)

12. As at 31 August 2015, Central Income & Expenditure forecasts -£1.6m underspend. This is for additional income due to the district and borough councils' final business rates schedules being higher than the earlier estimates used to produce the budget.

Areas to be aware – Adult Social Care

13. Challenges remaining within ASC's savings plans include the following.
 - Demand
A key element of ASC's plans to deliver a sustainable budget is to manage demand effectively. Demand for individually commissioned care services has increased by an average of 6% each year in the last seven years. ASC's MTFP savings plans include reducing the rate of demand increase to 3% by 2018/19,

with a first step to reduce demand increase to 5% in 2015/16. The position as at 31 August 2015 indicates the rate of demand increase is above the 2015/16 target. Based on current trends, ASC forecasts £2.8m of additional demand pressures above the budget. There is a risk demand pressures could increase further in the remainder of the year.

- **Care Act**
The council is due £9.8m of Care Act funding in 2015/16, partly to meet the initial implementation costs for most of the Care Act provisions that became law on 1 April 2015 and partly to begin early assessments towards the care cap due to be introduced as part of the 2016 funding reforms. In July 2015 the Government announced it has postponed the funding reforms, including the £72,000 care cap, until 2020. The status of the 2015/16 Care Act funding is now unclear and any changes to allocations could affect ASC's budget.
- **Pricing strategy**
ASC is coming under increasing pressure from providers to increase prices paid for individually commissioned care services. The areas of greatest immediate pressure are older people (OP) nursing and residential care. ASC's pricing strategy increased personal budget guide prices for OP care home placements from 1 April 2015. The next step is to work with care home providers to establish a sustainable forward pricing strategy from 1 April 2016. ASC anticipates no rises in other care sector prices in 2015/16, which are based on agreed individual needs or framework contract rates.
- **Deprivation of Liberty Safeguards (DOLS)**
ASC receives DOLS applications where it is believed an individual's liberty may have been deprived. A Supreme Court ruling in March 2015 fundamentally changed the basis of what should be considered under DOLS legislation. This has meant the number of DOLS applications has increased from 112 in 2013/14 to over 3,000 in 2014/15. ASC's budget included an extra £1.1m to recruit more best interest assessors (BIAs) and administrators to deal with the increased demand for assessments. Currently ASC assumes it will spend the budget by year end. However recruitment of Best Interest Assessors is difficult and it is unlikely the additional budget would be enough to meet the full costs of the growing assessment demand.

Areas to be aware - Coroner

14. Changes around Deprivation of Liberty legislation may result in significantly more coroner inquests. In addition the Coroner is undertaking a new inquest into the death of Pte Cheryl James at Deepcut Barracks, which is likely to create a pressure against the inquest budget. In 2014/15 a shortage of mortuary provision in Surrey meant the Coroner had to purchase temporary mortuary facilities creating a cost pressure that is likely to continue. Taking these three pressures together, the Coroner Service projects a pressure of £0.3m, though there is a risk it could be higher.

Revolving Infrastructure & Investment Fund

Table 4: Summary revenue and capital position

Summary	YTD actual	Full year forecast
Revenue expenditure	£m	£m
Income	-1.4	-3.5
Expenditure	0.2	0.6
Net income before funding	-1.2	-2.9
Funding costs	1.0	2.7
Net income after funding	-0.2	-0.2
Capital expenditure	2.5	19.1

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

15. Net income of £0.2m 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 the net income will be transferred to the Revolving Infrastructure and Investment Fund at the year-end.
16. Capital expenditure this year covers development of the former Thales site in Crawley, the new regeneration scheme approved by Cabinet in July, further loans to the Woking Bandstand Joint Venture Company and an equity investment in the Municipal Bonds Agency.

Staffing costs

17. 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.
18. 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.
19. The council sets its staffing budget on the estimated labour it needs to deliver its services. It expresses this estimated labour as budgeted full time equivalent (FTEs) staff and converts it to a budget cost. The budget comprises spending on all three categories of staff and is the key control in managing staffing costs.
20. The council's total full year staffing budget for 2015/16 is £279.2m based on 7,935 budgeted FTEs. Table 5 shows the composition of the council's workforce as at 31 August 2015. Of the 671 live vacancies, where the council is actively recruiting, 511 are in social care.

Table 5: Full time equivalents in post and vacancies

	<u>Aug 2015 FTE</u>
Budget	7,935
Occupied contracted FTE	7,233
“Live” vacancies (i.e. actively recruiting)	671
Vacancies not occupied by contracted FTEs	31

21. Table 6 shows staffing cost as at 31 August 2015 against service budgets and analysed among the three staff categories of contracted, bank and agency staff. Table 6 also shows services’ budgeted FTEs and occupied contracted FTEs. Variances between these two figures can arise for reasons including: the budget for some FTEs is held in a different service from where the postholder sits in the organisation (for example the HR&OD budget covers apprentices’ costs, but the occupied FTEs appear in the service they work in); secondees’ costs appear in the seconding service, but the occupied FTE appears in the service they are seconded to (or not at all if the secondment is to an external body). The income from recharges for secondments is within services’ other income.
22. 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 for monitoring staffing costs is the total expenditure and the variance shown in Table 6.
23. The year to date staffing budget as at 31 August 2015 is £126.0m and the expenditure incurred is £124.7m. Table App 2 shows services forecast -£2.5m underspend on employment costs by the year end. As at 31 August 2015, the council employed 7,233 FTE contracted staff, against 7,935 budgeted FTEs, accounting for about 91% of total staffing costs.

Table 6: Staffing costs and FTEs to 31 August 2015

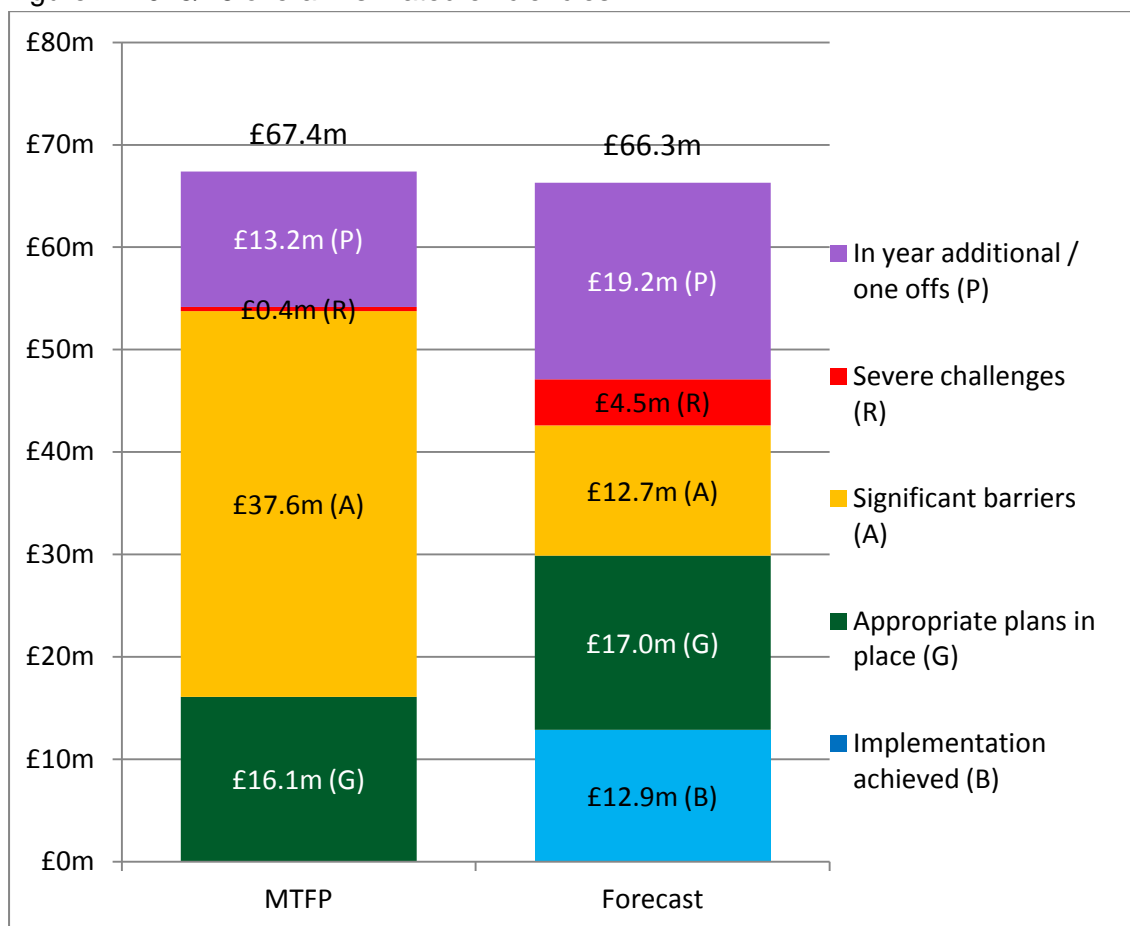
Service	YTD <----- Staffing spend by category ----->						Budgeted FTE	Occupied contracted FTEs
	staffing budget £m	Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m		
Economic Growth							1	0
Strategic Leadership	0.2	0.2	0.0	0.0	0.2	0.0	2	0
Adult Social Care	24.5	22.1	1.2	0.9	24.2	-0.3	1,925	1,616
Children's Services	18.9	16.1	2.4	1.1	19.6	0.7	1,108	991
Services for Young People	5.9	5.7	0.0	0.3	5.9	0.1	395	366
Strategic Services	1.1	1.2	0.0	0.0	1.2	0.1	52	67
Schools & Learning	19.2	18.3	0.1	0.4	18.7	-0.5	1,332	1,239
Delegated Schools					0.0	0.0	0	0
Community Partnership & Safety	0.5	0.5	0.0	0.0	0.5	0.0	24	29
Coroner	0.2	0.1	0.1	0.0	0.2	0.0	1	2
Cultural Services	7.7	6.8	0.0	0.6	7.4	-0.3	520	510
Customer Services & Directorate Support	1.9	1.8	0.1	0.0	1.9	0.0	112	98
Emergency Management	0.2	0.2	0.0	0.0	0.2	0.0	12	16
Magna Carta	0.0	0.0	0.0	0.0	0.0	0.0	0	0
Surrey Fire & Rescue Service	11.5	10.7	0.0	0.8	11.5	0.0	675	637
Trading Standards	1.3	1.2	0.0	0.0	1.2	-0.1	100	92
Environment & Planning	3.7	3.4	0.1	0.1	3.7	0.0	215	172
Highways & Transport	6.1	5.4	0.2	0.1	5.7	-0.4	313	300
Public Health	1.2	1.0	0.0	0.1	1.1	-0.1	51	44
Central Income & Expenditure	0.0	0.2	0.0	0.0	0.2	0.2	0	0
Communications	0.5	0.4	0.0	0.0	0.4	0.0	23	24
Finance	2.4	2.3	0.0	0.0	2.3	-0.1	101	104
Human Resources & Organisational Development	2.3	2.1	0.0	0.0	2.1	-0.1	104	101
Information Management & Technology	5.1	4.3	0.9	0.0	5.2	0.2	221	198
Legal & Democratic Services	2.2	2.0	0.1	0.0	2.1	-0.2	130	116
Policy & Performance	1.1	1.0	0.1	0.0	1.1	0.0	42	38
Procurement	1.4	1.2	0.0	0.0	1.3	-0.1	57	54
Property	3.5	3.4	0.2	0.0	3.6	0.0	177	180
Shared Service Centre	3.5	3.1	0.0	0.0	3.2	-0.4	242	241
Total	126.0	114.8	5.5	4.4	124.7	-1.3	7,935	7,233

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

Efficiencies

24. MTFP 2015-20 incorporates £67.4m of efficiencies in 2015/16. Against this, the council forecasts achieving £66.3m by year end, an under achievement of £1.1m. Figure 1 summarises services' efficiency targets, their forecasts for achieving the efficiencies and the risks to achieving them.

Figure 1: 2015/16 overall risk rated efficiencies



25. 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.
26. 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, Property and Surrey Fire & Rescue are supporting their programmes with additional in year and one off efficiencies.
27. The next section sets out significant variances in efficiencies forecasts, their impact on the council's overall position and services' actions to mitigate adverse variances.

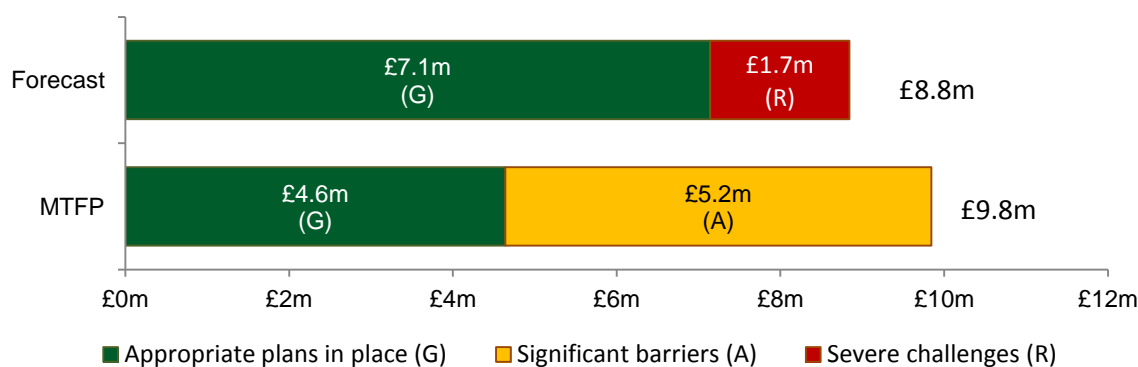
Table 7: 2015/16 Efficiency programme

Service	MTFP £m	Forecast sustainable £m	Forecast one offs £m	Overall variance £m
Adult Social Care	37.3	21.8	15.8	0.2
Children's Services	0.3	0.3		0.0
Services for Young People	1.9	1.9		0.0
Schools & Learning	9.8	8.8		-1.0
Cultural Services	0.6	0.6		0.0
Customer Services & Directorate Support	0.2	0.2		0.0
Surrey Fire & Rescue Service	1.6	1.4	0.2	0.0
Environment & Planning	6.4	3.6	2.6	-0.1
Highways & Transport	1.7	1.7		0.0
Central Income & Expenditure	0.9	0.8		-0.1
Communications	0.1	0.1		0.0
Finance	0.7	0.7		0.0
Human Resources & Organisational Development	0.8	0.8		0.0
Information Management & Technology	0.6	0.6		0.0
Legal & Democratic Services	0.5	0.5		0.0
Policy & Performance	0.1	0.1		0.0
Procurement	0.1	0.1		0.0
Property	3.4	2.8	0.6	0.0
Shared Service Centre	0.1	0.1		0.0
Total	67.4	47.1	19.2	-1.1

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

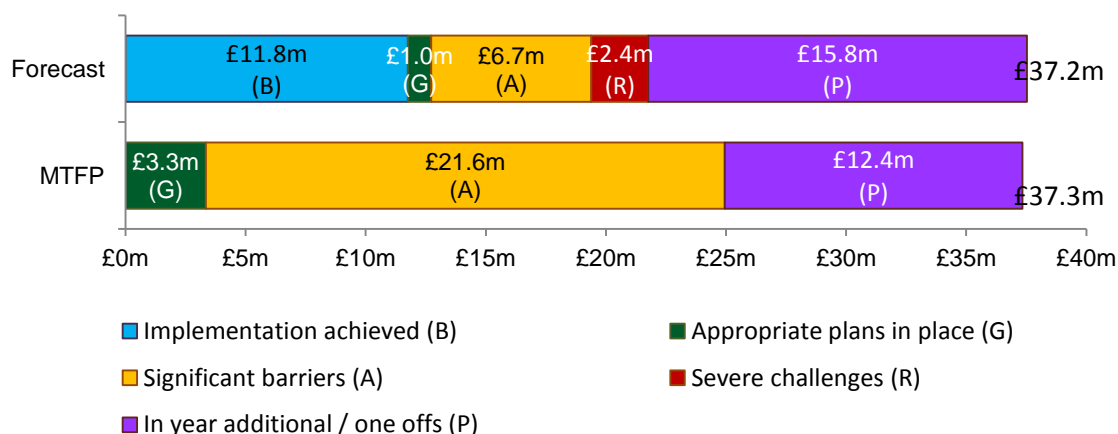
Significant variances in services' efficiencies & service reductions

Schools & Learning



28. Schools & Learning currently anticipates -£1.0m underachievement of early years services' efficiencies as consultation delays mean the efficiencies planned for 2015/16 will not be achieved in full.

Adult Social Care



29. As at 31 August 2015, ASC forecasts a £0.1m shortfall against its savings target. However, this comprises some significant variances. ASC forecasts a £3.0m underachievement for continuing savings, mainly due to difficulties delivering stretch FFC savings and the strategic shift from residential care for people with learning disabilities service users. ASC is considering how it will recover the position to avoid pressures on 2016/17's budget.
30. A forecast £3.4m overachievement of additional in-year savings is offsetting the continuing savings underachievements. The one-off savings are mainly due to a forecast surplus of reclaims received from individuals who have not needed to use the full amount of their Direct Payments and further staff vacancies above budgeted levels. The additional vacancies are not planned, but where they occur they are being used to help manage ASC's overall budget position.

CAPITAL

31. 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.
32. As at 31 August 2015, the revised full year capital budget is £174.1m. In May and June 2015 Cabinet approved £17.4m carry forwards from 2014/15 and £22.5m reprofiling of 2015/16 into future years. Table App 3 summarises movements in the capital budget to 31 August 2015. Significant movements in July and August are the Lindon Farm acquisition (£1.5m) and third party contributions to schools (£0.8m).
33. Table 8 compares the current forecast expenditure for the service capital programme and long term investments of £188.4m to the revised full year budget of £174.1m.

Table 8: Forecast capital expenditure 2015/16

	Current full year budget £m	Apr - Aug actual £m	Sep - Mar projection £m	Full year forecast £m	Full year variance £m
Schools basic need	57.8	34.9	22.9	57.8	0.0
Highways recurring programme	33.5	21.6	11.9	33.5	0.0
Property & IT recurring programme	25.6	9.2	16.2	25.4	-0.2
Other capital projects	57.2	18.6	34.1	52.7	-4.5
Service capital programme	174.1	84.2	85.1	169.3	-4.7
Long term investments	0.0	1.5	17.6	19.1	19.1
Overall capital programme	174.1	85.7	102.7	188.4	14.4

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

34. Approved Investment Strategy spending is expected to be £19.1m in 2015/16 and total capital expenditure £188.4m. Table 9 shows significant variances to the service capital programme.

Table 9: Significant variances to the service capital programme

	to 30 June £m	to 31 August £m
Additional costs of Guildford Fire Station due to flooding and delays from archaeological finds earlier in the year.	0.3	0.0
Closed landfill sites	-0.4	-0.4
Fire reconfiguration and training investment		-1.2
Merstham Library & Youth		-1.0
SEN Strategy		-0.9
EPM- Projects- Schools		-0.5
Land acquisition for waste		-0.5
IT Investment		-0.2
Other insignificant variances		-0.1
Capital variance	-0.1	-4.7

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

Appendix to Annex

Updated budget - revenue

- App 1. The council's 2015/16 revenue expenditure budget was initially approved at £1,671.3m. Adding virement changes in April to August increased the expenditure budget at the end of August to £1,674.0m. Table 1 shows the updated budget.
- App 2. 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 3. 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. Virements above £500,000 require the approval of the relevant Cabinet Member. There were no virements above £500,000 in July and August 2015.
- App 4. 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
Quarter 1 movements	-2.4	2.7	-0.3	0.0	99
July & August movements					
Internal service movements	-0.4	0.4		0.0	31
Cabinet approvals	0.0	0.0		0.0	2
Funding changes	-0.1	0.1		0.0	1
Total July and August movements	-0.5	0.5	0.0	0.0	32
August approved budget	-1,670.3	1,682.3	-8.3	3.7	132

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

- App 5. 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 August 2015

	Year to date			Full year			
	Budget £m	Actual £m	Variance £m	Budget £m	Remaining forecast £m	Projection £m	Variance £m
Income:							
Local taxation	-257.5	-259.2	-1.7	-642.1	-384.5	-643.7	-1.6
Government grants	-379.7	-373.4	6.3	-885.1	-506.2	-879.6	5.5
Other income	-57.3	-70.4	-13.1	-143.1	-85.9	-156.3	-13.2
Total income	-694.5	-703.0	-8.5	-1,670.3	-976.6	-1,679.6	-9.3
Expenditure:							
Staffing	126.0	124.7	-1.3	311.8	184.6	309.3	-2.5
Service provision	340.9	346.0	5.2	893.1	562.3	908.4	15.3
Non schools sub-total	467.0	470.7	3.9	1,205.0	746.9	1,217.8	12.8
Schools expenditure	199.0	199.0	0.0	469.0	270.0	469.0	0.0
Total expenditure	666.0	669.9	3.9	1,674.0	1,016.9	1,686.8	12.8
Movement in balances	-28.5	-33.2	-4.6	3.7	40.3	7.1	3.4

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

Updated budget – capital

App 6. Cabinet approved £17.4m carry forward of scheme budgets requested in 2014/15's Outturn report and £22.3m reprofiling of 2015/16 capital spending by Property and Information Management & Technology into future years in May 2015's budget monitoring report. Table App 3 summarises the capital budget movements for the year. The most significant virements in July and August are the Lindon Farm acquisition (£1.5m) and third party contributions to schools (£0.8m).

Table App 3: 2015/16 Capital budget movements

	to 31 May £m	to 30 June £m	to 31 August £m
MTFP (2015-20) (opening position)	176.2	176.2	176.2
Approved budget movements:			
Carry forwards from 2014/15	17.4	17.4	17.4
Business Services - reprofile to future years	-22.5	-22.5	-22.5
Weybridge Library - reprofile to future years	-0.1	-0.1	-0.1
Schools projects	0.3	0.3	0.6
Lindon Farm, Alford Cranleigh			1.5
Third party delegated school contributions			0.8
Highways		0.1	0.1
Newlands Corner			0.1
In year budget changes	-4.9	-4.7	-2.2
2015/16 updated capital budget	171.4	171.5	174.1
In year budget changes funded by:			
Third party contributions			0.8
Borrowing and reprofiling to future years	-4.9	-4.7	-3.0

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