

Business Services

Revenue Summary

1. Services successfully reviewed staffing structures and processes in 2014/15 and achieved £2.6m of 2015/16 savings last year. The services expect these savings to continue and will also constantly challenge their service delivery to achieve further demanding efficiency savings targets.
2. The year to date variance is -£1m, an increase of -£0.3m since last month. The full year forecast is an underspend of -£0.6m, which is no change from last month.
3. The largest year to date is in HR & OD which includes the council's training budgets, the majority of training delivery is on track however the profile of spend is not even, which accounts for a year to date variance of -£0.4m. The service also has staffing vacancies, causing a year to date variance of -£0.1m, this will be used to provide the required resources to assist CSF. The planned maintenance works at County Hall have started a little later than anticipated causing a Property Services' year to date variance of -£0.2m. The other major year to date variance is in Finance, -£0.3m, this is reflected in the full year forecast.
4. There are no changes to the full year forecast variance of -£0.6m. As reported last month there are ongoing savings to the audit fee and insurance premiums. There are one-off underspends in HR&OD, following commissioning delays to training, and in Finance due to maternity leaves and successful income generation.

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)	-7,814	-7,807	8	-17,750	-17,245	505
Grant	0	-269	-269	0	-319	-319
Total Income	-7,814	-8,075	-261	-17,750	-17,563	186
Staffing	18,142	17,637	-505	43,383	42,880	-504
Non-staffing	20,513	20,231	-283	53,243	52,931	-313
Total Expenditure	38,655	37,867	-788	96,627	95,811	-816
Total Business Services Net Expenditure	30,841	29,792	-1,049	78,877	78,247	-630

Policy Budget	Year to Date			Full Year		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Property						
Building Running Costs	7,982	7,571	-411	20,197	20,198	0
Property Projects	648	1,104	456	1,525	1,524	0
Support & Management	2,796	2,540	-255	7,111	7,111	0
Total Property	11,426	11,216	-210	28,833	28,833	0
Information Management & Technology						
Support & Delivery	3,406	3,644	238	8,174	8,406	232
Network Contracts	1,623	1,458	-165	3,894	3,651	-243
Design & Build	3,026	2,984	-42	7,263	7,235	-27
Project Office	1,485	1,536	51	5,265	5,229	-36
Management & Business Change	372	442	70	856	930	74
Total IMT	9,912	10,064	152	25,452	25,452	0
Human Resources and Organisational Development						
HR & OD Staffing	1,889	1,779	-110	4,589	4,589	0
HR & OD Delivery	1,561	1,188	-373	3,960	3,861	-100
Total HR & OD	3,451	2,968	-483	8,549	8,449	-100
Finance						
Finance	2,201	1,980	-221	5,282	4,952	-330
Insurance	1,310	1,163	-147	3,144	2,945	-200
Total Finance	3,511	3,142	-369	8,426	7,896	-530
Shared Services						
Income Management	281	265	-16	675	653	-21
Procure to Pay	407	391	-17	1,031	1,015	-16
HR and Payroll	-221	-178	43	930	968	38
Customer and Improvement	708	637	-71	1,700	1,700	0
Total Shared Services	1,175	1,115	-60	4,336	4,336	0
Procurement & Commissioning	1,367	1,288	-79	3,281	3,280	0
Total Business Services Net Expenditure	30,841	29,792	-1,049	78,877	78,247	-630

Efficiencies

5. 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 as Property Services will not be able to control the demand for copies and volumes will not be known until all printers are installed later this year.

Table 2: 2015/16 Progress on Efficiencies

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 Summary

6. The capital budget this year is £108.6m, an increase of £1.7m since last month. Two new schemes have been added to the Property Services capital programme: the acquisition of property to support Adult Social Care (£1.5m) and a scheme to generate an additional capital receipt (£0.2m). The Service's capital budget includes the Schools Basic Need (SBN) programme of £57.8m.
7. The year to date spend is slightly ahead of target. At year end services expect to re-profile £4.1m of spend into future years.
8. As a result of tight management Property Services has successfully delivered the new Spelthorne SSS under budget by -£0.1m.
9. The Schools & Learning Service is considering the optimum options for delivering its SEN strategy, this has led to delays to delivering the Property elements (-1.2m). Property expects that £1m of the Merstham Regeneration scheme spend will be in future years. The Spelthorne Fire Station scheme is likely to commence in January 2016 causing a -£0.9m re-profile of spend. Part of the land payments for waste scheme (-£0.5m) is likely to be incurred in future years. IMT are making savings to IT backup and storage facilities and to some of the staff devices being rolled out. This has led to lower than anticipated IT equipment costs this year (-0.2m). This will be used in future years to increase the number of IT users and specification as per the IT strategy.

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	33,772	34,866	1,094	57,800	57,800	0
Schools DDA	11	28	17	466	466	0
Schools Capital Maintenance	5,932	3,291	-2,641	12,685	12,685	0
Recurring Prog - Schools	5,943	3,319	-2,624	13,151	13,151	0
Fire Risk / minor works / DDA	60	23	-37	636	636	0
Carbon Reduction	637	538	-99	1,585	1,585	0
Capital Maintenance	880	3,358	2,478	6,310	6,310	0
Recurring Prog - Non-Schools	1,577	3,919	2,342	8,531	8,531	0
SEN Strategy	1,093	1,114	21	2,049	1,171	-878
Portesbury	2,720	2,720	0	3,978	3,978	0
Replace Aged Modular Buildings	204	338	134	1,014	1,014	0
Other Schools Projects	222	165	-57	1,485	1,035	-450
Projects - Schools	4,239	4,337	98	8,526	7,198	-1,328
Fire Projects	1,657	1,122	-535	3,830	2,675	-1,155
Gypsy Sites	725	954	229	1,200	1,200	0
Land Payments for Waste	3,253	3,253	0	3,798	3,253	-545
Regeneration Projects	1,420	796	-624	3,506	2,506	-1,000
Projects to Reprovision & Deliver Capital I	70	225	155	875	875	0
Acquisition Payments for ASC	1,484	1,484	0	1,484	1,484	0
Other Non-School Projects	29	374	345	531	602	71
Projects - Non-Schools	8,638	8,208	-430	15,224	12,595	-2,629
Total Property	54,169	54,649	480	103,232	99,275	-3,957
Information Management & Technology						
IMT Equipment Replacement Reserve	623	732	110	1,494	1,302	-192
IMT Project Investment	1,266	1,266	0	3,038	3,038	0
Adults Social Care Infrastructure	241	0	-241	578	578	0
Other IMT Projects	111	111	0	266	266	0
Total IMT	2,240	2,109	-131	5,376	5,184	-192
Total Business Services	56,409	56,758	349	108,608	104,459	-4,149

Chief Executive's Office

Revenue Summary

10. The directorate is currently projecting an underspend of £0.4m against a total revenue budget of £26.4m. This is due to a projected underspend against the Libraries budget of £0.2m as a result of staff vacancies following its restructure, Magna Carta budget of £0.1m, plus the accumulation of other variances across the directorate totalling £0.2m. These are partly offset by a projected legal pressure of £0.1m. The Library Service is currently evaluating invest to save schemes to utilise their underspend in preparation for future efficiency savings.
11. 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. Central Communications has an underspend of £0.1m due to delays in the utilisation of the cross service publicity budget.
12. There have been no changes to the budget in this period

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	(1,996)	(2,238)	(242)	(4,699)	(4,979)	(269)
Other Income	(4,076)	(3,861)	214	(9,893)	(10,401)	(509)
Total Income	(6,071)	(6,099)	(28)	(14,591)	(15,369)	(778)
Expenditure						
Staffing	11,899	9,178	(439)	28,556	28,232	(325)
Non Staffing	5,879	5,260	185	12,474	13,291	680
Total Expenditure	17,778	17,524	(254)	41,030	41,386	355
Net position	11,707	11,425	(282)	26,439	26,017	(422)

	YTD Budget	YTD Actual	YTD Variance	Full Year Budget	Full Year Projection	Full Year Variance
	£000	£000	£000	£000	£000	£000
Strategic Leadership	186	200	14	446	446	0
Strategic Leadership	186	200	14	446	446	0
Magna Carta	594	547	(47)	800	700	(100)
Magna Carta	594	547	(47)	800	700	(100)
Emergency Management	236	225	(11)	567	535	(32)
Emergency Management	236	225	(11)	567	535	(32)
Communications Team	488	441	(47)	1,171	1,149	(22)
Central Communications	276	163	(113)	663	637	(25)
Surrey Matters	96	66	(30)	229	229	0
Communications	860	670	(190)	2,063	2,016	(47)
Legal Services	1,796	1,703	(94)	4,181	4,310	129
Democratic Services Team	692	676	(16)	1,662	1,607	(55)
Vol & Community Sector Support	440	443	(3)	484	484	0
Member Allowances & Expenses	911	874	(37)	2,223	2,218	(5)
Local Elections	16	0	(16)	16	16	0
Legal & Democratic Services	3,856	3,695	(161)	8,566	8,636	69
Corporate Policy & Performance	664	618	(45)	1,548	1,550	2
Corporate Subscriptions	189	189	0	189	189	0
Economic Growth	717	716	(1)	1,721	1,691	(30)
Projects (SFBB & SEEC & PSTN)	30	21	(9)	90	90	0
Audit	267	276	9	640	614	(26)
Policy & Performance	1,868	1,821	(47)	4,189	4,134	(54)
Libraries	4,015	3,675	(340)	9,637	9,414	(223)
Surrey Arts	205	503	298	491	491	0
Heritage	400	476	75	961	968	7
Adult & Community Learning	(357)	(124)	233	(856)	(856)	0
Registration & Nationality Service	(220)	(304)	(84)	(580)	(591)	(11)
Supporting Cultural Services	65	42	(22)	155	125	(30)
Cultural Services	4,108	4,268	160	9,808	9,550	(258)
Chief Executive's Office	11,707	11,425	(282)	26,439	26,017	(422)

Efficiencies

Table 5: 2015/16 Efficiency Position

Service	Description	MTFP 2015/16	Forecast 2015/16	Variance 2015/16	RAG
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	

13. 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 – July YTD & committed £000s	Aug- Mar remaining forecast £000s	Full Year Forecast £000s	Full Year Variance £000s
Community Buildings Grant scheme	150	150	0	150	0
Superfast Broadband	2,647	-724	3,371	2,647	0
Magna Carta	187	116	71	187	0
Libraries – Member Funded	1	0	1	1	0
Libraries: (Planning Infrastructure Contributions)	0	46	-46	0	0
Total	2,985	-411	3,396	2,985	0

14. 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. The YTD expenditure is showing as negative for SFBB. This is due to the estimated accrual for last financial year being higher than the costs finally charged. This will reduce as future expenditure is incurred.

Central Income & Expenditure

Revenue Summary

15. The year to date underspend of -£3.0m is primarily caused by £1.8m variance in the business rates income collected from borough and district councils. This is caused by the final agreed schedule for business rates being higher than the estimate used to produce the budget due to higher than expected returns being reported by the borough and district councils on their statutory returns. Also the profiling of the payments changed following and updated payment profile from CLG meaning more income was received in June and July than the budgeted profile. Over the course of the year the total variance is expected to be £1.6m.
16. There is also a £1.4m variance on Government Grants. This comes from the payment profile of the RSG grant from CLG changing so it does not match the budgeted profile. Over the course of the year the RSG payments will equal the budget.
17. The interest payable budget variance of £0.7m is because the budget is profiled to match when 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.
18. There is a year to date under spending on the Redundancy and Compensation budget of -£0.5m. Service restructuring plans to meet MTFP savings are developed during the year and the timing of any redundancies will occur throughout the year. At present this budget is forecast to have a small under spending at the year end.
19. The final agreed schedule of business rates income collected from borough and district councils is £1.6m higher than the budget figure. This is due to the budget being a best estimate at the time. The final schedule is agreed based on the NNDR returns from the borough and district councils. There are currently no other 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.
20. The staffing costs within the Central Income and Expenditure budget are the protected element of salaries arising from service restructures. Where a member of staff accepts redeployment to a lower graded post, their salary is protected for one year with the protected element being charged centrally. In the previous two years expenditure on this budget had fallen nearly to zero, but is now picking up. The current forecast is for expenditure of £150,000 this year, although the use of this budget could. This will lead to an underachievement of the MTFP savings target, although it is expected to be off-set by an under spending on the Redundancy & Compensation budget.

Table 7: 2015/16 Revenue position

	Year to Date			Full Year			
	Budget	Actual	Variance	Remaining forecast			Variance
				Budget	spend	Projection	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Government Grants	-114,091	-115,510	-1,419	-237,248	-358,986	-237,248	0
Other income	-257,724	-259,508	-1,783	-642,549	-429,190	-644,149	-1,600
Income	-371,816	-375,018	-3,202	-879,797	-788,176	-881,397	-1,600
Staffing		38	38		112	150	150
Non staffing	1,655	1,863	208	51,055	93,872	50,905	-150
Expenditure	1,655	1,901	246	51,055	93,984	51,055	0
Total	-370,160	-373,116	-2,956	-828,742	-694,192	-830,342	-1,600
Total on Dashboard	-112,623	-113,875	-1,252	-186,642	-265,634	-186,642	0
Council Tax Income	-239,170	-239,119	51	-598,000	-358,881	-598,000	0
Business Rates	-18,368	-20,122	-1,755	-44,100	-69,678	-45,700	-1,600
Revised Total	-370,160	-373,116	-2,956	-828,742	-694,192	-830,342	-1,600

	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	-239,170	-239,119	51	-598,000	-358,881	-598,000	0
Business Rate Income	-18,368	-20,122	-1,755	-44,100	-69,678	-45,700	-1,600
Government Grants	-114,091	-115,510	-1,419	-237,248	-358,986	-237,248	0
Interest Receivable	-187	-266	-79	-449	-632	-449	0
Total Income	-371,816	-375,018	-3,202	-879,797	-788,176	-881,397	-1,600
<u>Expenditure:</u>							
Staffing Costs		38	38		112	150	150
Pensions Backfunding	4,740	4,722	-19	11,332	17,942	11,332	0
Redundancy & Compensation	2,161	1,642	-519	6,225	4,433	6,075	-150
Other Initiatives				-1,500	-3,000	-1,500	0
Land Drainage Precept	563	563	0	1,125	1,688	1,125	0
Transfer from Provision					0	0	0
Contribution to/from Reserves	-4,300	-4,300	0	-4,300	-4,300	-4,300	0
Revenue Contributions to Capital					0	0	0
Interest Payable	-1,509	-825	683	12,922	26,669	12,922	0
Minimum Revenue Provision (MRP)				25,251	50,502	25,251	0
Write Offs		62	62		-62	0	0
Total expenditure	1,655	1,901	246	51,055	93,984	51,055	0
Net position	-370,160	-373,116	-2,956	-828,742	-694,192	-830,342	-1,600

Efficiencies

Table 8: 2015/16 Efficiency position

MTFP Description	MTFP 2015/16 £000	MTFP RAG	Latest 2015/16 £000	Latest RAG
Protected salaries	-447	G	-300	G
Synergies from incorporating Public Health	-500	A	-500	A
	-947		-800	

21. Central Income and Expenditure has two savings to find, totalling just under £1m in 2015/16.
22. 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. As described above, expenditure on this budget has increased this year and will now not achieve the full saving.
23. 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 within 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.

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