

Budget monitoring period 5 2016/17 (August 2016)

Summary recommendations

Cabinet is asked to note the following.

1. Forecast revenue budget outturn for 2016/17 is a +£6.0m overspend (paragraph 1).
2. Forecast efficiencies and service reductions for 2016/17 is £75.8m (paragraph 30).
3. Revised budgeted full time equivalent staff numbers (paragraph 25).
4. Revised fees and charges for: cycle training (paragraphs 38 to 40) and traffic signal switch out (paragraphs 41 to 43)

Revenue summary

Surrey County Council set its gross expenditure budget for the 2016/17 financial year at £1,686m. A key objective of MTFP 2016-21 is to increase the council's overall financial resilience. This includes making efficiencies totalling £83.5m during 2016/17.

As at 31 August 2016, services forecast +£6.0m year end overspend (+£7.5m increase since 30 June 2016) and achieving £75.8m efficiencies (down from £83.5m as at 30 June 2016). The net overspend mainly relates to: +£7.4m net forecast overspend in Adult Social Care (paragraphs 8 to 13); +£3.3m overspend in Children's Services (paragraphs 14 and 15); offset by -£2.6m underspend from higher than budgeted retained business rates income and reduced interest charges (paragraph 16); -£0.9m underspend in Schools & SEND (paragraph 17) and small underspends in other services.

In addition, the Schools & SEND (Special Educational Needs & Disabilities) service has highlighted risks to achieving a balanced outturn position.

All other services are on track to achieve their planned efficiencies. It is vital services achieve their savings to ensure the council maintains a balanced budget and achieves a sustainable financial position in future years.

The council aims to smooth resource fluctuations over its five year medium term planning period. To support 2016/17, Cabinet approved use of £24.8m from reserves and carry forward of £3.9m to fund continuing planned service commitments. The council continues to maintain £21.3m in general balances.

In February 2016, Cabinet approved the council's Financial Strategy 2016-21. The Financial Strategy aims to:

- secure the stewardship of public money;
- ensure financial sustainability and
- enable the transformation of the council's services.

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 £638m capital programme in MTFP 2016-21. As at 31 August 2016, services forecast spending £151m against the £156m current 2016/17 budget and £236m in total, including long term investments.

As part of increasing the council's overall financial resilience, it plans to invest £86m in long term capital investment assets in 2016/17 to add to the £120m invested in the period to 31 March 2016 (paragraphs 36 and 37).

Revenue budget

1. As at 31 August 2016, the year to date budget variance is +£6.7m and services forecast a +£6.0m revenue budget variance at year end. The overall forecast overspend is mainly due to:
 - +£7.4m forecast overspend in Adult Social Care (ASC), including +£2.8m demand pressures, +£3.0m Family, Friends and Community increasing price pressures in the market, +£1.3m change to health and social care integration savings, +£1.3m contractual commitments and +£1.1m other pressures, partially offset by -£2.2m forecast underspend due to lower than anticipated cost of assessments for Deprivation of Liberty Safeguards (DoLS);
 - +£3.3m forecast overspend in Children's Services due to demand, including adding: +£2.2m pressure for more social work capacity from permanent staff and locums; and +£1.2m costs of additional placements.
 - -£2.6m forecast underspend in Central Income & Expenditure from -£1.5m higher business rates receipts and -£1.1m reduced interest charges due to changes to the Treasury Management Strategy agreed by county council in July 2016.
 - -£0.9m forecast underspend in Schools & SEND (Special Educational Needs and Disabilities) due to underspends on central budgets and overspends on transport.
2. Although ASC is undertaking further work to recover its financial position, at present there are not specific actions identified. The issues involved affect ASC's achievement of its continuing efficiencies. This means unless the council finds compensating continuing efficiencies, a significant efficiencies shortfall will continue into 2017/18 and subsequent years.
3. In March 2016, Cabinet approved the council's 2016/17 revenue expenditure budget at £1,686.0m. Changes in the first five months of 2016/17 to reflect agreed carry forwards and other budgetary adjustments reduced the expenditure budget as at 31 August 2016 to £1,682.7m. Table 2 shows the updated budget, including services' net expenditure budgets (gross expenditure less income from specific grants and fees, charges and reimbursements) and funding of £672.2m from local taxation and £24.8m from reserves.

Revenue budget monitoring position

4. Table 1 summarises the council's year to date and forecast year end gross income and expenditure positions compared to the full year revised budget. The full year revised net expenditure budget to be met from reserves is £24.8m. The actual year to date total net expenditure is -£66.4m. This compares to the profiled, budgeted year to date net expenditure of -£73.1m. The difference between the two is +£6.7m year to date overspend (increased from balanced as at 30 June 2016). This is summarised in Table 1 below and in more detail in Table App1 in the Appendix.

Table 1: 2016/17 revenue budget subjective summary as at 31 August 2016

Subjective summary	Full year revised budget £m	YTD actual £m	Full year projection £m	Full year variance £m
Gross income	-1,657.9	-744.9	-1,666.8	-8.9
Gross expenditure	1,682.7	678.5	1,697.5	14.8
Total net expenditure	24.8	-66.4	30.8	6.0

Note: * Profiled year to date net budget is -£73.1m compared to actual net expenditure of -£66.4m
All numbers have been rounded - which might cause a casting difference

5. In the appendix, Table App1 outlines the updated revenue budget by service after in year budget virements and carry forward of budgets from the 2015/16 financial year.
6. Table 2 shows the revenue budget position analysed by services and the council's general funding sources. For each service, the table shows the net expenditure position (gross expenditure less income from specific grants and fees, charges and reimbursements). The council's general funding sources include general government grants, local taxation (council tax and business rates) and planned use of reserves.
7. Table 2 shows all services, other than Adult Social Care and Children's Services, are on track to achieve a balanced outturn or underspend in 2016/17. General funding shows a favourable forecast variance for business rates income.

Table 2: 2016/17 updated revenue budget forecast as at 31 August 2016

Service	Full year revised budget £m	YTD actual £m	Full year projection £m	Full year variance £m
Economic Growth	1.7	0.3	1.7	0.0
Strategic Leadership	1.0	0.4	1.0	0.0
Adult Social Care	368.5	165.0	375.9	7.4
Children's and Safeguarding services	97.8	41.0	101.1	3.3
Commissioning & Prevention	37.8	14.3	37.5	-0.3
Schools & SEND (Special Educational Needs & Disabilities)	63.1	25.6	62.2	-0.9
Delegated Schools	0.0	0.0	0.0	0.0
Community Partnership & Safety	3.7	1.0	3.7	0.0
Coroner	1.8	0.7	1.8	0.0
Cultural Services	9.6	4.2	9.4	-0.1
Customer Services	3.5	1.3	3.5	0.0
C&C Directorate Support	1.0	0.5	1.0	0.0
Emergency Management	0.5	0.1	0.4	-0.1
Surrey Fire & Rescue Service	33.2	14.0	33.3	0.1
Trading Standards	2.0	0.8	1.9	-0.1
Environment & Planning	79.7	34.2	79.6	-0.2
Highways & Transport	44.9	16.8	44.9	0.0
Public Health	0.3	0.1	0.3	0.0
Central Income & Expenditure	56.5	-1.3	55.4	-1.1
Communications	2.1	0.8	2.1	0.0
Finance	3.1	1.1	3.1	0.0
Human Resources & Organisational Development	4.3	1.4	4.3	0.0
Information Management & Technology	13.0	4.9	13.0	0.0
Legal & Democratic Services	8.5	3.3	8.2	-0.2
Strategy & Performance	1.7	0.8	1.6	-0.1
Procurement	0.9	0.3	0.9	0.0
Property	20.9	6.4	20.9	0.0
Orbis Joint Operating Budget	38.0	14.4	37.7	-0.3
Business Operations	0.2	0.1	0.2	0.0
Total services' net revenue expenditure	899.3	352.5	906.8	7.5
General funding sources				
General Government grants	-202.3	-85.6	-202.3	0.0
Local taxation (council tax and business rates)	-672.2	-333.4	-673.7	-1.5
Total general funding	-874.5	-419.0	-876.0	-1.5
Total movement in reserves	24.8	-66.4	30.8	6.0

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

Significant revenue budget variances

Adult Social Care - +£7.4m overspend (+£7.4m increase since 30 June 2016)

8. Adult Social Care is currently forecasting an adverse year end variance of +£7.4m, as many of the areas highlighted as risks in previous months are now becoming issues. The service will continue to explore options to reduce this overspending over the coming months. The principal reasons for this variance are described below.
9. The Family, Friends & Community programme continues to face challenges in reducing the cost of new care packages in the context of increasing price pressures in the market and (as in previous years) not fully achieving the 20% stretch target. This is causing a +£3.0m pressure on this budget.
10. Demand for care across all categories continues to rise, and now at a faster rate than anticipated in setting the budget (7% rather than 4%), which is making achievement of the full demand management savings plan challenging. This is leading to a forecast overspend of +£1.8m and +£1.0m additional year to date costs due to demand pressures continuing to increase above budgeted levels.
11. Considerable work is continuing on health and social care integration. The development of Sustainability and Transformation Plans is shifting the focus of this and changing the nature and timing of the planned savings. Savings on this in 2016/17 are expected to be +£1.3m less than originally envisaged.
12. In addition to these challenges with savings plans, contractual commitments for the provision of some Learning Disability services have increased leading to a forecast overspend of +£1.3m and other pressures, particularly on staffing budgets, total a further +£1.1m.
13. Partially off-setting these pressures is a forecast underspend of -£2.2m against the budget set for conducting Deprivation of Liberty Safeguard (DoLS) assessments. This is due to the cost of assessments being lower than previously anticipated.

Children's Services - +£3.3m overspend (+£3.3m increase since 30 June 2016)

14. Demand for Children's Services continues to increase. Improvements such as creating a Multi Agency Safeguarding Hub (MASH) are progressing with the intention of reducing longer term demand. However demand for services particularly care for looked after children (LAC) and unaccompanied asylum seekers exceeds that planned. This additional demand is leading to the following budget pressures.
 - +£1.3m need for 27 more posts increase in social work capacity than budget.
 - +£1.2m additional placement costs, as the demand for significantly more expensive residential placements is rising much more quickly (63) than those planned (46). Currently 221 children are in ongoing placements compared to a budgeted figure of 204.
 - +£0.6m care for a high level of asylum seeking children following the demand increases seen over the past 18 months. With world events, numbers are not expected to fall. Although the Home Office has increased the level of funding, this only applies to new cases from 1 July 2016.
 - +£0.9m cost pressure from 91 locums within the service (although this is projected to reduce). On average, locums cost £20,000 a year more than permanent staff.

15. These pressures are in part offset by -£0.7m savings elsewhere including from investment in the social work academy starting part way through the year and additional income from the adoption service.

Central Income & Expenditure - -£2.6m underspend (-£1.1m increase since 30 June 2016)

16. As at 31 August 2016, Central Income & Expenditure (CIE) forecasts -£2.6m year end underspend. This is due to:

- -£1.5m higher forecast business rates income than budgeted as a result of the final 2015/16 business rates receipts being greater than forecast; and
- -£1.1m forecast savings on the interest payable budget from lower interest rates and the use of short term borrowing enabled by changes to the Treasury Management Strategy approved by Full Council in July 2016.

Schools & SEND - -£0.9m underspend (-£0.9m increase since 30 June 2016)

17. Within the overall Schools & SEND (Special Educational Needs and Disabilities) forecast underspend position, there are some significant forecast variances.

- +£0.7m overspend on transport overall, including: +£0.8m SEND transport, which remains an area of concern following the £1.5m overspend in 2015/16; +£0.3m overspend on alternative provision; and -£0.4m underspend on mainstream transport.
- -£1.4m underspend on centrally held budgets, following reviews to identify non-essential spend. In particular, the service is unlikely to need the budget covering the risk of legislative reforms, demographic pressures and excess inflation.

Areas to be aware

18. At this point in the financial year, services may yet encounter delivery challenges, which present risks to their 2016/17 outturn positions.

Children, Schools & Families – Schools & SEND

19. Budget pressures of between £3m and £5m are emerging in the high needs block and early years in Schools & SEND. The service is working to confirm the forecasts reflecting placement decisions from September 2016.

Revolving Infrastructure & Investment Fund

20. Table 3 shows the council forecasts generating net income of -£1.5m in 2016/17 (after subtracting funding costs and other expenses) by the joint venture project to deliver regeneration in Woking town centre, from various property acquisitions made for future service delivery and from the Halsey Garton group. The council anticipates transferring the net income to the Revolving Infrastructure and Investment Fund at the year end.

21. Capital expenditure in 2016/17 includes equity investment and loans to the Halsey Garton group, development of the former Thales site in Crawley, further loans to the Woking Bandstand Joint Venture Company and other town centre development projects.

Table 3: Summary revenue and capital position as at 31 August 2016

	YTD actual	Full year forecast
Revenue	£m	£m
Income	-3.2	-9.4
Expenditure	0.0	0.6
Net income before funding	-3.2	-8.8
Funding costs	2.8	7.3
Net revenue income after funding	-0.4	-1.5
Capital		
Expenditure	64.4	85.6

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

Staffing costs

22. 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.

23. 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.

24. 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.

25. While the council's overall staffing budget has not changed, there have been some changes to services' budgeted FTEs. Cultural Services' FTE staffing figure has changed from 507 shown in MTFP 2016-21 to 546. This is due to a change in the employment contracts of tutors from bank staff, to contracted staff working annualised hours. This increased the number of FTE staff posts in Cultural Services by 39. As part of restructuring of council wide communications, five FTE have moved from Children, Schools & Families to Communications. The revised budgeted FTE figures shown in Table 5 incorporate these changes. The council's total full year staffing budget for 2016/17 is currently £273.9m based on 7,123 budgeted FTEs.

26. The council has 586 live vacancies, where it is actively recruiting. 486 of these vacancies are in social care.

Table 4: Full time equivalents in post and vacancies as at 31 August 2016

	FTE
Budget	7,123
Occupied contracted FTEs	6,403
Live vacancies (i.e. actively recruiting)	586

27. Table 5 shows staffing cost as at 31 August 2016 against service budgets and analysed among the three staff categories of contracted, bank and agency staff. Table

5 also shows services' budgeted FTEs. Budget variances can arise for several reasons including: the budget for some FTEs is held in a different service from where the postholder works in the organisation (for example the HR&OD budget covers apprentices' costs, but the occupied FTEs appear in the service they work in); secondees' budgeted posts 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.

28. 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 is cost, using the total expenditure and variance shown in Table 5 and Table App3 in the appendix.

29. Table 5 shows the year to date budget as at 31 August 2016 is £112.9m and expenditure incurred is £113.5m. Table App 3 shows the +£0.6m year to date overspend on employment costs and services' forecast +£1.2m overspend at year end.

Table 5: Staffing costs and FTEs to 31 August 2016

Service	----- Staffing spend by category ----->						Amended Budgeted FTE	Occupied contracted FTEs
	YTD staff budget £m	Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m		
Strategic Leadership	0.4	0.4	0.0	0.0	0.4	0.0	10	9
Adult Social Care	23.8	22.4	1.1	0.8	24.4	0.6	1,860	1,528
Children, Schools & Families ¹	48.1	43.7	3.5	1.9	49.1	0.9	2,956	2,729
Community Partnership & Safety	0.5	0.4	0.0	0.0	0.4	-0.1	25	26
Coroner	0.2	0.1	0.1	0.0	0.2	0.1	2	2
Cultural Services	7.9	7.1	0.0	0.7	7.8	-0.1	507	520
C&C Directorate Support	0.4	0.5	0.0	0.0	0.5	0.1	26	24
Emergency Management	0.2	0.2	0.0	0.0	0.2	0.0	12	11
Surrey Fire & Rescue Service	11.5	11.2	0.0	0.6	11.9	0.4	648	610
Trading Standards	1.4	1.2	0.1	0.0	1.3	-0.1	75	65
Environment & Planning	4.1	4.0	0.0	0.1	4.1	0.0	215	200
Highways & Transport	6.4	5.5	0.1	0.1	5.6	-0.8	370	307
Public Health	1.2	1.0	0.0	0.0	1.0	-0.1	48	41
Central Income & Expenditure	0.0	0.0	0.0	0.0	0.0	0.0		0
Communications	0.5	0.5	0.0	0.0	0.6	0.0	22	26
Customer Services	1.5	1.3	0.1	0.0	1.4	-0.1	107	93
Legal & Democratic Services	2.3	2.0	0.0	0.0	2.1	-0.2	129	108
Strategy & Performance	0.8	0.8	0.0	0.0	0.8	0.0	27	30
Orbis and Business Services	1.8	1.6	0.2	0.0	1.8	0.0	84	74
Service net budget	112.9	103.7	5.5	4.2	113.5	0.6	7,123	6,403

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

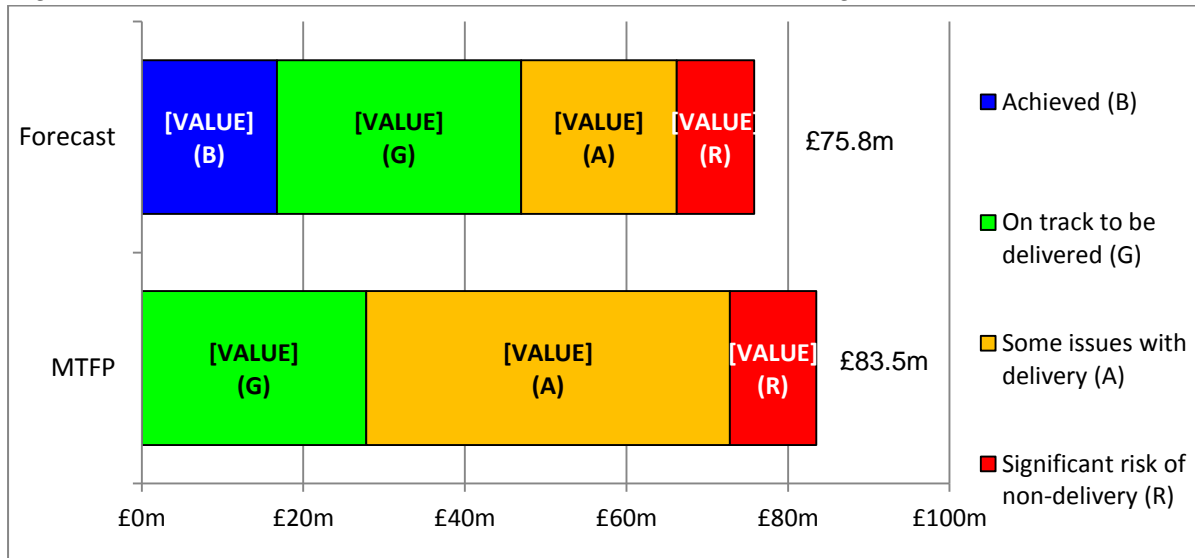
1 - Children, Schools & Families' FTEs include: Children's & Safeguarding, Commissioning & Prevention, Schools & SEND and Delegated Schools

2 - The Orbis Joint Operating Budget is formally delegated to the Joint Operating Committee for management (including staffing), as such the council's monitoring only reports its contribution to the joint budget. The cost of staff that are managed by the partnership but sit outside of the Joint Operating Budget, for example staff delivering the Local Assistance Scheme, is reported in the table above

Efficiencies

30. MTFP 2016-21 incorporates £83.5m efficiencies in 2016/17. Council services currently forecast to achieve £75.8m of this target (down from £83.5 as at 30 June 2016) and recognise the level of risk involved in delivery. Figure 1 summarises services' overall efficiency targets, their forecasts for achieving the efficiencies and the risks to achieving them.

Figure 1: 2016/17 overall risk rated efficiencies as at 31 August 2016

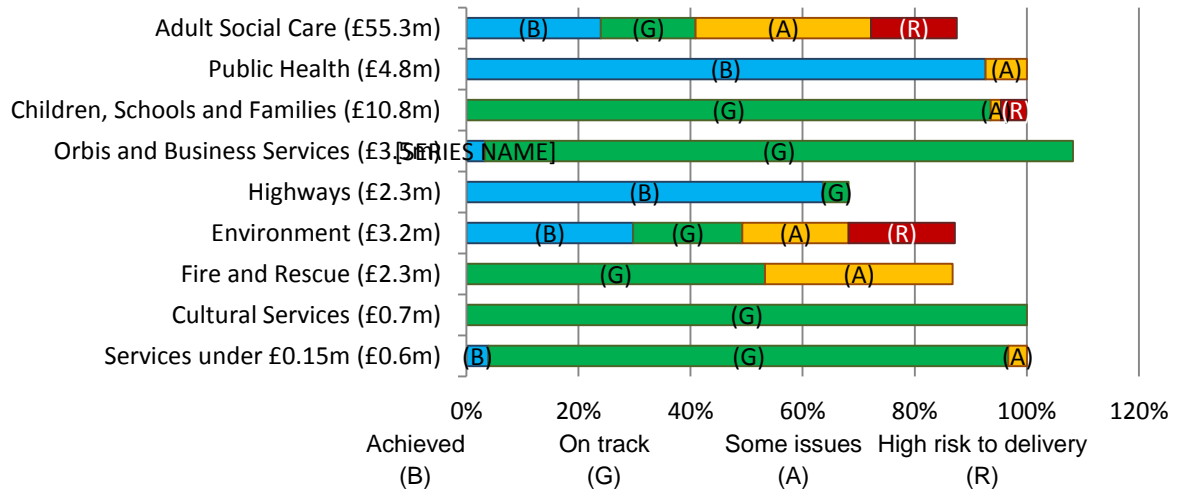


31. Each service's assessment of its progress on achieving efficiencies uses the following risk rating basis:

- 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.

32. Figure 1 shows that overall there is a projected shortfall in the delivery of efficiencies of £7.7m. Figure 2 shows services' risk ratings for achieving their efficiencies.

Figure 2: 2016/17 efficiencies risk ratings by service as at 31 August 2016



Capital budget

33. The council demonstrated its firm long term commitment to supporting Surrey's economy by setting a £638m 2016-21 MTFP capital programme.
34. Cabinet approved the original capital expenditure budget for 2016/17 at £194.4m and carry forward of £13.0m scheme budgets requested in the 2015/16 Outturn report. In July 2016, Cabinet approved -£55.8m reprofiling from the 2016/17 capital budget into the remaining years of the capital programme. As at 31 August 2016, capital virements totalled £4.6m.
35. Table 6 shows the construction of the current year capital expenditure budget from the MTFP budget.

Table 6: Capital expenditure budget 2016/17 as at 31 August 2016

	MTFP budget	2015/16 budget c/fwd	Budget virement	Reprofile	Current full year budget
	£m	£m	£m	£m	£m
School basic need	75.6	-8.1		-34.2	33.2
Highways recurring programme	58.1	-0.2	-0.4		57.6
Property & IT recurring programme	25.7	4.5	-0.4	0.5	31.2
Other capital projects	35.0	16.8	5.3	-22.1	34.2
Service capital programme	194.4	13.0	4.6	-55.8	156.2
Long term investments					0.0
Overall capital programme	194.4	13.0	4.6	-55.8	156.2

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

36. Table 8 compares the current full year overall capital programme budget of £156.2m to the current forecast expenditure for the service capital programme of £150.5m and the current forecast expenditure for the overall capital programme, including long term investments of £236.1m.

Table 8: Forecast capital expenditure 2016/17

	Current full year budget	Apr - Aug actual	Sep - Mar projection	Full year forecast	Full year variance
	£m	£m	£m	£m	£m
Schools basic need	33.2	17.1	16.2	33.2	0.0
Highways recurring programme	57.6	15.0	42.6	57.6	0.0
Property & IT recurring programme	31.2	12.4	18.8	31.2	0.0
Other capital projects	34.2	7.2	21.4	28.6	-5.6
Service capital programme	156.2	51.7	98.9	150.5	-5.6
Long term investments	0.0	21.3	64.3	85.6	85.6
Overall capital programme	156.2	73.0	163.1	236.1	80.0

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

37. Approved Investment Strategy spending is expected to be £85.6m in 2016/17 and total capital expenditure £236.1m. There are no significant variances to the current service capital programme

Changes to fees and charges

Cycle training fees

38. In line with the policy on approving changes to fees and charges, the Director of Finance has approved fees to schools for cycle training for implementation from

1 September 2017. The early decision provides time to notify schools of the fee changes. Table 9 shows the current and revised fees.

Table 9 Current and revised cycle training fees

Academic year	Level 2 fee	Level 2 free school meal eligible	Level 1 fee	Level 1 free school meal eligible	Pedals	Pedals free school meal eligible
2015/16	£23.00	£11.50	£11.00	£5.50	£3.00	£3.00
2016/17*	£23.00	£11.50	£11.00	£5.50	£3.00	£3.00
2017/18	£30.00	£11.50	£15.00	£5.50	£5.00	£3.00

* The fee levels charged in 2015/16 were held at the same level for 2016/17

39. Cycle training is funded from the Department for Transport Bikeability Grant for Level 2 and fee income. The grant funding is reducing from the 2017/18 academic year, therefore it is necessary to increase fees to enable training to be delivered to a similar number of trainees in future. The fees for pupils eligible for free school meals will be held at the current rates.

40. The yield from these changes is estimated at £63,000 in a full academic year and £36,000 in the financial year 2017/18.

Traffic signal switch out fees

41. In line with the policy on approving changes to fees and charges, the Director of Finance has approved fees charged to external organisations such as utility or construction companies, for switching permanent traffic signals off and back on to accommodate temporary traffic signals, (known as traffic signal switch outs) for implementation from 1 November 2016. Table 10 shows the current and revised fees.

Table 10 Traffic signal switch out fees

Current fees by type	Fee
Switch Out Monday to Friday 08:00 to 18:00	£89.00
Switch Out during the weekday period between 18:00 and 06:00	£176.00
Switch Out during a weekend or Public Holiday period	£233.00
Revised fees by type	Fee (£)
Switch Out during normal working hours (Monday to Friday 08:00 to 18:00)	£198.00
Switch Out outside of normal working hours	£276.00

42. The cost to Surrey County Council of providing this service is a rechargeable cost. This activity should be cost neutral to the Council. These fees and charges have been reviewed in order to ensure that the council is recovering its costs.

43. The increased yield from updating these fees is estimated at £24,000 in a full financial year and £10,000 once implemented in the current financial year.

Appendix to Annex

Efficiencies & service reductions

App 1. The main significant variation in services' progress against their MTFP 2016-21 efficiencies & service reductions as at 31 August 2016 was for Adult Social Care of £6.9m. This is due to issues affecting: demand management savings, Friends, Family & Community programme and health and social care integration as outlined in paragraphs 8 to 13 of the main annex.

Updated budget - revenue

App 2. The council's 2016/17 revenue expenditure budget was initially approved at £1,686.0m. Adding virement changes in the first five months of 2016/17 reduced the expenditure budget as at 31 August 2016 to £1,682.7m. Table 1 shows the updated budget. Table App1 shows the original and updated income and expenditure budgets, including the overall net expenditure the council plans to meet from reserves.

Table App1: 2016/17 updated revenue budget as at 31 August 2016

	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	0.0	0.0	1.7	0.0	1.7	1.7
Strategic Leadership	0.0	0.0	0.0	1.0	0.0	1.0	1.0
Adult Social Care	-60.9	-3.6	-64.5	429.5	3.4	433.0	368.5
Children, Schools & Families*	-167.7	3.8	-163.9	365.3	-2.8	362.5	198.7
Delegated Schools	-457.7	-0.1	-457.8	457.7	0.2	457.9	0.1
Community Partnership & Safety	-0.2	0.0	-0.2	3.0	0.9	3.9	3.7
Coroner	0.0	0.0	0.0	1.8	0.0	1.8	1.8
Cultural Services	-13.1	0.1	-13.1	22.7	-0.1	22.6	9.6
Customer Services	-0.1	0.0	-0.1	3.6	0.0	3.6	3.5
Directorate Support	-0.1	0.0	-0.1	1.1	0.1	1.1	1.0
Emergency Management	0.0	0.0	0.0	0.5	0.0	0.6	0.5
Surrey Fire and Rescue Service	-13.6	-0.8	-14.4	46.8	0.8	47.5	33.2
Trading Standards	-1.7	0.0	-1.7	3.7	0.0	3.7	2.0
Environment & Planning	-6.5	-1.9	-8.5	86.3	1.9	88.2	79.7
Highways & Transport	-7.6	-0.1	-7.6	51.9	0.6	52.5	44.9
Public Health	-38.5	0.0	-38.5	38.8	0.0	38.8	0.3
Central Income & Expenditure	-0.5	-0.3	-0.8	60.0	-2.8	57.3	56.4
Communications	0.0	0.0	0.0	2.0	0.1	2.2	2.1
Orbis - Joint and Managed	-17.2	6.2	-11.0	97.7	-6.3	91.4	80.4
Legal & Democratic Services	-0.5	0.0	-0.6	9.0	0.0	9.0	8.5
Strategy & Performance	-0.8	0.0	-0.8	1.9	0.5	2.5	1.7
Service total	-786.7	3.3	-783.4	1,686.0	-3.3	1,682.7	899.3
Government grants	-202.3		-202.3			0.0	-202.3
Local taxation	-672.2	0.0	-672.2		0.0	0.0	-672.2
Grand total	-1,661.2	3.3	-1,657.9	1,686.0	-3.3	1,682.7	24.8

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

App 3. When Council agreed the MTFP in February 2016, 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 4. 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 two virements above £500,000 in the first five months of 2016/17.

App 5. Table App 2 summarises the movements to the revenue expenditure budget.

Table App 2: Movements in 2016/17 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m	Virement Count
MTFP	-1,661.2	1,686.0		24.8	
Carry forwards		3.9	-3.9	0.0	1
	-1,661.2	1,689.9	-3.9	24.8	1
Q1 movements	5.7	-5.7		0.0	75
July and August movements					
Internal service movements	-1.2	1.2	0.0	0.0	10
Cabinet approvals	-1.3	1.3	0.0	0.0	2
Funding changes	0.0	0.0	0.0	0.0	2
Total July and August movements	-2.5	2.5	0.0	0.0	14
August approved budget	-1,657.9	1,686.6	-3.9	24.8	85

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

App 6. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2016/17 Revenue budget forecast position as at 31 August 2016

	Year to date			←	Full year			→
	Budget £m	Actual £m	Variance £m		Budget £m	Remaining forecast £m	Projection £m	
Income:								
Local taxation	-333.3	-333.4	-0.1	-672.2	-340.3	-673.7	-1.5	
Government grants	-352.0	-341.5	10.5	-837.6	-492.0	-833.5	4.1	
Other income	-59.9	-70.0	-10.1	-148.1	-89.5	-159.5	-11.4	
Income	-745.2	-744.9	0.3	-1,657.9	-921.8	-1,666.8	-8.8	
Expenditure:								
Staffing	112.9	113.5	0.6	273.9	161.6	275.1	1.2	
Service provision	363.5	369.3	5.8	951.0	595.1	964.5	13.5	
Non schools sub-total	476.5	482.9	6.4	1,224.9	756.7	1,239.6	14.8	
Schools expenditure	195.6	195.6	0.0	457.9	262.3	457.9	0.0	
Total expenditure	672.1	678.5	6.4	1,682.7	1,019.0	1,697.5	14.8	
Movement in balances	-73.1	-66.4	6.7	24.8	97.2	30.8	6.0	

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

Updated budget – capital

App 7. Cabinet approved £13.0m carry forward of scheme budgets requested in 2015/16's Outturn report and approved -£55.8m reprofiling of expenditure from 2016/17 to the remaining years of the 2016-21 capital programme in July 2016. Capital virements in July and August 2016 amount to a net total £2.3m to add to £2.3m virements made in April to June. Table App 4 summarises the capital budget movements for the year.

Table App 4: 2016/17 Capital budget movements as at 31 August 2016

	1 Apr 2016 £m	30 Jun 2016 £m	31 Aug 2016 £m
MTFP (2016-21) (opening position)	194.4	194.4	194.4
In year changes			
Carry forwards from 2015/16		13.0	13.0
Property Services' reprofiling		-55.4	-55.4
Environment & Infrastructure reprofile		-0.5	-0.5
Reprofiling & carry forwards		-42.9	-42.9
Virements			
In year changes			
Limmerlease (Watts Gallery Trust)		1.0	1.0
Woodfuel & timber grant		0.3	0.3
Lindon Farm		-1.8	-1.8
Salt barns		0.2	0.2
Horley Library		2.1	2.1
IMT contributions to Equipment Replacement Reserve		0.5	0.5
Schools contributions			1.3
East Surrey Integrated Care unit - ASC			0.9
Local transport systems			0.2
In year budget changes		2.3	4.6
2016/17 updated capital budget		153.8	156.2

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