

**Cabinet 27 March 2018****Item 8 - Medium Term Financial Plan – Annex 1 - minor alterations**

There are few alterations to the annex.

1: Reclassification of income from Reimbursement and recovery of costs to Income from investments. (page 3) **(page 49 of your agenda pack)**

2: Note to the Budget movements. The clarification of the local taxation changes and major government grant movements has been added. The 2018/19 business rates pilot affects the movement with large swings both from initiation (2018/19) and reversion (2019/20 onwards) (page 6) **(page 52 of your agenda pack).**

3: Schools & SEND saving - Areas of Focus - Inclusion, Commissioning, Provision, Transition should have been classified as Red - achievement of savings face severe challenges and barriers, instead of Amber (page 30) **(page 76 of your agenda pack).**

NB (I have also attached the amended Page 54 – emailed to Members previously.)

## Overall Council

### Income & Expenditure category summary

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Funding</b>				
Council Tax	-634,867	-658,047	-685,876	-707,323
Council tax - Adult Social Care support	-31,034	-50,938	-51,447	-51,962
Business rates	-52,669	-375,861	-57,872	-58,872
<b>Local taxation support</b>	<b>-718,569</b>	<b>-1,084,846</b>	<b>-795,195</b>	<b>-818,157</b>
Business Rates (+) Tariff / (-) Top-up	-58,552	234,273	-44,842	-44,842
Revenue Support Grant	-28,000	0	0	0
Transition Grant	-12,175	0	0	0
Dedicated School Grants	-507,248	-487,717	-494,728	-494,728
Other UK Government grants	-149,247	-139,919	-134,688	-132,402
<b>Central Government support</b>	<b>-755,222</b>	<b>-393,363</b>	<b>-674,258</b>	<b>-671,972</b>
Capital receipts	0	-15,000	0	0
Contributions and contract income	-58,366	-62,281	-62,370	-62,460
Fire pension employee contributions	-2,630	-2,657	-2,683	-2,710
Partner (non SCC) funding	-1,666	-1,966	-1,840	-1,605
Fees and charges	-97,590	-102,708	-105,108	-107,433
Property income	-8,669	-9,171	-9,314	-9,498
Income from investment	-415	-4,168	-7,468	-7,738
Reimbursements and recovery of costs	-12,498	-14,547	-15,317	-15,530
Discretionary and other service income	-181,834	-197,498	-204,100	-206,974
<b>Total funding</b>	<b>-1,655,626</b>	<b>-1,690,707</b>	<b>-1,673,553</b>	<b>-1,697,103</b>
<b>Expenditure</b>				
Service staffing	277,265	286,828	282,188	283,588
Service non-staffing	1,039,963	1,096,437	1,141,913	1,171,355
Schools - net expenditure	345,063	314,456	321,467	321,467
Pension payments	14,128	14,269	14,412	14,556
Transformational Savings			-86,427	-93,863
<b>Total expenditure</b>	<b>1,676,418</b>	<b>1,711,989</b>	<b>1,673,553</b>	<b>1,697,103</b>
<b>Funded by reserves</b>	<b>20,792</b>	<b>21,282</b>	<b>0</b>	<b>0</b>



## Revenue budget movements

	Note	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Summary budget movement</b>				
<b>Prior year budget</b>		<b>20,792</b>	<b>21,282</b>	<b>0</b>
Local taxation changes	3a	-366,276	289,651	-22,962
Major central government support changes	3b	333,000	-279,115	0
Change to government grants		6,634	4,652	1,941
<b>Funding changes</b>		<b>-26,642</b>	<b>15,188</b>	<b>-21,021</b>
Income inflation		-781	-760	-748
Pay inflation		4,536	4,832	4,834
Contract / market inflation		30,931	26,960	24,606
Inflation		34,686	31,032	28,692
Service Delivery	3c	13,045	14,709	-11,508
Demand		60,948	39,409	28,315
Legislation		-538	23	30
<b>Expenditure pressures</b>		<b>108,141</b>	<b>85,173</b>	<b>45,529</b>
<b>Pressures and changes</b>		<b>81,499</b>	<b>100,361</b>	<b>24,508</b>
Service transformation / efficiency		-64,453	-50,197	-17,062
Service reduction		-1,556	-18	-10
<b>Savings</b>		<b>-66,009</b>	<b>-50,215</b>	<b>-17,072</b>
<b>Transformational Savings</b>			<b>-86,427</b>	<b>-7,436</b>
<b>Capital receipt funding</b>		<b>-15,000</b>	<b>15,000</b>	
<b>Net Budget</b>		<b>21,282</b>	<b>0</b>	<b>0</b>

Note 3a: The 2018/19 Business Rates pilot increases Surrey County Council's retained business rates from £53m 2017/18 to £376m 2018/19. As the pilots are for one year only, in 2019/20 retained business rate revert back to £58m.

Note 3b: The Business Rates pilot moves Surrey County Council from a Business rates Top-up authority (2017/18 -£58.5m) to a tariff authority (2018/19 +£234.3m) and reverting back to a top-up authority (2019/20 -£44.8m).

Note 3c: Service Delivery 2020/21 (-£11.5m): Central Income & Expenditure relates to -£13m. This is due to changes in contribution to / from reserves.

### Savings deliverability category summary

RED – achievement of savings face severe challenges and barriers;	-13,340
AMBER – significant barriers exist to the savings being achieved and the service is developing plans to overcome this;	-26,824
GREEN – savings will be achieved with few internal or external barriers	-25,845
<b>Savings</b>	<b>-66,009</b>



## Schools and Special Educational Needs & Disabilities (SEND)

### Detailed budget movement by year

	2018/19	2019/20	2020/21
	£000	£000	£000
<b>Pressures and changes</b>			
<u>Inflation</u>			
Pay Inflation	559	559	559
Contract / market inflation	1,260	1,260	1,260
Contract / market inflation - DSG	2,599	2,599	2,599
Total inflation	4,418	4,418	4,418
<u>Demand</u>			
General Demographic Growth	1,460	1,460	1,460
Home to School Transport - SEND	2,201	1,985	2,934
<u>Demand - DSG</u>			
General SEND demand pressures	11,972	13,231	2,746
Total demand	15,633	16,676	7,140
<u>Legislation</u>			
Temporary investment in education health and care plan to meet one off conversion demand	-560		
Total legislative	-560		
Virements	-130		
<b>Total Pressures and changes</b>	<b>19,361</b>	<b>21,094</b>	<b>11,558</b>

	2018/19	2019/20	2020/21	RAG
	£000	£000	£000	
<b>Savings</b>				
<u>Service transformation / efficiency</u>				
Managing Market Inflation	-789	-789		A
Home to School Transport - SEND	-1,174	-678	-1,392	A
Productivity Efficiencies	-2,392	-1,110		A
Support Functions Reductions	-75			A
Total Service transformation / efficiency savings	-4,430	-2,577	-1,392	
<u>Funding Changes</u>				
Adjustment to grant funding	-2,000			G
Total funding changes	-2,000			
<u>Savings - High needs DSG</u>				
Managing Market Inflation	-1,628	-1,628	-1,628	A
Areas of Focus - Inclusion, Commissioning, Provision, Transition	-11,649	-14,528	-1,175	R
School redesignations and occupancy	-1,294	-841	-542	A
Service shift of 300 NMI's to inhouse (Free Schools)		1,167	-2,000	
Total savings - High needs DSG	-14,571	-15,830	-5,345	
<b>Total Savings</b>	<b>-21,001</b>	<b>-18,407</b>	<b>-6,737</b>	

### 2018/19 Assessment of achievability of savings

	2018/19	RAG
	£000	
RED – achievement of savings face severe challenges and barriers;	-11,649	R
AMBER – significant barriers exist to the savings being achieved and the service is developing plans to overcome this;	-7,352	A
GREEN – savings will be achieved with few internal or external barriers	-2,000	G
<b>Total Savings</b>	<b>-21,001</b>	