



Council Overview and Scrutiny Committee
12 September 2013

Budget monitoring period 4 2013/14 (July 2013)

Purpose of the report: Scrutiny of the Council's overall 2013/14 budget monitoring position as at the end of July 2013.

Background

- The Council set its five year Medium Term Financial Plan (MTFP) for 2013-18 and 2013/14 revenue budget in the context of the Government's continuing austerity programme, reducing public spending and rising demand for services.
- As reported in the Local Government Peer Review of March 2013, the Council takes a longer term view and multi-year approach to its financial management. The balanced 2013/14 budget includes £68m of efficiencies and service reductions and uses £11m of earmarked reserves and £12m general balances.
- The Council holds a contingency budget against the risk of not making savings and reductions in full. The 2013/14 risk contingency budget is £13m, reflecting the ever increasing need for savings and greater uncertainty around funding.
- Between 2009 and 2012, the Council achieved £225m efficiencies. The Council's MTFP 2013-18 includes plans for £167m efficiencies and service reductions.
- After the first quarter of 2013/14, Cabinet reviewed MTFP 2013-18 and agreed additional savings from 2014/15 onwards. The review identified realistically deliverable savings of £19.5m in 2014/15 and £56.0m for the four years 2014-18.
- In setting the MTFP 2013-18, the Council agreed a five year capital programme to invest £699m. Cabinet approved re-profiling of carry forwards and virements means the revised 2013/14 capital budget is £188.0m.

Revenue budget monitoring summary

- At the end of July 2013, services forecast a total overspend of +£2.0m. This excludes use of the 2013/14 budget's £13m risk contingency and the -£0.8m net income on the Revolving Infrastructure and Investment Fund, which the Council will re-invest in the fund. Applying the risk contingency brings the forecast year end position to -£11.0m underspend.
- The services' forecast overspend is largely due to: Children's Services' delays in achieving efficiencies (+£1.5m) and net additional pressures (+£1.3m); plus support for local bus routes (+£0.6m); offset by underspends within Business Services, Customer & Communities and Central Income & Expenditure.
- One third of Adult Social Care's (ASC) demanding (£46m) savings requirement relies on the success of its new policy to maximise use of social capital. Given the scale of this challenge and that this is the first year of these ambitious plans, some slippage may occur. If that happens, ASC will seek to draw down available

funding to offset it on a one-off basis. £7.5m Whole Systems funding carried forward from previous years has been identified as such a contingency.

- Tables 1 and 2 summarise the budget monitoring position as at 31 July 2013.

Table 1: 2013/14 Revenue Budget - Forecast position as at end of July 2013

	Year to date			Full year budget £m	Aug – Mar forecast £m	Full year projection £m	Full year variance £m
	Budget £m	Actual £m	Variance £m				
Income	-531.8	-535.0	-3.2	-1,665.5	-1,133.0	-1,668.0	-2.5
Expenditure							
Staffing	104.1	96.7	-7.4	312.5	213.6	310.3	-2.2
Non staffing	247.6	251.1	3.5	843.2	585.8	836.9	-6.3
Schools	174.3	175.2	0.9	521.6	346.4	521.6	0.0
Expenditure	526.0	523.0	-3.0	1,677.3	1,145.8	1,668.8	-8.5
Funded by:							
General balances	-5.8	-12.0	-6.2	11.8	12.8	0.8	-11.0

Table 2: 2013/14 Revenue budget – Forecast net positions by directorate

Directorate	Year to date			Full year budget £m	Aug – Mar forecast £m	Full year projection £m	Full year variance £m
	Budget £m	Actual £m	Variance £m				
Adult Social Care	112.7	118.6	5.9	338.0	219.4	338.0	0.0
Children, Schools & Families	59.0	54.5	-4.5	179.0	126.7	181.2	2.2
Schools (gross exp £521.8m)	0.1	0.9	0.8	0.1	-0.8	0.1	0.0
Customer & Communities	20.2	19.7	-0.5	59.9	40.0	59.7	-0.2
Environment & Infrastructure	39.4	37.4	-2.0	126.9	90.4	127.8	0.9
Business Services	25.7	24.0	-1.7	83.1	58.7	82.7	-0.4
Chief Executive's Office	6.4	5.6	-0.8	15.9	10.2	15.8	-0.1
Central Income & Expenditure	-91.6	-94.4	-2.8	-209.8	-115.8	-210.2	-0.4
Service position	171.9	166.3	-5.6	593.1	428.8	595.1	2.0
Local taxation	-177.8	-177.8	0.0	-594.3	-416.5	-594.3	0.0
Risk contingency	0.0	0.0	0.0	13.0	0.0	0.0	-13.0
Overall position	-5.9	-12.0	-6.1	11.8	12.8	0.8	-11.0

Revenue efficiencies monitoring summary

- The MTFP 2013-18 is based on achieving planned efficiencies and reductions in ongoing spending totalling £68.3m in 2013/14 (£167m for 2013-18).
- At the end of July 2013, services forecast to under achieve this target by -£2.1m by year end. The underachievement is due the aforementioned delays within Children Services and bus issues. This position also includes £10.4m ASC savings re-categorised as one-off measures.

Capital programme monitoring summary

- At 31 July 2013, services' forecast capital spending for 2013/14 is -£0.7m underspend. This is mainly due to obtaining planning permission for travellers' sites and telephony upgrades (UNICORN).

Recommendations

- Council Overview and Scrutiny Committee (COSC) to consider the Council's overall financial position forecast for 2013/14 and the implications for services.
- COSC's Finance sub-group to continue to monitor the Council's performance against budget and MTFP 2013-18.

Report contact: Nick Carroll, Finance Manager, Funding and Planning

Contact details: Telephone 020 8541 7918
Email nick.carroll@surreycc.gov.uk

Sources/background papers:

Medium Term Financial Plan 2013-18

Medium Term Financial Plan 2013-18, Quarter One 2013/14 Review
report to Cabinet, 23 July 2013

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