Budget monitoring period 6 2013/14 (September 2013)

Summary recommendations

Cabinet is asked to note the following:

1. forecast revenue budget underspend for 2013/14 of £1.4m on services, adding the unused £13m risk contingency brings this to £14.4m overall (paragraph 1);
2. forecast ongoing efficiencies & service reductions achieved by year end (paragraph 63);
3. forecast capital budget position for 2013/14 (paragraphs 66 to 70);
4. management actions to mitigate overspends (throughout this report).
5. quarter end balance sheet as at 30 September and movements in earmarked reserves and debt outstanding (paragraphs 71 to 78).

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Cabinet is asked to approve the following:

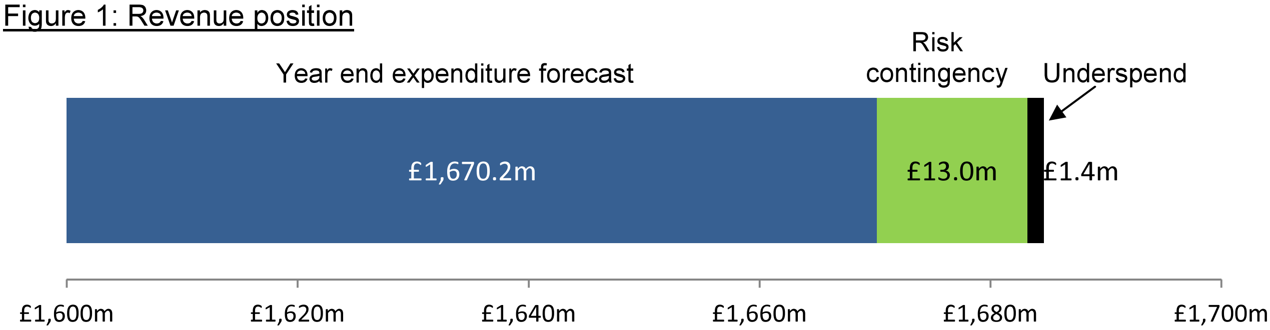
6. request to drawdown the unused 2011/12 Whole System funding (£7.5m) to cover slippage on social capital saving (paragraph 13)

Summary - Revenue

The Council set its budget for the 2013/14 financial year in the context of the Government's continuing austerity programme, with reducing public spending and rising demand for services. In setting a balanced 2013/14 budget, the Council developed plans for efficiencies and service reductions totalling £68m and approved the use of £11m earmarked reserves and £12m general balances. In developing its five year Medium Term Financial Plan (MTFP 2013-18), the Council approved plans to achieve efficiencies and service reductions totalling £167m, following achievement of £225m efficiencies from 2009 to 2012. Cabinet carried out a review of the MTFP after the first quarter of 2013/14. The review identified additional savings services can realistically deliver for 2014-18 of £56.0m (£19.5m in 2014/15).

The Local Government Peer Review of March 2013 recognised the Council's longer term view and multi-year approach to financial management. As part of this, Cabinet approved carry forward of £7.9m underspend from 2012/13 to fund projects and commitments in 2013/14.

Figure 1: Revenue position



At the end of September 2013, services forecast a total underspend of -£1.4m (+£0.6m at the end of August). This excludes use of the 2013/14 budget's £13m risk contingency and -£0.4m net income on the Revolving Infrastructure and Investment Fund, which will be re-invested in the fund.

The overall forecast position is -£14.4m underspend. This links with the corporate strategy of using our resources responsibly.

The slight net forecast underspend on services is a net result of: Adult Social Care slippage implementing social capital strategy (+£2.6m), Children's Services' delays in achieving efficiencies (+£0.5m) and net additional pressures (+£0.2m); plus support for local bus routes (+£0.6m); offset by underspends within Business Services (-£2.5m) and Central Income & Expenditure (-£2.8m).

One third of Adult Social Care's (ASC) demanding (£46m) savings requirement relies on the success of the policy to maximise use of social capital. Given the scale of the challenge for the first year of these ambitious plans, it is not surprising that there has been slippage. To cover this, ASC has requested approval to draw down £7.5m available Whole Systems funding carried forward from previous years to offset it on a one-off basis.

Summary – Efficiencies

A key objective of MTFP 2013-18 is to increase the council's overall financial resilience, including by reducing reliance on government grants. MTFP 2013-18 includes savings and reduction totalling £68.3m in 2013/14 (£167m for 2013-18). At the end of September 2013, services forecast to achieve £63.6m efficiencies by year end. This is an underachievement of £4.7m, up from £2.1m forecast at the end of August. The increase is due to slippage in ASC's innovative social capital
7 strategy. The remainder is due to delays within Children Services and bus issues outlined above.

The overall position on efficiencies also includes £7.7m ASC savings re-categorised as one-off measures. These delayed savings from 2013/14 will need to be made in 2014/15.

Summary - Capital

Part of the corporate vision is to create public value by improving outcomes for Surrey's residents. This vision is at the heart of the capital programme. MTFP 2013-18 set a £699m five year capital programme. Cabinet approved re-profiling of carry forwards and virements means the revised 2013/14 capital budget is £189.8m. At the end of September 2013, services forecast overall capital spending will achieve a -£9.5m underspend by year end (-£2.4m at the end of August).

This is mainly due to delays: acquiring land for waste schemes (-£3.3m), from archaeological finds at Guildford Fire Station (-£3.0m); in deliveries for the fire vehicle and equipment replacement programme (-£1.4m); rephasing some short stay schools (-£0.8m); and obtaining planning permission to improve a travellers' site (-£0.5m).

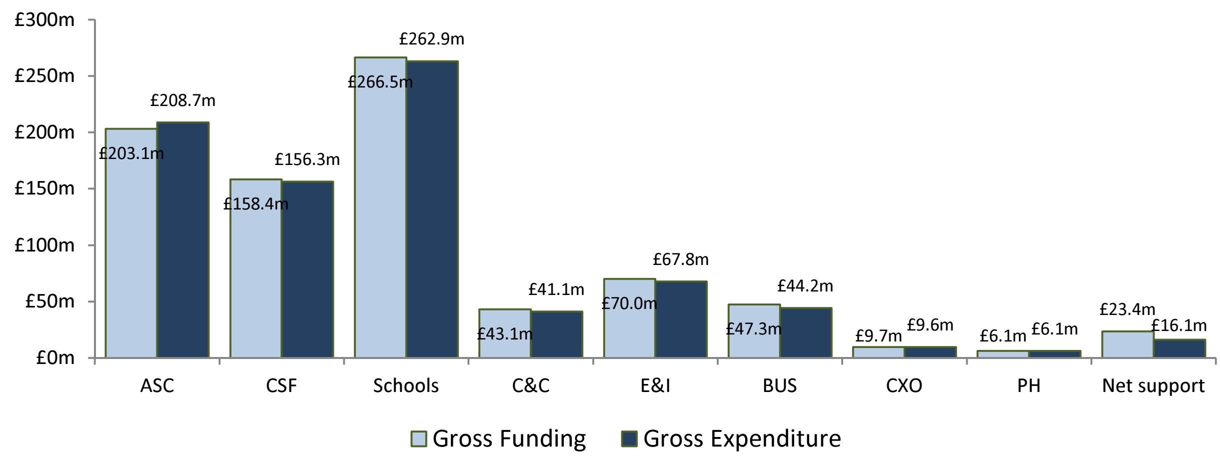
Revenue budget

1. The updated revenue budget for the 2013/14 financial year, including schools, was supported by £23.0m of earmarked and general reserves, plus £7.9m revenue carried forward from 2012/13 to fund committed 2013/14 expenditure. The current projection for the council funded service net revenue budget is -£1.4m underspend. This excludes use of the £13m risk contingency in the 2013/14 budget and the -£0.4m net income on the Revolving Infrastructure and Investment Fund, which the council will re-invest in the fund. The overall forecast year end position for the council is -£14.4m underspend (-£12.4m at the end of August).

2. The year to date budget variance is an underspend of -£14.8m. This is due to the early and additional receipt of specific government grants of nearly -£6m, and government grants for schools budgets of -£3.6m. Schools funding is determined by an agreed formula under statute and expenditure decisions are the responsibility of each school's governing body. 7

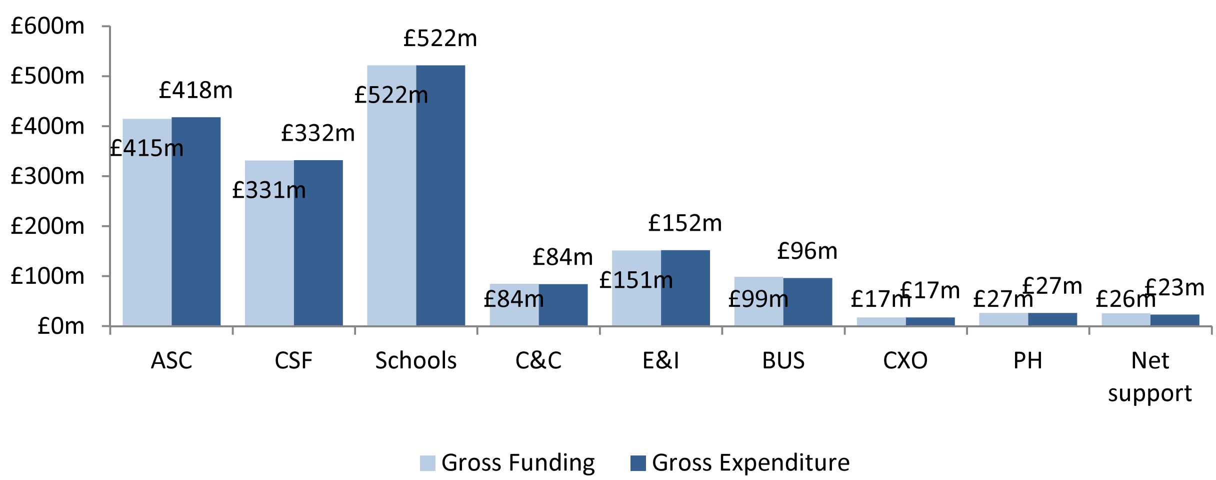
3. Both the year to date and forecast revenue budget positions are shown by directorate in the graphs below. Tables App 3 and App 4 in the appendix to this annex show further details of the year to date and year end forecast positions.

Figure 2: Year to date revenue position



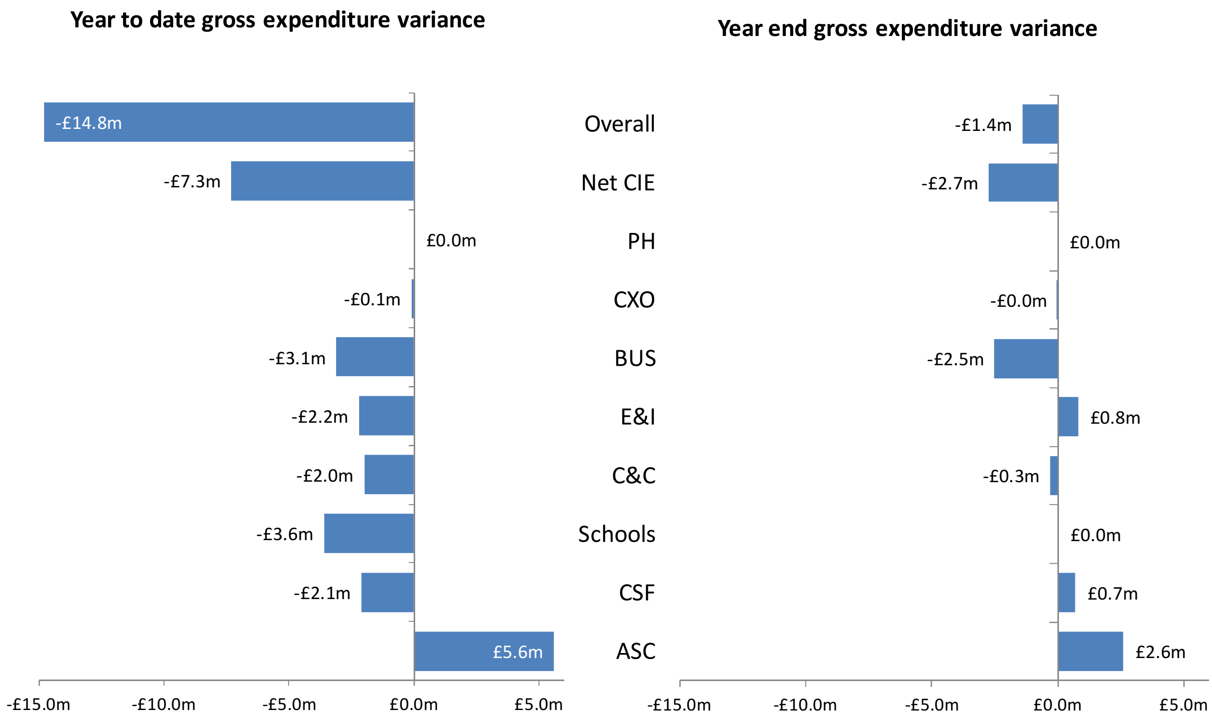
4. Services' year end forecast is a total underspend of -£1.4m (+£0.6m at the end of August)., This excludes use of the 2013/14 budget's £13m risk contingency and -£0.4m net income on the Revolving Infrastructure and Investment Fund, which will be re-invested in the fund. Including the £13m risk contingency makes the overall forecast -£14.4m underspend.

Figure 3: Year end forecast revenue position



5. The slight net forecast underspend on services is a result of: Adult Social Care slippage implementing social capital strategy (+£2.6m); Children's Services' delays in achieving efficiencies (+£0.5m) and net additional pressures (+£0.2m); plus support for local bus routes (+£0.6m); offset by underspends within Business Services (-£2.5m) and Central Income & Expenditure (-£2.8m).

Figure 4: Year to date and forecast year end expenditure variance



6. Below, each directorate reports a summarised income & expenditure statement and service and policy financial information that explain any variances, their impact and services' actions to mitigate any adverse variances.

7. The background information appendix gives the updated budget with explanations of the budget movements.

Adult Social Care

Table 1: Summary of the revenue position for the directorate

Adult Social Care	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Oct – Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Summary by subjective							
Income	-34.3	-34.0	0.3	-68.7	-42.9	-76.9	-8.2
Expenditure	203.4	208.7	5.3	406.8	208.9	417.6	10.8
Net position	**169.1**	**174.7**	**5.6**	**338.1**	**166.0**	**340.7**	**2.6**
Summary by service							
Income	-34.3	-34.0	0.3	-68.7	-42.9	-76.9	-8.2
Older People	79.1	87.4	8.3	158.1	82.6	170.0	11.9
Physical Disabilities	24.4	24.8	0.4	48.9	24.1	48.9	0.0
Learning Disabilities	65.1	63.8	-1.3	130.2	67.9	131.7	1.5
Mental Health	4.6	4.6	0.0	9.2	4.9	9.5	0.3
Other Expenditure	30.2	28.1	-2.1	60.4	29.4	57.5	-2.9
Total by service	**169.1**	**174.7**	**5.6**	**338.1**	**166.0**	**340.7**	**2.6**

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8. The September projected outturn for Adult Social Care is +£2.6m (0.8%) overspend. This represents an increase of £2.6m from last month.

9. The revised full year projection is after careful consideration of the year to date position, which is showing an overspend of £5.6m. The risk of an overspend due to considerable pressures and commensurately demanding savings targets was highlighted during the budget planning process and was also flagged in last month's monitoring report.

10. The projected overspend needs to be set in context of ASC's very challenging savings target of £45.9m. The directorate has made good progress in many of the savings actions and judges that £23.1m of savings have either been achieved or will be achieved without needing further management action. ASC will make every effort to achieve a balanced budget, however the half year position indicates that despite considerable ongoing work to generate further savings, the directorate is unlikely to bring the budget completely back in line by year end.

11. The most significant element of the directorate's savings plans is the social capital agenda, now formally re-launched as Family, Friends and Community Support. It is a new and innovative strategy designed to provide more personalised community support options to individuals requiring care, while at the same time reducing direct costs to the council. ASC is implementing the new strategy and it has been a key driver in the recent Rapid Improvement Events (RIEs) on the social care and financial assessment processes.

12. The social capital savings target for 2013/14 is £15.5m. As at the end of September, ASC forecasts £6.5m of savings meaning slippage of £9.0m is currently projected against the original target. The slippage reflects the amount of cultural and systems change and community development to implement the strategy in full. There are now signs the strategy may be starting to take effect, but it will not be possible to recover the slippage.

13. The Directorate is looking at all possible opportunities to cover the slippage on social capital and smaller shortfalls on some other savings plans. At present the main counter-measure identified is to drawdown £7.5m of unused 2011/12 Whole Systems funding. Previous monitoring cycles have cited this as a possibility. In light of the comprehensive review of the year to date position conducted this month, the Directorate now requests formal Cabinet approval to use the Whole Systems funding to cover the slippage on social capital savings.

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14. The current year end projection relies on the Directorate implementing £20.1m of management action savings plans in the remainder of the financial year. This includes the £7.5m Whole Systems drawdown outlined above, leaving £12.6m of further savings to be delivered between October 2013 and March 2014. Table 2 summarises the management actions included in the September projections.

15. The key driver of the underlying pressures the service faces is individually commissioned care services. The gross spend to date on spot care, excluding Transition, has on average been £21.3m per month for April to September. That compares with £21.4m per month at the end of 2012/13, indicating that while ASC is largely containing new in year demand pressures, expenditure has not yet decreased as planned. Assuming all savings occur as currently forecast or are replaced by other means, then the Directorate can afford to spend only £19.9m per month to achieve an overall balanced budget. Therefore, it needs to reduce expenditure on individually commissioned care services by 6.7%. September's position indicates this reduction is feasible as the monthly spend was £20.2m – the lowest reported month to date by over £1m. At least two more months' data is required to determine whether this is an ongoing reduction or a one-off fluctuation, but it does suggest that the social capital strategy is starting to have a positive impact.

16. The evaluation of whether use of Social Capital has reduced spend on spot care is critical for planning the 2014/15 budget as well as for the 2013/14 outturn.

Table 2:Summary of Adult Social Care Forecast

	£m	£m
ASC MTFP Efficiency Target		**(45.8)**
Demand related savings, including social capital, achieved (or not needing further management action) to date	(1.8)	
Other savings achieved (or not needing further management action) to date	(21.3)	
Total savings achieved (or not needing further management action) to date		(23.1)
Savings forecast in the rest of the year through use of social capital	(6.0)	
Other savings forecast in the rest of the year and included as management actions	(6.6)	
Total savings forecast in the rest of the year		(12.6)
Total forecast savings before draw downs		(35.7)
Planned draw down of 2011/12 Whole Systems funding		(7.5)
Total forecast savings		**(43.2)**
Under / (Over) performance vs MTFP target		2.6

17. On a client group basis, the projected pressures currently appear mainly in Older People. That is largely due to the original allocation of social capital savings targets, which initially expected the majority of social capital savings would be achieved within Older People. This month's review of the social capital strategy and its savings targets indicates ASC will achieve savings much more broadly across the client groups. Therefore a virement is likely during October to move appropriate proportions of the savings targets to other client groups. This will give a truer indication of where pressures lie across the Directorate, but will have no impact on the overall budget monitoring position.

Children, Schools & Families

Table 3: Summary of the revenue position for directorate

Children, Schools & Families	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Oct - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Summary by subjective							
Income	-70.9	-70.6	0.3	-150.8	-81.3	-151.9	-1.1
Expenditure	158.7	156.3	-2.4	330.1	175.6	331.9	1.8
Net position	**87.8**	**85.7**	**-2.1**	**179.3**	**94.3**	**180.0**	**0.7**
Summary by Service:							
Income	-70.9	-70.6	0.3	-150.8	-81.3	-151.9	-1.1
Strategic Services	3.2	2.9	-0.3	5.4	2.1	5.0	-0.4
Children's Services	44.0	45.6	1.6	88.0	45.8	91.4	3.4
Schools and Learning	101.5	96.5	-5.0	214.4	116.5	213.0	-1.4
Services for Young People	10.0	11.3	1.3	22.3	11.2	22.5	0.2
Total by service	**87.8**	**85.7**	**-2.1**	**179.3**	**94.3**	**180.0**	**0.7**

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18. The forecast outturn position for the Children Schools and Families directorate (CSF) is an overspend of £0.7m. This is £1m less than forecast at period five. The main reasons for the overspend is continuing pressures in Children's services and increasing demand within Schools & Learning for transport in relation to children with SEN. This is now offset by an improved trading position for Commercial Services which largely accounts for the reduction in the forecast overspend.

19. The year to date underspend of -£2.1m is mainly due to DSG underspends on nursery provision (-£2.3m) and staffing across the directorate (-£1m) that are reflected in the forecast.

Children's Services

20. In Children's Services the projected overspend has reduced by £0.3m to +£2.6m. The main reasons for this overspend are:

- The services for children with disabilities budgets are overspending by +£1.8m, of which £1.3m relates to the budget reduction for the MTFP efficiency in this service area. This forecast has reduced by £0.3m due to savings on contracts now to be this financial year and CSF heads of service are looking at alternative savings as a key management action.
- The remaining element of the overspend on services for children with disabilities forms part of the overall overspend on agency placements of +£0.4m which has reduced this month. Although the overall number of placements is greater than at the start of the year (212 compared to 205 in March) the number has fallen by 14 since August.
- Area care services forecast an overspend of +£0.5m due to an increase in the instances of court proceedings (144 so far this year, compared to 169 in all of 2012/13) together with an increase in the fees. .
- A +£0.5m overspend is anticipated due to ongoing difficulties recruiting permanent social workers and a resulting reliance on more expensive agency staff. The market for good quality agency staff is increasingly competitive which pushes agency costs even higher. This has been an ongoing problem and CSF has plans in place to improve recruitment and retention of social workers through the career progression framework and the recruitment programme in North East Area to grow our own skilled workforce, though the results of these initiatives will take time to realise.

- The budgets for leaving care and asylum seekers are expected to overspend by +£0.4m as the number of cases continues at a similar level to that experienced in 2012/13 when a similar overspend occurred.
- The pressure on fostering and adoption allowances continues at +£0.4m. The number of foster placements is 23 higher than the number the service budgeted for. In addition the number of Special Guardianship Orders (SGO) continues to increase; the projection assumes an additional 65 SGOs will be made this year compared to 45 in 2012/13.
- Offsetting these overspends are net underspends of -£0.9m in Children's Services. These are planned to continue in order to help alleviate the cost pressures.

Schools and Learning

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21. Schools and Learning forecasts is an underspend of -£1.4m on county funded services.

22. The main pressure on the Schools and Learning budget is an overspend on transport of +£2.1m. This is mainly in relation to SEN (+£1.9m). The forecast is similar to that reported at period five pending greater clarity on the impact of changes to transport patterns at the start of the new academic year. The school transport service already faced a budget pressure of £0.7m, reported as an overspend in the 2012/13 outturn report. In addition to this pupil numbers and costs have continued to rise, particularly around SEN with the total number of pupils transported reaching 2,500 in July, 78 higher than at the same point last year and leading to additional costs of £0.8m. Also there are extra academic days in this financial year adding an additional funding pressure of £0.6m.

23. The head of service is working to confirm the position on demand related SEN service budgets, including transport and other DSG funded SEN services. As in previous years, the start of the new academic year will provide more certainty around actual pupil numbers and the forecasts from October will reflect this more accurate service information.

24. Offsetting the transport overspend is an underspend on centrally held budgets of -£2.1m. This is mainly against the budget for demographics and inflation. Given £7m savings plans, CSF prudently decided to hold this budget centrally to cover pressures arising from demand led budgets where the position and impact of funding changes would not become clear until the start of the new academic year.

25. In addition Commercial Services is projecting a higher than budgeted contribution to corporate overheads of -£0.8m. This projection takes into account the reduced contribution due to the loss of cleaning and catering contracts which is more than offset by improved contract prices and increased school meals income from September 2013.

Services for Young people and Strategic Services

26. Services for Young People forecasts a small +£0.1m overspend at this stage. However this does not include potential savings on the new responsibilities for 16-24 year old young people with special educational needs and disabilities (SEND). Early indications are that demand on this budget will be less than anticipated, the position will be clearer from October when more complete information on the take up of local college places is available.

27. Strategic Services anticipates an underspend of -£0.4m mainly due to recognition that resources set aside for one off service initiatives are now unlikely to be required this financial year.

Schools (delegated budget)

Table 4: Summary of the revenue position for the delegated schools budget

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Oct - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-262.7	-266.4	-3.7	-505.4	-239.0	-505.4	0.0
Expenditure	262.8	262.9	0.1	505.5	242.6	505.5	0.0
Net position	**0.1**	**-3.5**	**-3.6**	**0.1**	**3.6**	**0.1**	**0.0**

28. The position is unchanged since the beginning of the year. The budget has been updated for the recent transfers of Surrey schools to Academy status (-£18.6m) There also were volume related grant changes of +£2.5m. The schools delegated budget will be reviewed in October, after the new school year has commenced. 7

Customer & Communities

Table 5: Summary of the revenue position for directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Oct - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-11.8	-12.6	-0.8	-24.0	-11.9	-24.5	-0.5
Expenditure	42.3	41.1	-1.2	84.0	43.1	84.2	0.2
Net position	**30.5**	**28.5**	**-2.0**	**60.0**	**31.2**	**59.7**	**-0.3**
Summary by service							
Cultural Services	5.4	5.1	-0.3	10.8	5.6	10.7	-0.1
Fire & Rescue	18.1	17.8	-0.3	35.6	17.8	35.6	0.0
Customer Services	2.0	1.9	-0.1	4.0	2.1	4.0	0.0
Trading Standards	1.1	1.0	-0.1	2.2	1.2	2.2	0.0
Community Partner & Safety	2.3	1.2	-1.1	4.1	2.9	4.1	0.0
County Coroner	0.5	0.6	0.1	1.1	0.5	1.1	0.0
C&C Directorate Support	1.1	0.9	-0.2	2.2	1.1	2.0	-0.2
Total by service	**30.5**	**28.5**	**-2.0**	**60.0**	**31.2**	**59.7**	**-0.3**

29. The year to date underspend is -£2.0m, mainly due to the timing of expenditure on third party grants and member allocations within Community Partnership and Safety. Further small underspends exist in fire training and operational communication equipment budgets due to prioritising delivering the resilience project. The remainder is due to: Registration and Trading Standards income already earned; timing of training and web development expenditure, along with the year to date impact of the full year underspend.

30. The directorate currently projects a small underspend of -£0.3m (-£0.2m at the end of August). This is predominantly from early achievement of the 2014/15 MTFP efficiency on Directorate Support costs, due to holding posts vacant and sharing costs (-£0.2m). A further underspend is expected from the continued increase in income generated by Registration (-£0.1m) due in part to the three yearly cycle of venue licensing income. Future MTFP income targets will reflect this appropriately. Legislative changes affect the Coroners service (+£0.1m). The full year pressure that will take effect in 2014/15 is expected to create an ongoing annual pressure in the region of £0.2m.

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Environment & Infrastructure

Table 6: Summary of the revenue position for directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Oct - Mar Forecast	Full Year Projection £m	Full Year Variance £m
Income	-9.4	-8.6	0.8	-18.7	-10.7	-19.3	-0.6
Expenditure	70.8	67.8	-3.0	150.6	84.2	152.0	1.4
Net	**61.4**	**59.2**	**-2.2**	**131.9**	**73.5**	**132.7**	**0.8**
Summary by service							
Environment	28.0	28.4	0.4	61.0	33.1	61.5	0.5
Highways	19.8	18.0	-1.8	44.4	26.6	44.6	0.2
Economy, Transport & Planning	13.5	12.7	-0.8	26.3	13.7	26.4	0.1
Other Directorate Costs	0.1	0.1	0.0	0.2	0.1	0.2	0.0
Total by service	**61.4**	**59.2**	**-2.2**	**131.9**	**73.5**	**132.7**	**0.8**

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

31. The year to date position for Environment & Infrastructure (E&I) is an underspend of £2.2m. This primarily relates to highway maintenance works including road maintenance (which has an additional £5m allocation to address winter damage) local schemes and street lighting (where some works are delayed).

32. The forecast outturn for E&I is an overspend of +£0.8m. Local bus support expects to overspend by +£0.4m as a result of difficulty achieving planned contract savings and also a number of instances where bus routes are no longer commercially viable and need financial support from the council. Waste management budgets also expect to overspend by +£0.5m primarily due to the need for external specialist advice to progress the contract variation. Additional employee costs (+£0.4m) are expected to be largely offset by additional income and recharges later in the year. Highways has incurred +£0.2m additional costs due to the Tour of Britain, including road closures and diversions. A number of underspends across the directorate offset these cost pressures , including economic development initiatives funded through New Homes Bonus grant, which are expected to underspend by -£0.2m. E&I is considering options to bring expenditure in line with budget.

33. The Directorate faces a number of further risks around costs and income this year. These include:

- uncertainty around waste disposal costs which remain dependant on waste volumes and treatments and on the contract variation;
- future arrangements for the payment of fuel duty rebate to bus operators which is due to transfer to local authorities in January 2014; and
- plans to achieve a number of challenging efficiency savings and cost reductions this financial year including reducing contract costs and increasing income and recharges.

Business Services

Table 7: Summary of the revenue position for directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Oct - Mar Forecast	Full Year Projection £m	Full Year Variance £m
Income	-7.1	-8.0	-0.9	-14.7	-7.3	-15.3	-0.6
Expenditure	46.4	44.2	-2.2	97.9	51.8	96.0	-1.9
Net	**39.3**	**36.2**	**-3.1**	**83.2**	**44.5**	**80.7**	**-2.5**
Summary by service							
Property	14.3	13.2	-1.1	32.4	18.1	31.3	-1.1
Information Management & Technology	11.3	10.7	-0.6	23.3	12.6	23.3	0.0
Human Resources & OD	4.2	3.9	-0.3	8.4	4.7	8.6	0.2
Finance	4.4	4.2	-0.2	8.8	4.1	8.3	-0.5
Shared Services	2.1	1.7	-0.4	4.2	2.3	4.0	-0.2
Procurement & Commissioning	1.6	1.7	0.1	3.3	1.6	3.3	0.0
Business Improvement	1.4	0.8	-0.6	2.8	1.1	1.9	-0.9
Total by service	**39.3**	**36.2**	**-3.1**	**83.2**	**44.5**	**80.7**	**-2.5**

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

34. Business Services estimates a revenue underspend of -£2.5m. Business Services has challenging revenue savings targets for this year and next. The service will deliver this year's efficiency savings and aims to bring forward some of next years, one-off revenue savings are also being achieved. The Service has a year to date underspend of -£3.1m, the majority of the underspends are explained by the reasons for the full year forecast variances given below. The year to date underspend within IMT is -£0.6m due to the timing of delivery of projects and an increase in activity is expected in the second half of the year. In addition the service completed phase 5 of its restructure in August and expects future spend will be in line with the budget.

35. The estimated revenue underspend has increased by -£2m compared to last month. The largest change is to the Making a Difference programme which is now expected to underspend by -£1m. There are further savings in Property Services of -£0.6m and a reduction of -£0.2m to the HR forecast overspend. Additional staffing savings have been identified in both Finance and Shared Services.

36. The Making a Difference programme is on track to deliver savings of £6.6m per annum from the office portfolio and has supported staff to work more flexibly with the benefits of new technology and a change in the way we work. The programme started in 2010 and includes implementing Electronic Data & Record Management (EDRM) across the council. EDRM solutions have been implemented for social care activity and will be implemented for the rest of the organisation by IMT alongside a Lotus Notes upgrade, resulting in a Making a Difference saving of -£1m.

37. Property Services is forecasting an underspend of -£1.1m, the increased underspend is mainly as a result of a forecast underspend on utilities of -£0.6m. A combination of factors means the service is predicting a saving on utility usage and associated fees of -£0.6m. Property Services is leading sound energy management and driving down spend against a backdrop of rising prices (there will be a price increase in October, which is predicted to be around 7-10%). This forecast may change if prices rise above this level or if there is a particularly harsh winter. This saving is reflected in the 2014/15 MTFP. In addition, Adult Social Care staff will take more space in district and borough offices to enhance partnership working at a 2013/14 cost of £0.2m. The ongoing full year rent cost of this is £0.1m, the

2014/15 MTFP allows for this expansion. Property Services has successfully appealed against the rateable value of several properties, the largest being County Hall. This has resulted in -£0.2m rebate for these properties. The service has been advised that the remaining rates are set appropriately so ongoing savings are unlikely. The Service is also forecasting to exceed its efficiency saving income target of £0.2m by a further £0.2m. There has been an increase in income from hiring venues for events and additional rental income from properties. This additional saving is included in the 2014/15 MTFP.

38. The HR and Organisational Development forecast overspend has reduced from +£0.4m to +£0.25m. The overspend is mainly because of training and recruitment which the service is addressing for 2014/15. The pressure on recruitment is as a result of continued recruitment activity. The service is reducing costs elsewhere to absorb as much of these costs as possible.

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39. Finance and Shared Services are forecasting an increased underspend of -£0.1m each. Both services have held vacancies in order to meet efficiency savings required in 2014/15.

40. Business Services manages the distribution of the non ringfenced Local Assistance Grant, which the Department for Work and Pensions transferred to local authorities for 2013/14. Only £0.3m of the £1.2m grant has been spent to date. The service is managing the distribution effectively and is keen to ensure that those who require the assistance do receive it and is therefore reviewing several options, such as promoting the grant internally.

Chief Executive's Office

Table 8: Summary of the revenue position for directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Oct - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-14.2	-6.8	7.4	-28.4	-21.2	-28.0	0.4
Expenditure	23.2	15.7	-7.5	44.4	28.3	44.0	-0.4
Net	**9.0**	**8.9**	**-0.1**	**16.0**	**7.1**	**16.0**	**0.0**
Summary by service							
Strategic Leadership	0.3	0.2	-0.1	0.5	0.3	0.5	0.0
Legacy	0.2	0.2	0.0	0.4	0.2	0.4	0.0
Emergency Management	0.2	0.3	0.1	0.5	0.2	0.5	0.0
Communications	1.0	0.9	-0.1	2.0	1.0	1.9	-0.1
Legal & Democratic Services	5.6	5.6	0.0	9.6	4.2	9.8	0.2
Policy & Performance	1.7	1.7	0.0	3.0	1.2	2.9	-0.1
Public Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total by service	**9.0**	**8.9**	**-0.1**	**16.0**	**7.1**	**16.0**	**0.0**
Public Health - Income	-13.5	-6.1	7.4	-27.0	-20.4	-26.5	0.5
Public Health - expenditure	13.5	6.1	-7.4	27.0	20.4	26.5	-0.5
Public Health - net expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0

41. The Chief Executive's Office (CXO) currently projects a balanced budget against a total revenue budget of £16.0m (-£0.2m forecast at the end of August). This is predominantly due to holding vacancies within Policy & Performance in preparation for achieving 2014/15 efficiency savings, offset by pressures in Legal due to the cost and volume of child protection cases.

42. CXO has taken on the council's new responsibility for Public Health (PH) this year. Some uncertainties remain in this first year of Public Health budgets. Nonetheless, PH expects to manage to achieve a balanced position.

43. Public Health Income: the Department of Health (DH) allocated £3.3m of funding for sexual health services to the Clinical Commissioning Groups (CCG) in error. The council is escalating discussions with CCGs to recover this funding. CXO has also written to DH asking it to confirm it will rectify this misallocation for future years.

44. In addition PH budgeted to recover a further £0.5m from the Police and Crime Commissioner (PCC) in relation to Drug and Alcohol services. The PCC's priorities have changed from those of the Police Authority and the PCC has confirmed it will not provide this funding in 2013/14. As part of the forward budget process, PH will review this service and decide how it will continue in the future. In the current year PH will offset the under recovery against the underspend on staffing explained below. 7

45. A new budget issue being investigated is the cost of prescribing drugs related to the Public Health (PH) programme. In August, it came to light nationally that the NHS Business Services Authority may recharge local authorities for such costs and that this amount was not included in the council's baseline allocation. The Surrey PH team is gathering information on the potential size of these charges to assess the extent of the impact. As this is a country wide issue the Director of Public Health (DPH) is linking with other DPHs to progress this matter nationally with DH.

46. Public Health Expenditure: Because some staff did not transfer to the council from NHS Surrey as part of the changes to the NHS from 1 April 2013, PH currently has a number of vacancies throughout its team, including many at senior level. PH is continuing to make progress to recruit to these posts and has already appointed some new staff, including three public health consultants. The majority of these staff are not expected to be in post before November 2013.

47. PH is putting in place one off initiatives to ensure the ring fenced public health grant is fully used by the year. The full year position is forecast to be balanced.

Central Income & Expenditure

Table 9: Summary of the revenue position for directorate

	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Oct - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Summary by subjective							
Income	-204.1	-208.6	-4.5	-246.8	-43.3	-251.9	-5.1
Expenditure	17.5	16.1	-1.4	36.5	22.7	38.8	2.3
	-186.6	**-192.5**	**-5.9**	**-210.3**	**-20.6**	**-213.1**	**-2.8**
Local Taxation	-304.0	-305.0	-1.0	-599.3	-294.3	-599.3	0.0
Risk contingency	0.0	0.0	0.0	13.0	0.0	0.0	-13.0
Net position	**-490.6**	**-497.5**	**-6.9**	**-796.6**	**-314.9**	**-812.4**	**-15.8**

48. The year to date variance of -£6.9m underspend is primarily caused by receipt of additional government grant income in 2013/14 that is not included in the MTFP. The main items are:

- -£2.5m more has been received in PFI grants compared to budget.
- -£1.4m was received as a refund on Local Authority Central Spend Equivalent Grant (LACSEG) grant on the transfer of schools to academy status;
- -£1.0m as an Adoption Reform Grant;
- -£0.5m Local Services Support Grant;

- -£0.25m was received as Surrey's share of the Council Tax Transition Grant due to the Boroughs and Districts having compliant local council tax support schemes; and
- -£0.1m for HM Courts Service Grant.
- These additional grants are partially off-set by +£1.8m Dedicated Schools Grant budgeted for but not yet received.

49. Furthermore, Interest Receivable (-£0.5m) is higher due to the earlier receipt of a number of large Government grants than originally envisaged, leading to higher cash balances on deposit. Redundancy and Compensation is currently running at an underspend of -£1.0m compared to the budget.

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50. Local taxation from retained business rates from the boroughs and districts is higher than the year to date budget. However the council does not yet have a complete picture on business rates appeals and collection rates. Therefore the forecast full year position assumes it to be to budget.

51. The MTFP included an assumption that the council would receive a share of the return business rates top slice from the Department for Communities and Local Government (DCLG) of +£2.4m. DCLG has now informed the council it will not receive this additional grant due to the large number and value of business rates appeals, especially in London. However, this shortfall will be offset in 2013/14 by additional grant income not included in the MTFP, as described above.

52. The budget for interest payable on borrowing included a contingency of £1m to cover the risk of interest rate rises. Following the announcement of the Governor of the Bank of England on future interest rates in the UK, it is very unlikely this will be required. The Minimum Revenue Provision (MRP) charge, which is the money set aside for debt repayment, is lower than originally estimated in the budget (£0.3m). This is due to lower borrowing in 2012/13.

Revolving Infrastructure & Investment Fund

Table 10: Summary position

Summary	**YTD Actual £m**	**Full Year Forecast £m**
Income	-1.0	-2.2
Expenditure	0.6	1.4
Net revenue position	**-0.4**	**-0.8**
Capital spend	**26.7**	**28.2**

53. The Revolving Infrastructure & Investment Fund was established in the 2013-18 MTFP in order to provide the revenue costs of funding initiatives that will deliver savings and enhance income in the longer term. This reserve will be further enhanced by adding net returns achieved from investments and projects in the short-term. Net income, after the deduction of funding costs, is being delivered this financial year by the Joint Venture project to deliver regeneration in Woking town centre (Bandstand Square) and from property acquisitions that have been made for future service delivery. These are Ranger House (Guildford), High Street Egham and Abbey Moor in Chertsey, and the latest purchase being Parkside House, Epsom. There is no change in the forecast net position reported last month.

54. Capital expenditure to date includes Ranger House (£14.4m), Egham High Street (£1.8m) and Parkside House (£10m). The remainder of the forecast capital spend includes an estimate of loans to be made during the rest of the year to the Woking Bandstand Joint Venture company and is in line with last month's forecast.

Staffing Costs

55. The Council employs three categories of staff.

- Contracted staff are 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 are employed through an agency with which the Council has a contract.

56. Bank and agency staff enable managers to manage short term variations in demand for services or vacancies for contracted staff. This is particularly the case in social care.

57. A sensible degree of flexibility in the staffing budget is good, as it allows the Council to keep a portion of establishment costs variable. The current level is that approximately 92% of costs are due to contracted staff.

58. The Council sets its staffing budget based upon the estimated labour required to deliver its services. This is expressed as budgeted full time equivalent staff (FTEs) and converted to a monetary amount for the budget. This budget includes spending on all three categories of staff and is the key control in managing expenditure on staffing.

59. The Council's total full year budget for staffing is £313.7m based on 8,025 budgeted FTEs. The year to date budget for the end of September 2013 is £156.6m and the expenditure incurred is £152.8m. At the end of September 2013, the Council employed 7,314 FTE contracted staff.

60. Table 11 shows the staffing expenditure and FTEs for the period to September against budget, analysed among the three staff categories for each directorate. The table includes staff costs and FTEs that are recharged to other public services for example: Districts and Boroughs, NHS Trusts, outsourced to South East of England Councils or capital funded (Super Fast Broadband). The funding for the recharges is within other income.

Table 11: Staffing costs and FTEs to end of September 2013

	Staffing Budget to Sept 2013 £m	**Staffing spend by category: Contracted £m**	**Agency £m**	**Bank & Casual £m**	**Total £m**	**Variance £m**	**Budget FTE**	**Sept 2013 occupied contracted FTE**
Adult Social Care	36.6	32.1	1.8	0.8	34.7	-1.9	2,187	1,885
Children Schools & Families	52.4	47.0	2.4	2.0	51.4	-1.0	2,690	2,442
Customer and Communities	28.5	25.7	0.5	2.0	28.2	-0.3	1,507	1,454
Environment & Infrastructure	11.5	10.9	0.5	0.2	11.6	0.1	524	498
Business Services and Central Income & Expenditure	27.4	24.9	1.7	0.2	26.8	-0.6	892	817
Chief Executive's Office	0.2	0.1	0.0	0.0	0.1	-0.1	225	229
Total	156.6	140.7	6.9	5.2	152.8	-3.8	8,025	**7,314**

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

61. The most material variance is an underspend of -£0.7m in the Chief Executive's Office relating to Public Health. A number of staff did not transfer over from NHS Surrey and the service is currently recruiting.

62. Table 12 shows there are 399 “live” vacancies, for which active recruitment is currently taking place, with 291 of these in social care. The remaining vacancies are either filled by agency and bank staff on a short term basis or not being actively recruited to at present.

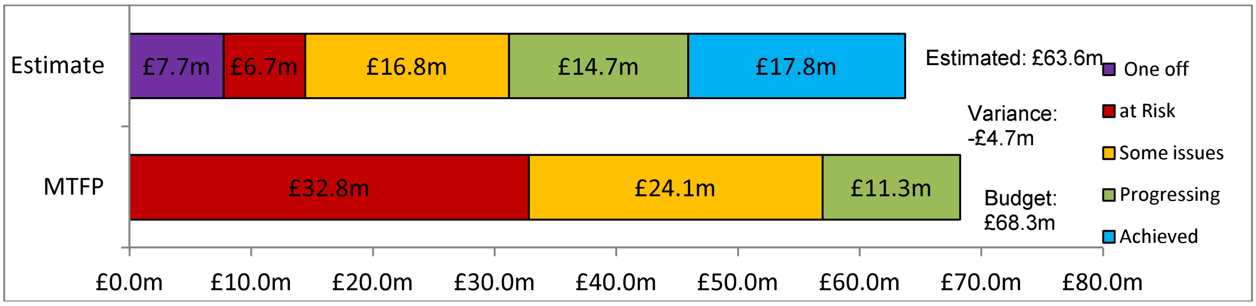
Table 12: full time equivalents in post and vacancies

		Sept FTE
	Budget	8,025
	Occupied contracted FTE	7,314
	“Live” vacancies (i.e. actively recruiting)	399
7	Vacancies not occupied by contracted FTEs	312

Efficiencies

63. The MTFP incorporates £68.3m of expenditure efficiencies. Overall, the Council forecasts achieving £63.6m by year end, an under achievement of -£4.7m. This is an increase from the £2.1m forecast at the end of August. The appendix to this annex includes each directorate's efficiencies and a brief commentary on progress.

Graph 1: 2013/14 ragged overall efficiencies



64. The -£2.6m increase in under achievements on efficiencies is from ASC. This is largely due to slippage in the innovative social capital strategy as outlined under revenue budget.

65. Under achievements in CSF (-£1.8m) and E&I (-£0.4m) remain as reported last month. CSF is experiencing delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages. This means the planned saving in that area of £1.5m is unlikely to be achieved in 2013/14. Given the pressure on the transport budget, it is also unlikely that the planned efficiency of £0.3m will be achieved. E&I forecasts -£0.4m underachievement on the bus service contract savings. Within the background appendix to this annex are each directorate's efficiencies as at September 2013. Directorates have evaluated efficiencies on 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.

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Capital

66. In agreeing significant capital investment as part of the MTFP for 2013-18 in February 2013, the Council demonstrated its firm long term commitment to stimulating economic recovery in Surrey.

67. The total capital programme is £699m over the five year MTFP period 2013-18. The Council initially approved the 2013/14 capital expenditure budget at £187.3m. Subsequently, Cabinet amended the budget by approving reprofiling and carry forwards from the 2012/13 financial year of -£32.6m in total, including -£2.5m for 2013/14. This decreased 2013/14's capital budget to £184.8m. The capital budget up to 31 August 2013 was updated for new approved schemes, re-profiling requests and new grant funded schemes totalling +£3.2m, drawing down capital grants for Walton Bridge (£0.6m); wellbeing centres (£0.1m); and external funding from sources such as schools' parent teacher associations of £0.2m. In September, there is further funding from schools' parent teacher associations of £0.6m and for the purchase of Woking Magistrate Court (£0.9m). The revised capital budget for 2013/14 is £189.8m. The budget changes are summarised in Table App 5.

68. The current forecast for the service programme is a small underspend of -£9.5m (-£2.4m forecast at the end of August) due predominately to delays :

- acquiring land for waste schemes (-£3.3m);
- from archaeological finds at Guildford Fire Station (-£3.0m);
- in deliveries of fire vehicle and equipment replacement programme (-£1.4m);
- rephasing refurbishments some short stay schools (-£0.8m); and
- obtaining planning permission to improve a travellers' site (-£0.6m) and capital spend reduced by -£0.5m,

These are offset by

- increased IT equipment spend (+£0.6m) due to the revenue volume pressures.

69. The underspend relates to project duration rather than spending savings. Therefore the overall capital programme will spend the same and funding is unaltered.

70. The revised 2013/14 capital budget is in the appendix to this annex in Table App 5.

Table 14: 2013/14 Capital expenditure position

2013/14 Monitoring	Revised Full Year Budget £m	Apr -Sept actual £m	Oct - Mar projection £m	Full year forecast £m	Full year variance £m
Adult Social Care	1.9	0.9	0.9	1.8	-0.1
Children, Schools & Families	5.4	4.6	0.7	5.3	-0.1
Customer & Communities	5.1	1.3	2.4	3.7	-1.4
Environment & Infrastructure	58.2	40.5	17.8	58.3	0.1
School Basic Need	54.3	26.1	28.2	54.3	0.0
Business Services	53.4	17.3	28.1	45.4	-8.0
Chief Executive Office	11.5	1.0	10.5	11.5	0.0
Service programme	**189.8**	**91.7**	**88.6**	**180.3**	**-9.5**
Long term investments	0.0	26.1	2.1	28.2	28.2
Overall programme	**189.8**	**117.8**	**90.7**	**208.5**	**18.7**

Balance sheet

71. The Council's balance sheet as at 30 Sep 2013 shows an increase in net assets of £74m. This is due to a decrease in long term liabilities due to the repayment of loans from the PWLB and an increase in cash & cash equivalents due to receipt of the majority of the annual Revenue Support Grant in quarter 1. In addition, the value of the Council's long-term assets has increased due to the capital expenditure to date, however this is partially offset by both depreciation and the removal of 12 schools from the balance sheet due to them converting to academy status.

72. Table App 6 shows details of the balance sheet at 30 September 2013.

Reserves

73. The Council's earmarked reserves had reduced by £14.5m by 30 September. This was mainly due to drawing £18.9m from the Budget Equalisation Reserve as planned in the MTFP. In addition, £5m was approved to be drawn down from the Severe Weather Reserve in July. This is partly offset by appropriations to the Economic Downturn Reserve and the Revolving Infrastructure & Investment Fund and capital receipts received in year.

74. Table App 7 shows details of the Council's earmarked reserves as at 30 September 2013.

Debt

75. During the second quarter of 2013/14 the Accounts Payable team raised invoices totalling £42.6m (in total £84.1m).

76. The Council's total debt outstanding at 30 September 2013 is £27.5m, comprising £17.1m care related debt and £10.4m non-care related debt. Table App 8 shows details. The average number of debtor days for the period 1 April to 30 September 2013 was 30 days.

77. Of the £27.5m total debt outstanding, £10.7m is overdue. Table App 9 shows details. Systems, restructure and overall economic factors may have played a part in this and more specifically during the last quarter of 2012/13 the Council identified new income that was previously uncharged. This generated high value retrospective bills that clients have been reluctant to pay. The Council is addressing the issue using a Rapid Improvement Event.

78. Between 1 April and 30 September 2013 the Chief Finance Officer, under delegated authority, has written off 224 debts with a total value of £441,266. Of these £362,796 is care related and £78,470 is non care related debt.

Appendix to Annex

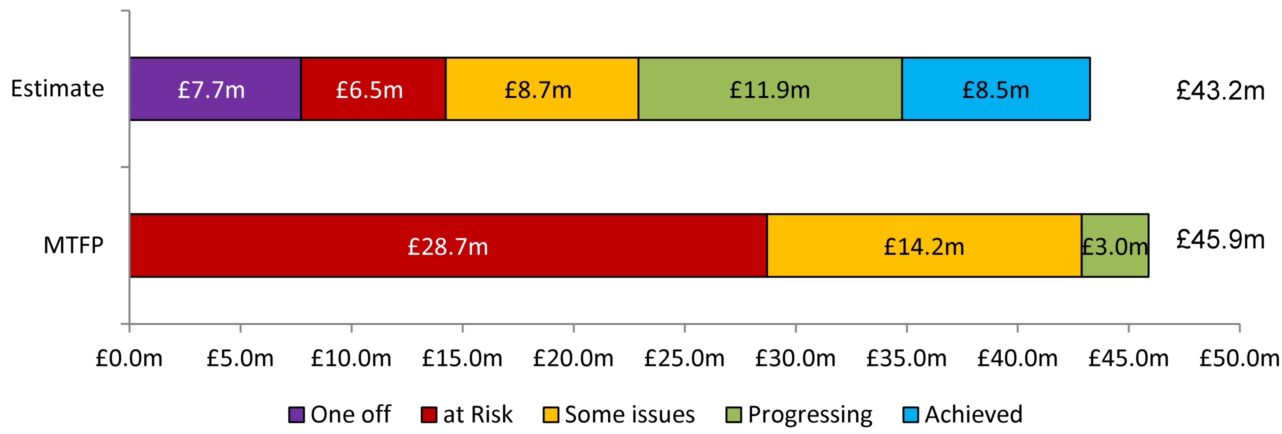
Contents

Efficiencies & service reductions

App. 1. The graphs of directorate efficiencies & service reductions below track progress against directorates' MTFP ragged expenditure efficiencies & service reductions.

App. 2. All the graphs use the same legend:
Red – At risk, Amber – Some issues, Green – Progressing and Blue – Achieved.
Each graph is based on the appropriate scale and therefore they are not directly comparable one against another.

Adult Social Care



App. 3. The directorate has already achieved savings of £8.5m this year, including £5.2m of savings to constrain inflation for individually commissioned care services. A further £20.6m is on target to be achieved, although there is an element of risk for £8.7m of these savings. The most significant element of ASC's savings plans in 2013/14 is the social capital strategy, which has a £15.5m savings target. Given the scale of the challenge and that this is the first year of these ambitious plans, slippage was highlighted as a risk and the September position indicates slippage has occurred, with £6.5m of social capital savings currently forecast against the £15.5m target. The projected social capital slippage combined with minor slippage against other savings plans is being largely offset by £7.7m of unplanned one-off savings, which will need to be replaced by new savings plans in 2014/15. The main one-off savings measure is the intended draw down of £7.5m of unused 2011/12 Whole Systems funding set aside by the directorate as a contingency for this year's budget. This draw down is pending Cabinet approval, which is being sought in this month's monitoring cycle and is required in order to constrain the overall shortfall on MTFP efficiencies to the £2.6m currently forecast.

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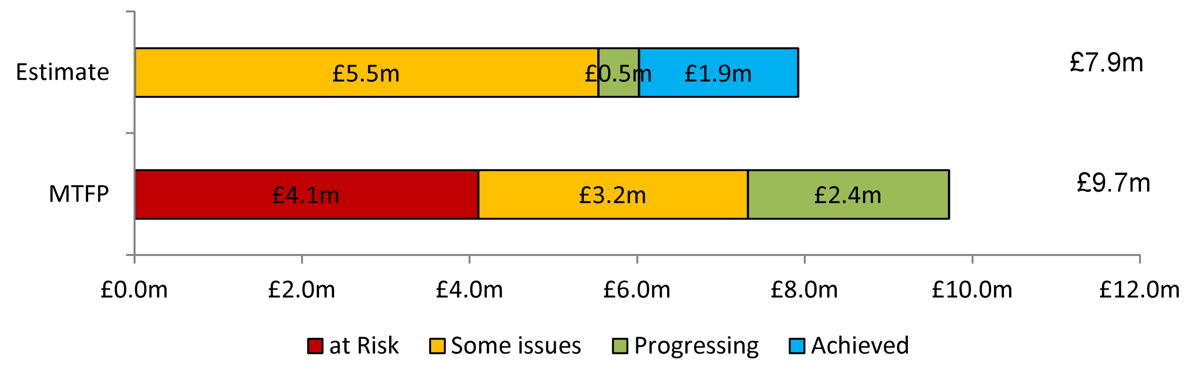
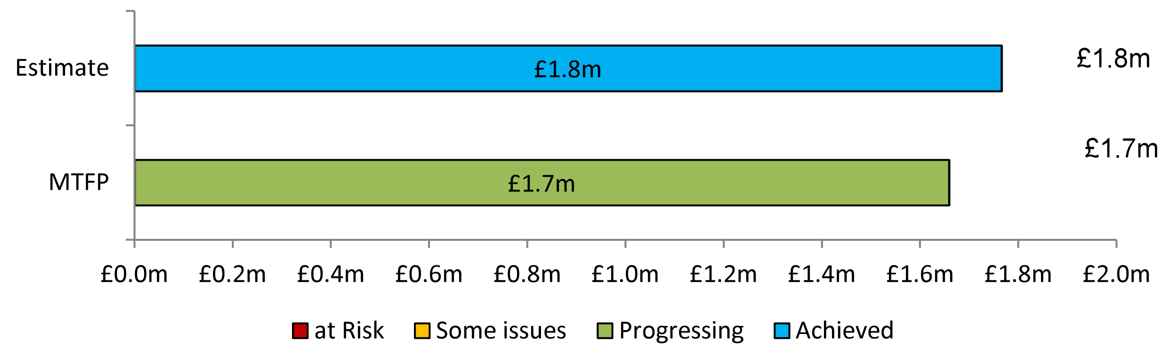
Children, Schools & Families



App. 4. The forecast budget position for CSF means that two of the planned efficiencies are unlikely to be achieved. Delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages, as described above, mean that the planned saving of £1.5m is unlikely to be fully achieved in 2013/14.

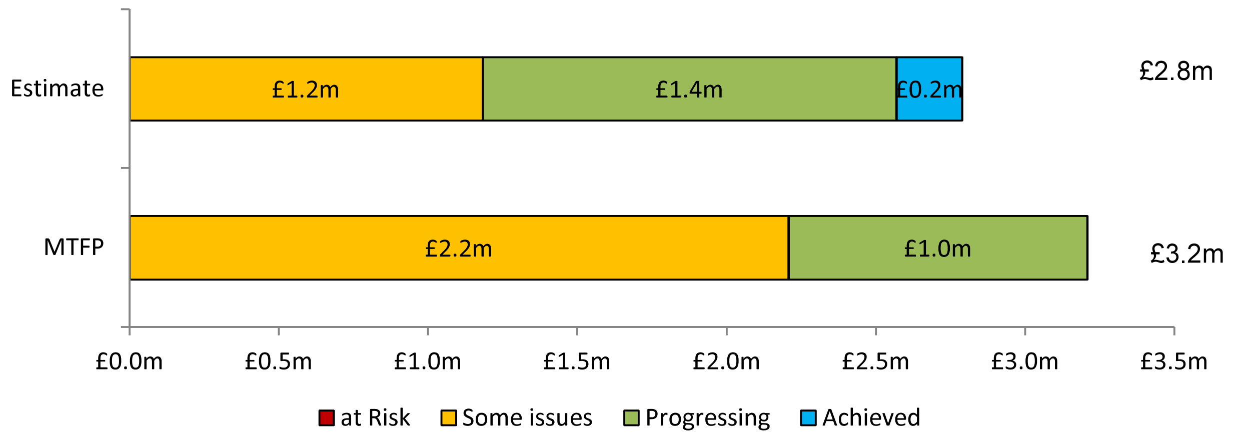
App. 5. Also, given the pressure on the transport budget the planned efficiency of £0.3m will not be achieved.

Customer & Communities



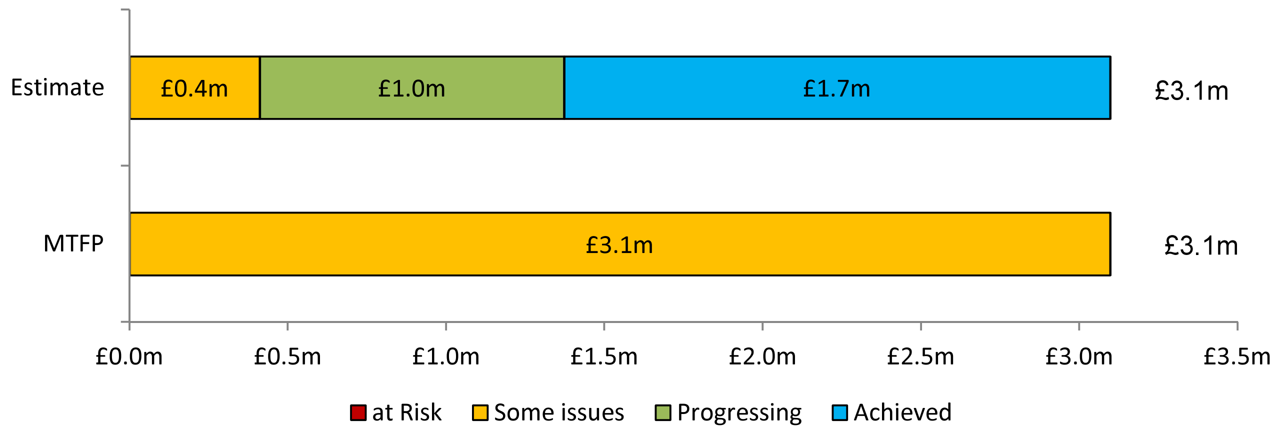
App. 6. The efficiencies summary shows an over-achievement of +£0.1m against the 2013/14 target of £1.7m. This is due to the early achievement of the 2014/15 Directorate Support staff saving. Actions to achieve the 2013/14 efficiencies have already been completed.

Environment & Infrastructure



App. 7. The directorate currently expects to deliver all efficiency savings, except bus service contract savings (£0.4m). A number of risks remain and in some cases detailed plans are still in development. Some savings, including one off savings from parking income, have already been achieved.

Business Services



App. 8. The efficiencies identified in the MTFP are on track to be realised, all savings have been reviewed and plans are in place to achieve them and the risk of achievement has been appropriately adjusted. The efficiency in corporate training of £0.4m may not be fully realised, however the service is working to achieve its target.

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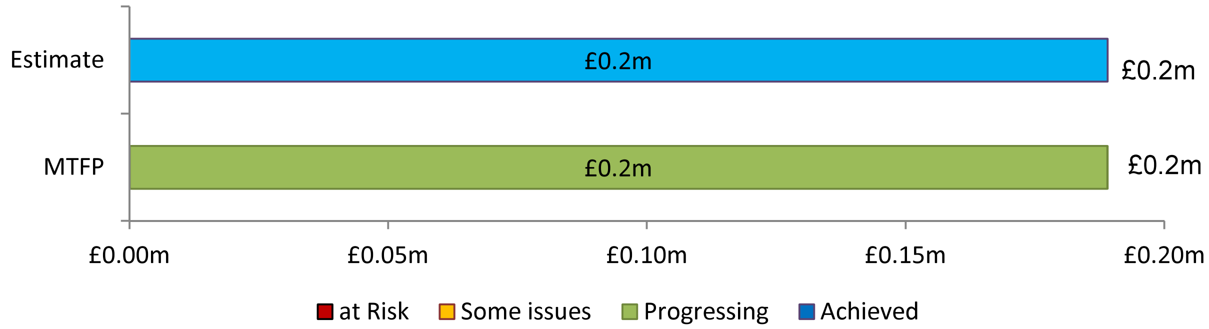
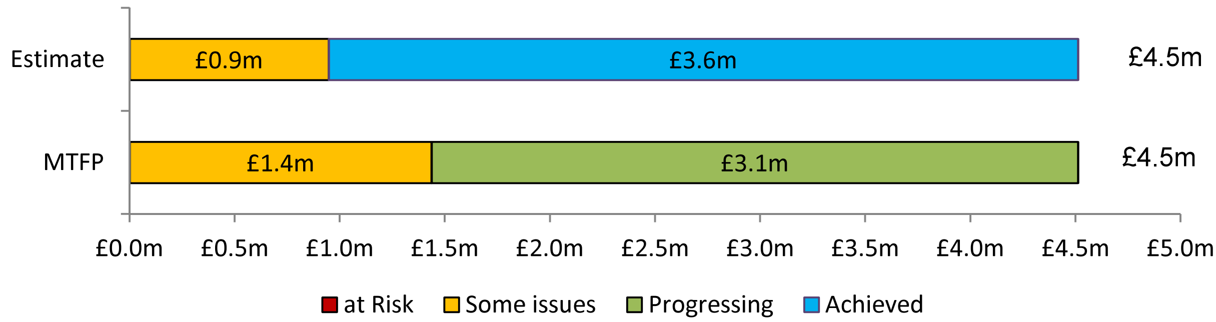
Chief Executive's Office



App. 9. The planned 2013/14 efficiencies have been achieved. The Directorate is currently holding vacancies within Policy & Performance in preparation for achieving efficiency savings for 2014/15 and will review these during the year to establish the on-going effect.

Central Income & Expenditure



App. 10. The efficiencies identified in the MTFP in relation to changes to the council's treasury management strategy have been achieved. The efficiencies expected from changing the compensation scheme for service reorganisations is on track to be realised but the risks remain while service continue to reorganise to meet their savings targets.

Updated Budget - Revenue

App. 11. The Council's 2013/14 revenue expenditure budget was initially approved at £1,685.3m. Subsequently Cabinet approved the use of reserves built up in 2012/13 to augment this. Adding virement changes in May to August increased the expenditure budget at the end of August to £1,708.8m. In September, a number of virements reprofiled the income & expenditure budgets, reducing both by £15.2m. Table App 1 summarises these changes.

Table App 1: Movement of 2013/14 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves	General balances £m	Total £m	Number of Virements
Original MTFP	-1,662.3	1,685.2	-11.0	-11.9	**0.0**	
Q1 changes	-2.3	11.1	-8.8		**0.0**	72
July & August changes	-7.5	12.5	-5.0			82
Previous changes	**-1,672.1**	**1,708.8**	**-24.8**	**-11.9**	**0.0**	**154**
September changes						
Academy conversion to Sept13 - budget and grant reduction	18.6	-18.6			**0.0**	1
Addtl grants: PE & Sports Grant; PE Teacher Release Grant; School Direct Teacher Training Grant; Govt grants to schools;	-2.5	2.5			**0.0**	1
Transfer of income element of CHC Cashable Savings 2013/4 target, previously saving only allocated against expenditure	-1.1	1.1			**0.0**	1
Transfer of DSG carry forward as agreed by Schools Forum	0.1	-0.1			**0.0**	1
Transfer of income and expenditure	0.1	-0.1			**0.0**	28
September changes	**15.2**	**-15.2**	**0.0**	**0.0**	**0.0**	**32**
Updated Budget - September 2013	**-1,656.9**	**1,693.6**	**-24.8**	**-11.9**	**0.0**	**186**

App. 12. When the Council agreed the 2013-2018 MTFP in February 2013, some government departments had not determined the final amount for a number of grants. Services therefore estimated their likely grant. The general principle agreed by Cabinet was that any changes in the final amounts, whether higher or lower, would be represented in the service's income and expenditure budget. There were a number of changes for September for example the notification of the schools transferring to Academy status.

App. 13. In controlling the budget during the year, budget managers are occasionally required to transfer, or vire, budgets from one area to another. In most cases these are administrative or technical in nature, or of a value that is approved by the Chief Finance Officer. Virements above £250,000 require the approval of the Cabinet Member. There were three virements above this amount in September.

App. 14. Virements above £250,000, to:

a) transfer of £18.6m back to the Department for education for Academy status school since April to September;

b) notification of further educational government grants of £2.5m; and

c) transfer of £1.1m of income element of Continuing Health Care (CHC) Cashable Savings 2013/4 target.

7

App. 15. Table App 2 shows the updated revenue budget that includes the changes in government grants and virements since the beginning of the year:

Table App 2: 2013/14 updated revenue budget – September 2013

	Income £m	**Expenditure £m**	**Net budget £m**
Adult Social Care	-68.7	406.8	338.1
Children, Schools and Families	-150.8	330.1	179.3
Schools	-505.4	505.5	0.1
Customers and Communities	-24.0	84.0	60.0
Environment and Infrastructure	-18.7	150.6	131.9
Business Services	-14.7	97.9	83.2
Chief Executive's Office	-28.4	44.4	16.0
Central Income / Exp	-846.1	36.5	-809.6
Service total	-1,656.9	1,655.8	-1.1
Risk Contingency		13.0	13.0
Total	-1,656.9	1,668.8	11.9

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

App. 16. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2013/14 Revenue budget forecast position as at end of September 2013

	YTD Budget £m	Year to date Actual £m	**YTD Variance £m**	Full Year Budget £m	Remaining Forecast Spend £m	Outturn Forecast £m	**Forecast Variance £m**
Income:							
Local taxation	-304.0	-305.0	**-1.0**	-599.3	-294.3	-599.3	**0.0**
Government grants	-533.4	-530.8	**2.6**	-905.1	-387.9	-918.7	**-13.6**
Other income	-81.0	-85.8	**-4.8**	-152.5	-68.9	-154.7	**-2.2**
Income	-918.4	-921.6	**-3.2**	-1,656.9	-751.1	-1,672.7	**-15.8**
Expenditure:							
Staffing	156.6	152.8	**-3.8**	313.7	157.6	310.4	**-3.3**
Service provision	405.6	397.7	**-7.9**	849.7	457.2	854.3	**4.6**
Non schools sub-total	562.2	550.5	**-11.7**	1,163.4	614.8	1,164.7	**1.3**
Schools expenditure	262.8	262.9	**0.1**	505.5	242.6	505.5	**0.0**
Total expenditure	825.0	813.4	**-11.6**	1,668.8	857.4	1,670.2	**1.3**
Movement in balances	**-93.4**	**-108.2**	**-14.8**	**11.9**	**106.3**	**-2.5**	**-14.4**

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

App. 17. Table App 4 shows the year to date and forecast year end net revenue position for services and overall. Net revenue position for services is gross expenditure less income from specific grants plus fees, charges and reimbursements.

Table App 4: 2013/14 Revenue budget - net positions by directorate

August's forecast variance £m	**Directorate**	YTD budget £m	YTD actual £m	**YTD variance £m**	Full year (revised) budget £m	Oct – Mar remaining forecast £m	Full year forecast £m	**Full year variance £m**
0.0	Adult Social Care	169.1	174.7	5.6	338.1	166.0	340.7	2.6
1.7	Children, Schools & Families	87.8	85.7	-2.1	179.3	94.3	180.0	0.7
0.0	Schools (gross exp £505.5m)	0.1	-3.5	-3.6	0.1	3.6	0.1	0.0
-0.2	Customer & Communities	30.5	28.5	-2.0	60.0	31.2	59.7	-0.3
1.1	Environment & Infrastructure	61.4	59.2	-2.2	131.9	73.5	132.7	0.8
-0.4	Business Services	39.3	36.2	-3.1	83.2	44.5	80.7	-2.5
-0.2	Chief Executive's Office	9.0	8.9	-0.1	16.0	7.1	16.0	0.0
-1.4	Central Income & Expenditure	-186.6	-192.5	-5.9	-210.3	-20.6	-213.1	-2.8
0.6	**Service net budget**	**210.6**	**197.2**	**-13.4**	**598.2**	**399.6**	**596.8**	**-1.4**
0.0	Local taxation	-304.0	-305.0	-1.0	-599.3	-294.3	-599.3	0.0
0.0	Revolving Infrastructure & Investment Fund	0.0	-0.4	-0.4	0.0	0.4	0.0	0.0
-13.0	Risk contingency	0.0	0.0	0.0	13.0	0.0	0.0	-13.0
-12.4	**Overall net budget**	**-93.4**	**-108.2**	**-14.8**	**11.9**	**105.7**	**-2.5**	**-14.4**

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

7

Updated Budget - Capital

App. 18. The Council initially approved the 2013/14 capital expenditure budget at £187.3m. Subsequently, Cabinet amended the budget by approving reprofiling and carry forwards (-£32.6m in total, -£2.5m for 2013/14) from 2012/13. This decreased 2013/14's capital budget to £184.8m.

App. 19. New virements and reprofiling in May – August added £3.5m to the capital budget. There are small changes to the capital budget totalling £1.5m, increasing the capital budget to £189.8m. There were two changes over £0.25m: purchase of Woking Magistrates Court as approved by Cabinet - £0.8m. The residual £0.6m amasses from small changes for capital grant drawdown for wellbeing centres and external funding for schools (i.e. parent teacher associations).

App. 20. These changes are summarised in Table App 5.

Table App 5: Movement of 2013/14 capital expenditure budget

2013/14 Monitoring	**MTFP Budget £m**	**C/fwd and reprofiled budget £m**	**Budget virement £m**	**Revised full year budget £m**
Adult Social Care	1.3	0.4	0.2	1.9
Children, Schools & Families	2.8	1.6	1.0	5.4
Customer & Communities	2.0	3.1	0.0	5.1
Environment & Infrastructure	50.1	4.3	3.8	58.2
Business Services	50.5	0.6	2.3	53.4
Schools' Basic Need	69.2	-14.9	0.0	54.3
Chief Executive's Office	11.5	0.0	0.0	11.5
Total overall	**187.4**	**-4.9**	**7.3**	**189.8**

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Balance sheet

Table App 6: Balance sheet

As at 31.03.2012 £m	**As at 31.03.2013 £m**		**As at 30.09.2013 £m**
1,257.8	1,280.0	Property, plant & equipment	1,247.8
0.7	0.7	Heritage assets	0.7
		Investment property	25.3
7.1	5.9	Intangible assets	4.7
0.2	0.2	Long term investments	0.2
0.5	8.8	Long term debtors	9.4
1,266.3	**1,295.6**	**LONG TERM ASSETS**	**1,288.1**
		Short term:	
100.0	104.1	Investments	96.7
0.1	0.1	Intangible assets	0.1
4.6	15.3	Assets held for sale	15.3
1.4	1.3	Inventories	0.8
100.8	141.5	Short term debtors	120
109.8	114.1	Cash & cash equivalents	152.5
316.7	**376.4**	**CURRENT ASSETS**	**385.4**
		Short term:	
-15.1	-82.1	Borrowing	-90.1
-195.0	-234.3	Creditors	-213.6
-2.6	-3.3	Provisions	-2.0
-0.2	-0.2	Revenue grants - receipts in advance	-0.2
-1.2	-0.6	Capital grants - receipts in advance	-0.6
-214.1	**-320.5**	**CURRENT LIABILITIES**	**-306.5**
-7.9	-7.2	Provisions	-7.2
-306.2	-238.1	Long term borrowing	-170.0
-984.5	-1,145.4	Other long term liabilities	-1,154.5
-1298.6	**-1,390.7**	**LONG TERM LIABILITIES**	**-1,331.7**
70.3	**-39.2**	**NET ASSETS**	**35.3**
-269.1	-288.4	Usable reserves (eg: general balances, earmarked reserves)	-400.3
198.9	327.6	Unusable reserves (eg: pension, capital & revaluation reserves)	365.0
-70.2	**39.2**		**-35.3**

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Earmarked reserves

Table App 7: Earmarked reserves

Earmarked revenue reserves	Opening balance 1 Apr 2013 £m	Actual movement to 30 Sep 2013 £m	Projected net movement to 31 Mar 2014 £m	Projected balance at 31 Mar 2014 £m
Investment renewals reserve	-13.3	0.1	5.3	-7.9
Equipment replacement reserve	-3.1	0.3	0.0	-2.8
Vehicle replacement reserve	-5.1	-0.4	1.7	-3.8
Waste sites contingency reserve	-0.3			-0.3
Budget equalisation reserve	-24.9	18.8	0.0	-6.1
Financial investments reserve	-1.6			-1.6
Street lighting PFI reserve	-5.8	-0.4		-6.2
Insurance reserve	-7.5	-0.7	0.3	-7.9
Severe weather reserve	-5.0	5.0		0.0
Eco park sinking fund	-8.0			-8.0
Revolving Investment & Infrastructure Fund	-14.5	-5.0	-0.8	-20.3
Child Protection Reserve	-3.6	0.4	1.0	-2.2
Interest Rate Reserve	-3.2	-0.5		-3.7
Economic Downturn Reserve	-4.4	-1.6		-6.0
Total earmarked revenue reserves	**-100.3**	**16.0**	**7.5**	**-76.8**
Capital Reserves				
General capital reserve	-7.6		6.2	-1.4
Capital Receipts Reserve	-17.3	-1.6	-9.6	-28.5
Total earmarked capital reserves	**-24.9**	**-1.6**	**-3.4**	**-29.9**

7

Debt

App. 21. During the second quarter of 2013/14 the Accounts Payable team raised invoices totalling £42.6m, making a total of £83.6m for the year to date.

App. 22. Table App 8 shows the age profile of the Council's care, and non-care related debt.

Table App 8: Further information on debts

Account Group	<1 Month £m	2-12 Months £m	1-2 Years £m	+2 years £m	Total £m	Overdue Debt £m
Care debt - unsecured	3.5	2.5	1.2	2.9	10.1	6.6
Care debt - secured	0.4	2.5	1.4	2.7	7.0	
Total Care	**3.9**	**5.0**	**2.5**	**5.6**	**17.1**	**6.6**
General debt	6.0	3.2	0.4	0.4	10.1	4.0
Property	0.1	0.1	0.0	0.0	0.3	0.1
Total Non-care Debt	**6.1**	**3.3**	**0.4**	**0.4**	**10.4**	**4.1**
Total Debt	**10.0**	**8.3**	**2.9**	**6.0**	**27.5**	**10.7**

App. 23. The amount still outstanding of these invoices was £27.5m of gross debt at 30 September 2013. The gross debt is adjusted to take into account those balances not immediately due (i.e. less than 30 days old), or collectable (i.e. secured on property). This produces the figures for net debt, which is shown in Table App 9.

Table App 9 –Overdue debt summary as at 30 September 2013

	2013/14 Q2 £m	2012/13 Q2 £m	2012/13 Q4 £m	2011/12 Q4 £m	2010/11 Q4 £m	2009/10 Q4 £m
Care Related Debt	6.6	6.1	7.6	6.1	6.8	6.1
Non Care related debt	4.1	3.0	3.8	3.0	3.9	3.6
Total	**10.7**	**9.1**	**11.4**	**9.1**	**10.7**	**9.7**

App. 24. The increase in care debt outstanding was a concern and is being addressed by a Rapid Improvement Event (RIE). Systems, restructure and overall economic factors may have played a part in this, and more specifically during the last quarter of the 2012/13 financial year the SWIFT reconciliation process identified new income for the Council that was previously uncharged. From a debt recovery perspective clients were reluctant to pay high value retrospective bills resulting in an increase in the value of outstanding debt.

App. 25. Non care debt that is within the two and six months old category has risen sharply over the last three months. This is due to the Clinical Commissioning Groups that were formed on 1 April this year and it is currently taking longer to reach agreement with the new management. Senior officers from the council are working closely with their colleagues in the CCGs to resolve these issues.

App. 26. The council's debt policy includes a target of 30 days to collect non-care debt. The average number of debtor days for the period 1 April to 30 September 2013 was 30 days.

App. 27. The Chief Finance Officer has delegated authority to write off irrecoverable debts in line with financial regulations. This quarter (Q2 2013/14), 84 such debts have been written off with a total value of £163,593, of which £147,440 is care related and £16,153 is non care related debt. Together with the first quarter, 224 such debts have been written off with a total value of £441,266, of which £362,796 is care related and £78,470 is non care related debt.