

Cabinet

Report Title:	2015/16 Budget Monitoring for Revenue and Capital Spending
Meeting Date:	23 February 2016
Lead Councillor(s):	Councillor Richard Smith MVO, Cabinet Member for Finance
Local Councillor(s):	All Councillors
Director:	Geoff Dobson, Director of Resource Management 01473 264347
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Brief summary of report

This report presents a forecast for the 2015/16 revenue and capital budgets based on expenditure trends and information available at the end of December 2015. It is currently forecast that the revenue budget will be underspent by £0.7m, equivalent to 0.1% of the net budget. This is an improvement of £1.4m since the previous budget monitoring report. However, significant pressure still exists on budgets for Adult Care, Looked After Children and Special Educational Needs. The capital programme for 2015/16 is £188.3m and it is expected that £129.8m of this will be spent by the end of the financial year.

What is Cabinet being asked to decide?

<ul style="list-style-type: none"> a) That the budget is being appropriately managed by Officers to remain within the resource limit agreed by the Council. b) To note the significant transfers (virements) in accordance with the Council's Financial Regulations.
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Reason for recommendation

1. This paper presents a forecast for the 2015/16 revenue and capital budget based on expenditure trends and information available at the end of December 2015.

What are the key issues to consider?

2. The forecast outturn for the year ending 31 March 2016 is £0.7m lower than the approved budget. This is 0.1% of the net budget. When excluding the forecast

overspend against the Dedicated School Grant (DSG), this figure increases to £1.1m, approximately 0.2% of the net budget of the Council (excluding schools).

What are the resource and risk implications?

3. The major risk in managing the budget in 2015/16 is the requirement to achieve £38.3m of savings in the year whilst minimising the impact on front line services. Alongside this difficulties achieving savings from Health & Social Care Integration and the cost and demand for adult care and purchased care placements for children continue to put pressure on the Council's budget.

What are the timescales associated with this decision?

4. Budget management is an ongoing process throughout the year.

Alternative options

5. Cabinet may decide to direct Officers to take alternative action to manage the Council's budget position.

Who will be affected by this decision?

6. Staff who are responsible for the financial management of the resources of the Council and citizens of Suffolk who receive the Council's services.

Revenue Budget

Introduction

7. The Council set a net expenditure budget of £500.7m for the year 2015/16. This is the budget after fees, charges, contributions and some specific grants have been deducted. This budget is therefore funded by the Council Tax Freeze Grant, Public Health ring-fenced grant, Education Services Grant, the New Homes Bonus, Revenue Support Grant, Business Rates and Council Tax. The budget included a target for planned savings of £38.3m to reach a balanced budget. During the third quarter a reduction in the Public Health Grant of £1.8m has reduced the net expenditure budget to £498.9m.
8. This is the third budget monitoring report for the year 2015/16. It covers expenditure for the period April to December and shows the forecast outturn to be £0.7m lower than the approved budget. **Table 1** overleaf shows the forecast for each directorate.

Table 1 2015/16 Revenue Budget Monitoring for the Period Ending 31st December 2015

Full Year Budget (from budget book)	Directorate	Current Full Year Budget	Forecast Outturn	Variance over (+) under (-) Budget
£ million		£ million	£ million	£ million
204.1	Adult and Community Services (ACS)	203.2	203.1	-0.1
102.0	Children and Young People (CYP)	105.8	106.7	0.8
55.8	Public Health and Protection (PH&P)	53.0	52.6	-0.4
95.1	Resource Management (RM)	95.0	94.1	-0.9
42.1	Corporate Resources and Capital Financing	41.1	41.0	-0.1
499.1		498.2	497.5	-0.7
1.6	Agreed Use of (-) / Contribution to (+) Reserves	0.7		
500.7	Total Net Expenditure Budget	498.9		

9. Detailed information on the revenue outturn for each directorate is shown in the **Tables 2 to 6**. Since the budget was set for 2015/16 there have been a number of directorate changes which are reflected in this report. All figures are rounded to one decimal place.
10. The Council's financial regulations (Section B1.16) require that significant transfers of budget (virements) within directorates are reported to Cabinet for information. These are noted within the Directorate tables where applicable. A summary of the cross directorate virements for the year are shown in **Table 7**.
11. A summary of the Council's reserves is shown in **Table 8**. An explanation of the capital budget and the forecast is included in paragraphs 32 to 54 and **Table 9**.

Adult & Community Services (ACS)

12. The forecast outturn at the end of December is an under spend of £0.1m (0.1% of budget). This is an improvement of £0.7m from that reported at September.
13. The forecast funding transfer from the Clinical Commissioning Groups (CCG's) in Suffolk has reduced by a further £0.5m following no improvement in either the number of hospital admissions for non-elective (emergencies) or via additional savings measures put in place by the CCG's in partnership with ACS. This is reflective of continued emergency admissions to hospital of acutely ill people with multiple long term conditions which have not yet decreased through changes in health and care systems. ACS has also supported increasing numbers of people with complex ill health and frailty over the year. Of the £4.1m budgeted to be transferred to ACS in 2015/16, only £1m is likely to be received, resulting in a budget shortfall of £3.1m. Discussions are ongoing with the three CCG's to reach agreement, if possible, on how this

shortfall of health contributing to protect social care can be mitigated in the 2016-18 period.

14. ACS is successfully managing its budget to cover the large overspend reported above and other budget pressures, but this is mainly with the use of one off underspends across other areas of the budget, as follows.
15. There is now better clarity from Government on the Care Act funding available in this year and next year, although work still continues on securing Care Act funding from CCG's in 2016/17 in line with Government expectations. The impact for this year is an improvement in the financial forecast by a further £2.3m over the quarter two position across a range of ACS budgets affected by the Care Act, but principally within Area Teams and Family Carers, which in addition, also have base budget underspends. The total one off underspend on Care Act related funding is £4.9m which is being used to mitigate the overspends in other areas of the budget.
16. Legal costs arising from Deprivation of Liberty cases are lower than expected because of capacity issues within the legal system and therefore the forecast of spend has reduced in this year by £0.5m and is close to budget. It is still expected that expenditure will increase during 2016/17. Within Management & Support, £0.5m has been left uncommitted in central budgets to help offset cost pressures elsewhere, including care purchasing.
17. The other main cost pressure in ACS is on care purchasing which has increased by £2.5m since the last quarter and now stands at £3.3m. Whilst the Supporting Lives Connecting Communities initiative continues to keep gross spend relatively flat, there is a budget pressure on customer contributions with the number of customers making a contribution to their care falling from last year and work is underway to understand the reasons for this downturn in contributions. The relatively mild winter to date has helped to keep care costs down but this may change in the final quarter of the year.

Children & Young People (CYP)

18. At the end of December, Children and Young People are forecasting an overspend of £0.8m, made up of an overspend on budgets funded from the Dedicated Schools Grant of £0.4m, and an overspend of £0.4m on those services funded from base budget (See **Table 3**). This is the same position projected at the end of September.
19. The forecast outturn for DSG of a £0.4m overspend reflects the continuing pressure on the Special Educational Needs (SEN) placements budget to either support children who are unable to attend school due to ill health or exclusion, or to meet the SEN needs of children in mainstream education. The forecast includes the increase in the number of post 16 learners requiring SEN support over the last school term, and the increase in the take-up of 2 year old nursery placements compared to the number for which we are funded for. Additional DSG funding may be received in the new financial year to compensate for the Early Years overspend, but the level of this has not been confirmed. The forecast underspend against the school redundancy, growth and Advanced Skill Practitioner budgets is higher than previously anticipated – the latter for which plans are being developed to adopt a new way of working in 2016-17.

20. The overall overspend position on base budget has not increased. The forecast does now reflect the insurance excess costs to the directorate of two incidences of fires at schools, although this additional cost was offset by increased income from trading in Workforce Development. The overspend continues to reflect the high cost of accommodating Looked After Children (LAC), including the additional 30 external placements required to meet placement need since the beginning of this financial year. This overspend is offset by the continuing level of vacancies in business support, early help teams and education and learning, combined with some currently uncommitted central directorate overhead budgets.

Public Health and Protection

21. Public Health and Protection are forecasting an underspend of £0.4m at the end of December of which £0.2m is attributable to Health Improvement and Health Protection and £0.2m to the Fire and Rescue Service.
22. The Fire and Rescue Service underspend is largely related to vacant posts and it is predicted that there will not be any ill-health retirements this year. This one-off underspend will be used to support public protection transformation works, reinforce the emergency vehicle renewals programme and support wider improvements to important 999 emergency services.
23. Public Health expenditure within the directorate is funded by a ring fenced grant of £29.9m. The grant was subject to an in-year reduction of £1.8m by Central Government. It is expected that the reduced Public Health budget will be underspent by £0.2m. This underspend will be added to the ring fenced Public Health Service Reserves and will be used to support expected reductions of the grant in 2016-17 and 2017-18, which are yet to be confirmed.

Resource Management

24. At the end of December, Resource Management are forecasting an underspend of £0.9m. This largely relates to staff vacancies across the support services and third party contract costs in IT. Significant savings are expected from these budgets in 2016/17.
25. Highways and Transport is expected to contain expenditure within budget for 2015-16 but it is planned that £0.3m will be used from the Highways Transformation reserve to fund additional design costs associated with highways works.
26. The Waste Service is expecting to contain expenditure within its budget however it does face financial pressures in some areas. These include delays in savings from re-financing part of the capital spend on the Energy from Waste plant, the Government's abolition of financial support for renewable electricity generation and the reduction in market prices for recycle. These collectively amount to an overspend of £1.2m which is being offset by underspends of £1.2m from additional trade waste income; reductions in transfer station operations and haulage costs, and a lower than expected tonnage of street sweepings.

Corporate Resources & Capital Financing

27. An underspend of £0.1m is currently forecast on the Corporate Resources and Capital Financing budget (see **Table 6**). This is due to the levy to the Eastern Inshore Fisheries Conservation Authority being less than the budget as it was not agreed until after the budget was set.

Table 2 – 2015/16 Adult & Community Services Revenue Budget Monitoring for period ending 31st December 2015

Full Year Budget (from budget book)	Directorate Service	Change in Planned Reserve Movements	Virements	Current Full Year Budget	Forecast Outturn	Variance over (+) under (-) Budget	Explanation of Planned Reserve Movements	Explanation of Virements
£ million		£ million	£ million	£ million	£ million	£ million		
148.6	Care: Purchasing of Services	0.0	19.3	167.9	171.2	3.3		Movement of income budgets to Care Act & Better Care Fund (BCF) budget (-£19.1m). Reallocation of budgets as part of review of pay budgets across directorate (-£0.2m)
24.1	Home First Re-ablement Service & Area Teams	0.0	4.5	28.6	24.8	-3.8		Movement of income budgets to Care Act & BCF budget and the reallocation of Care Act expenditure budgets to other parts of ACS (£4.7m). Transfer to IT for Homefirst monitoring system (-£0.1m). Reallocation of budgets as part of review of pay budgets across the directorate (-0.2m)
0.5	Community Equipment & Assistive Technology	0.0	0.0	0.5	0.5	0.0		
2.4	Family Carers Support	-0.5	0.8	2.6	1.9	-0.7	Contribution to carer's reserve (-£0.5m)	Increase of budget for Care Act (£0.8m)
0.9	Welfare Rights & Fairer Charging Teams	0.0	0.1	1.0	0.9	-0.1		Increase of budget for Care Act (£0.1m)
8.1	Housing Related Support	0.0	-0.1	8.0	7.4	-0.6		Age UK grant moved to specialist services (-£0.1m)
7.0	Commissioners & Specialist Services	0.0	1.1	8.1	7.3	-0.8		Age UK grant moved from Housing Related Support (£0.1m). Increase of budget for Care Act (£0.7m). Transfer to RM for health & safety post & complaints service (-£0.1m), to CYP for customer rights (-£0.1m) and to Public Health for HIV contribution (-£0.1m). Reallocation of budgets as part of review of pay budgets across directorate (£0.5m)
8.5	Culture, Libraries, Sport & Community	0.0	0.0	8.6	8.6	0.0		
3.9	Management and Support	0.0	-0.4	3.5	3.0	-0.5		Reallocation of budgets as part of review of pay budgets across directorate (-£0.4m)
0.0	Care Act and Better Care Fund	0.0	-25.6	-25.6	-22.5	3.1		This is the creation of a new element of the ACS budget showing the Care Act grant of -£4.8m, the Better Care Fund transfers to ACS of -£16.7m, and the savings expected from HASCI of -£4.1m
204.1		-0.5	-0.4	203.2	203.1	-0.1		
0.0	Planned use of (-) / Contribution to (+) Reserves			0.5	0.5			
204.1	Total Net Expenditure Budget			203.7	203.6			

Table 3 – 2015/16 Children & Young People Services Revenue Budget Monitoring for period ending 31st December 2015

Full Year Budget (from budget book)	Directorate Service	Change in Planned Reserve Movements	Virements	Current Full Year Budget	Forecast Outturn	Variance over (+) under (-) Budget	Variance over (+) under (-) Grant Budgets	Variance over (+) under (-) Base Budget	Explanation of Planned Reserve Movements	Explanation of Virements
£ million		£ million	£ million	£ million	£ million	£ million	£ million	£ million		
10.1	Directorate Management/Overheads	0.6	-0.3	10.4	9.3	-1.1	-0.1	-0.9	£0.2m Workforce Development (Signs of Safety) £0.2m CareFirst Development £0.2m IT equipment	Business Support/Other Staff movements to/from Education and Learning (E&L) and Specialist Services due to restructure
60.3	Early Help & Specialist Services	0.9	0.1	61.3	63.5	2.2	-0.2	2.5	£0.4m Suffolk Family Focus £0.3m Youth Offending £0.2m Making Every Intervention Count (MEIC) transformation	
2.6	Commissioning	0.1	0.6	3.3	3.1	-0.2	0.0	-0.2	£0.1m Purchased Placement Commissioning	£0.1m Child & Adolescent Mental Health Services moved from Early Help & Specialist; £0.4m MEIC restructure. £0.1m from E&L restructure into Intelligence Hub
20.0	Home to School Transport	-0.3	0.0	19.6	19.6	0.0	0.0	0.0	-£0.3m Extended Rights to Free Transport Grant, less amount agreed for one-off costs	
84.0	Education & Learning	2.5	2.6	89.1	89.0	-0.1	0.8	-0.9	£0.9m SEN Reforms Grant £1.5m SOR £0.1m Psychologists/Parent Partnership traded surplus	£2.6m Adjustment to level of DSG funding available; £0.2m additional Music Grant; -£0.2m MEIC restructure; £2.2m DSG funding for SEN development
265.5	Maintained Schools	0.0	-9.8	255.7	255.7	0.0	0.0	0.0		-£9.4m Adjustment to DSG funding. £0.5m moved to E&L
0.0	Schools Choice	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1		£0.1m Customer Rights moved from ACS
-340.4	Grant Income	0.0	6.9	-333.5	-333.5	0.0	0.0	0.0		£5.6m DSG Adjustment not known at Budget Setting; -£0.2m additional Music Grant; £0.1m less YJB grant. £1.2m net DSG reductions due to Early Years funding/Looked After Children Pupil Premium Grant
102.0		3.7	0.1	105.8	106.7	0.829	0.4	0.4		
-3.8	Planned use of (-) / Contribution to (+) Reserves			-7.5	-7.5					
98.2	Total Net Expenditure Budget			98.3	99.2					

Table 4 – 2015/16 Public Health & Protection Revenue Budget Monitoring for period ending 31st December 2015

Full Year Budget	Directorate Service	Change in Planned Reserve Movements	Virements	Current Full Year Budget	Forecast Outturn	Variance over (+) under (-) Budget	Explanation of Planned Reserve Movements	Explanation of Virements
£ million		£ million	£ million	£ million	£ million	£ million		
21.4	Fire Service	0.0	0.0	21.4	21.2	-0.2	PH Regional Tobacco Office - A joint project with Norfolk CC to commission research work on groups at risk re: smoking (£0.1m). PH STARS Project (£0.3m), offset by the reversal of an expected withdrawal from reserves of £1.4m which is no longer needed.	The Public Health budget was rebased in June 2015 and reallocated across service headings based on the latest information for 2015/16 and the outturn for 2014/15. £0.1m HIV Wellbeing Contribution from ACS. Public Health Grant reducton in-year of £1.8m.
0.2	Health and Safety	0.0	0.0	0.3	0.3	0.0		
30.7	Health Improvement and Health Protection	-1.0	-2.1	27.6	27.4	-0.2		
0.4	Joint Emergency Planning Unit	0.0	0.0	0.4	0.4	0.0		
0.2	Knowledge and Intelligence	0.0	0.0	0.2	0.2	0.0		
0.6	Partnerships and Localities	0.0	0.4	0.9	0.9	0.0		
2.3	Trading Standards	0.0	0.0	2.3	2.3	0.0		
55.8		-1.0	-1.8	53.0	52.6	-0.4		
-0.4	Planned use of (-) / Contribution to (+) Reserves			0.5	0.5			
55.3	Total Net Expenditure Budget			53.6	53.2			

Table 5 – 2015/16 Resource Management Revenue Budget Monitoring for period ending 31st December 2015

Full Year Budget (from budget book)	Directorate Service	Change in Planned Reserve Movements	Virements	Current Full Year Budget	Forecast Outturn	Variance over (+) under (-) Budget	Explanation of planned reserve movements	Explanation of Virements
£ million		£ million	£ million	£ million	£ million	£ million		
0.3	Chief Executive & Support Team	0.0	0.0	0.3	0.3	0.0		
2.4	Finance	0.0	0.0	2.4	2.2	-0.2		
2.4	Human Resources	0.0	0.0	2.4	2.1	-0.3		
11.4	Information & Communication Technology	0.2	0.4	11.9	11.4	-0.5	Funding for additional training and help desk costs associated with implementing the capital programme	Symology and DIVA Licence (£0.2m), Homefirst system costs from ACS (£0.1m), Printing Budget from Property (£0.1m)
8.0	Corporate Property	0.0	-0.1	7.9	7.9	0.0		Printing Budget to IT
3.0	Business Development	0.0	-0.1	2.9	2.9	0.0		3 posts moved to CYP and 1 post moved to IT
1.7	Communications, Marketing and Customer Service	0.0	0.2	1.9	2.1	0.2		Customer Rights team moved from ACS
1.1	Procurement & Contract Management	0.0	0.0	1.1	1.0	0.0		
4.8	Scrutiny & Monitoring	0.0	-1.3	3.5	3.3	-0.2		Councillors Budget moved to Corporate
0.8	Directorate Management	0.0	0.0	0.8	1.0	0.2		
3.4	Strategic Development	0.1	0.0	3.5	3.5	0.0	Clare Country Park and Breaking New Ground	
20.9	Waste and Infrastructure	0.5	0.0	21.3	21.3	0.0	Lowestoft Transfer Station Lease	
21.5	Highways and Transport	0.3	-0.1	21.7	21.7	0.0	To fund additional design costs associated with highways works	Symology licence transferred to IT.
13.4	Passenger Transport	0.0	-0.1	13.3	13.3	0.0		DIVA licence moved to IT
95.1		1.0	-1.1	95.0	94.1	-0.9		
0.3	Planned use of (-) / Contribution to (+) Reserves			-0.8	-0.8			
95.4	Total Net Expenditure Budget			94.2	93.4			

Table 6 – 2015/16 Corporate Resources & Capital Financing Revenue Budget Monitoring for period ending 31st December 2015

Full Year Budget (from budget book)	Directorate Service	Change in Planned Reserve Movements	Virements	Current Full Year Budget	Forecast Outturn	Variance over (+) under (-) Budget	Explanation of Planned Reserve Movements	Explanation of Virements
£ million		£ million	£ million	£ million	£ million	£ million		
34.8	Capital Financing	0.0	0.0	34.8	34.8	0.0		
1.9	Premature Retirement Costs	0.0	0.0	1.9	1.9	0.0		
1.0	Management of Change	0.0	0.0	1.0	1.0	0.0		
0.7	Flood Defence Committee levies	0.0	0.0	0.7	0.7	0.0		
0.1	External Audit Fees	0.0	0.0	0.1	0.1	0.0		
0.9	Locality Budget	0.4	0.0	1.3	1.3	0.0	Planned use of balances carried forward from 2014/15	
0.4	Eastern Inshore Fisheries and Conservation Authority (EIFCA)	0.0	0.0	0.4	0.3	-0.1		
-1.2	EFMS Dividend and Corporate Contract Rebates	0.0	0.0	-1.2	-1.2	0.0		
3.5	Corporate Contingency	-2.7	0.0	0.8	0.8	0.0		
0.0	Councillors	0.0	1.3	1.3	1.3	0.0		Councillors Budget moved from RM
42.1		-2.3	1.3	41.1	41.0	-0.1		
5.6	Planned use of (-) / Contribution to (+) Reserves			7.9	7.9			
47.7	Total Net Expenditure Budget			49.1	49.0			

Table 7 Cross Directorate Virements

	ACS £m	CYP £m	PH&P £m	RM £m	
1		0.1		-0.1	3 Posts from Business Development to CYP Hub
2	-0.2			0.2	Customer Rights moved to RM from ACS
3	-0.1	0.1			Customer Rights moved to Schools Choice from ACS
4	-0.1		0.1		HIV Wellbeing Contribution from ACS to PH&P
5	-0.1			0.1	Transfer of Homefirst costs from ACS to RM
6			-1.9		Reduction in Public Health Grant
	-0.4	0.1	-1.8	0.2	

Table 8 Reserves

Adjusted Opening Balance of Reserves	Reserve	Planned Contributions to (+) or from (-) reserves	Capital Financing	Carry Forward Over (-) or Underspending (+)	Forecast Reserve Balance 31/3/16
£ million		£ million		£ million	£ million
	Service 'carry forward' reserves				
6.1	Adult & Community Services	0.0		0.1	6.2
9.4	Children & Young People (non schools)	-1.5		-0.5	7.5
1.5	Public Health & Protection	0.0		0.2	1.7
6.6	Resource Management	0.0		0.8	7.5
0.7	Corporate Resources and Capital Financing	-0.5		0.0	0.2
24.3	Sub Total	-2.0	0.0	0.7	23.0
	Earmarked reserves				
4.1	Adult & Community Services	0.5		0.0	4.6
10.5	Children & Young People (non schools)	-2.9		0.0	7.5
4.4	Public Health & Protection	-0.6		0.0	3.8
19.2	Resource Management	-0.9		0.0	18.3
30.7	Corporate Resources and Capital Financing	-1.5		0.0	29.2
68.9	Sub Total	-5.4	0.0	0.0	63.5
3.6	Public Health (Ring Fenced Grant)	0.0		0.2	3.8
28.4	Contingency	8.4		0.0	36.9
10.9	County Fund	0.0		0.1	11.0
0.8	Trader: Schools Choice	0.0		0.0	0.8
	Renewals Reserves				
0.4	Adult & Community Services	0.0		0.0	0.4
0.1	Children & Young People (non schools)	0.0		0.0	0.1
1.3	Public Health & Protection	1.1	-1.4	0.0	1.1
1.5	Resource Management	0.1		0.0	1.6
3.4	Sub Total	1.3	-1.4	0.0	3.2
140.3	Sub Total - Non Schools	2.3	-1.4	1.0	142.2
23.8	Schools Balances	0.0		0.0	23.8
7.1	Dedicated Schools Grant Reserve	-1.6		-0.3	5.2
30.9	Sub Total - Schools	-1.6	0.0	-0.3	29.0
36.9	Capital Reserves inc Financing		-4.3	0.0	32.6
208.1	TOTAL	0.7	-5.7	0.7	203.8

Planned (£0.7m) and carried forward reserves (£0.7m) can also be seen in **Table 1**.

Capital Programme

Introduction

28. The capital expenditure programme for 2015/16 agreed by the County Council in February 2015 was £104.2m. A total of £64.4m was brought forward from 2014/15 and additional funding of £19.7m has been received to the end of December 2015. This gives a revised expenditure programme of £188.3m. A summary of the capital programme and its financing is shown in **Table 9** below.

Table 9 Capital Budget Monitoring for period ending 31st December 2015

Original Expenditure Programme 2015/16		Revised Expenditure Programme 2015/16	Forecast Outturn	Forecast Variance Against Revised Programme
£ million		£ million	£ million	£ million
8.5	Adult & Community Services	9.9	4.8	5.1
39.4	Children and Young People	52.3	40.1	12.2
2.0	Schools	4.7	4.7	0.0
1.5	Public Health & Protection	6.2	2.4	3.8
30.1	Highways	60.6	46.0	14.6
0.0	Waste & Environment	19.9	5.4	14.5
8.5	Property	18.4	14.9	3.5
3.5	IT	5.0	3.0	2.0
10.7	Broadband	11.3	8.5	2.8
104.2		188.3	129.8	58.5
	<u>Financed by:</u>			
8.3	Ringfenced Government Grant	17.4	17.1	0.3
1.9	Ringfenced Contributions	16.5	7.3	9.2
37.9	Non-Ringfenced Government Grant	39.3	38.4	0.9
15.0	Capital Receipts	20.6	14.2	6.4
5.0	Revenue Budgets or Reserves	15.5	7.2	8.3
36.1	Borrowing	79.0	45.6	33.4
104.2		188.3	129.8	58.5

Adult & Community Services

29. The 2015/16 capital programme of £9.9m includes £1.4m of funding brought forward from 2014/15 and it is currently forecast that £4.8m will be spent, including the transfer of the Disabled Facilities grant to district and borough councils.
30. The ACS IT transformation programme has a three year project timescale and it is expected that £0.2m will be spent in 2015/16. The balance of £4.6m will be spent in 2016/17. The use of funding during this 3 year project timescale has been rescheduled following the creation of the staff resource, and the commencement of the planning phase prior to procurement of new systems. This change has no impact on the overall 3 year project deliverables.
31. The programme includes £0.6m for Housing projects with expected spend of £0.4m as some schemes will not be taking place until 2016/17.

Children & Young People

32. The capital programme for Children & Young People in 2015/16 is £52.3m, a decrease of £0.8m from the previous quarter. This is mainly as a result of capital receipts for Stanton Primary school not being available in this current financial year. However there has also been additional funding from the Education Funding Agency for Felixstowe Academy of £0.1m.
33. It is projected that £40.1m of the revised programme will be spent in 2015/16 and £12.2m will be carried forward to future years.
34. The forecast spend on basic need schemes is expected to be £8.3m with £12.9m carried forward. This is mainly due to site locations not having been secured for two out of the three new primary schools in the programme, with other basic need projects being still in early design stages. Furthermore, due to the discovery of asbestos the relocation of Stanton Primary School to Blackbourne Middle School has been delayed. There have also been numerous planning issues at Beck Row Primary School thus resulting in a much delayed project.
35. It is projected that £17.3m of expenditure on SOR schemes will be spent in 2015/16. This is £1.2m more than allocated in the budget this year however funding in 2016/17 will cover this. This is mainly due to an increase in spend this year relating to the new High School. To achieve the programme for September 2016 it has been necessary to accelerate works on site and therefore the current years spend has increased considerably. Contingency plans have been agreed with the schools academy sponsor in case the timeframe for opening is narrowly missed.
36. Last quarter £3.2m was held for project contingency, £2.6m has now been allocated to projects where there are expected overspends such as The Bridge, Ipswich Academy, Rendlesham Primary, Pakefield High and Ranelagh Primary, leaving £0.6m in contingency.

Public Health and Protection

37. The capital programme for Public Health and Protection in 2015/16 is £6.2m. It is expected that £2.4m will be spent in the current year and £3.8m will be spent in future years. The carry forward mainly relates to the £2.9m fire station estates capital programme, which is largely driven by the Service's plans to increase the number of shared stations. This funding will be committed once joint estates plans have been agreed in liaison with Suffolk Police and The East of England Ambulance Service, so it is expected that £0.2m will be spent in the current financial year. It is forecast that £1.4m of the £2.4m renewals programme for Fire vehicles, operational equipment and communications renewals will be spent in 2015/16.

Highways

38. The capital programme for Highways in 2015/16 is £60.6m, including £17.8m brought forward from 2014/15 and £12.7m of new funding. It is expected that £46.0m will be spent in the current year, including the entire £30.3m capital maintenance programme.
39. The programme includes £4.0m for the Beccles relief road which is being funded by a £2.0m contribution from the New Anglia Local Enterprise Partnership (NALEP) and £2.0m carried forward from 2014/15 for major road improvements in Lowestoft and Beccles. It is expected that £0.4m will be spent in the current financial year, mainly on scheme design.
40. The programme includes £12.0m for the Bury St Edmunds relief road which is being funded by a £7.0m contribution from NALEP, a £3.0m contribution from St Edmundsbury Borough Council and £2.0m carried forward from 2014/15. It is expected that around £2.5m will be spent in the current financial year.
41. The carry forward from 2014/15 includes £5.1m for transport improvements in towns where significant housing and employment growth is planned. It is intended that £3.6m of this will be used to complete projects started in 2014/15 and the proposed improvement works to the forecourt at Ipswich Station, pedestrianisation and improvement of Queen Street and Princes Street in Ipswich. It is planned that £1.0m will be used to fund the Ipswich radial corridor project and £0.5m will be used to fund the Bury St Edmunds sustainable transport project.
42. The programme includes £2.7m for other integrated transport projects that will support economic growth in Suffolk's growth locations. This funding may also be used to support the £0.9m road safety engineering programme if the funding carried forward from 2014/15 needs to be supplemented.

Waste & Environment

43. The Waste service is forecasting to spend £0.2m of the £14.7m programme in 2015/16 in relation to expansion of the Household Waste and Recycling Centre site in Mildenhall. Funding for improvements to the network of Household Waste Recycling centres will be spent in future years. The programme also includes a grant of £5.2m from the Department for Energy and Climate Change which is being used to help Suffolk homeowners and private renting tenants

with the cost of installing energy efficiency home improvements, with the primary focus on solid wall insulation. It is expected that this will all be spent in 2015/16.

Property

44. The capital programme for Property in 2015/16 is £18.4m, which includes £5.5m brought forward from 2014/15 and additional funding of £4.4m. The additional funding relates to the purchase and conversion of the Beacon House office building in Ipswich.
45. It is expected that £14.9m will be spent in 2015/16, including the completion of the joint Lowestoft office accommodation with Waveney District Council.
46. Delivery of a number of energy and carbon reduction schemes has been delayed and expenditure in 2015/16 is expected to be around £2.3m compared to the budget of £4.6m.
47. Improvement works in Endeavour House and Constantine House are expected to cost around £0.3m compared to the budget of £0.5m with some projects expected to be delayed until 2016/17. Work is progressing towards the submission of the planning application for the Chilton Woods site in Sudbury with expenditure in 2015/16 expected to be close to the budget of £1.0m.

IT & Broadband

48. The capital programme for IT in 2015/16 is £5.0m, which includes £1.0m brought forward from 2014/15 and additional funding of £0.5m. The additional funding relates to the improvement of storage facilities for Records Management. It is expected that £3.0m will be spent in 2015/16; the balance will be carried forward into 2016/17. The capital programme for Broadband in 2015/16 is £11.3m and it is expected that £8.5m will be spent this year, with £2.8m carried forward into 2016/17.

Capital Receipts

49. During the third quarter of 2015/16 sales of £3.5m have been completed. There are currently sales with solicitors of £9.3m and Corporate Property are actively progressing sales estimated at £4.2m. There were £18.1m of capital receipts brought forward from 2014/15 and it is currently forecast that £17.1m will be needed to fund the programme in 2015/16.

Conclusion

50. The Council's finances continue to be managed effectively but it is evident that containing spending within budget while maintaining services is becoming more challenging, particularly in adult and children's social care services. The importance of strong financial management cannot be understated as carrying forward increasing commitments into future years' budgets without plans to address them will only add to the growing budget gap the Council has to address over the coming years as a result of the recent Local Government Finance Settlement.

Sources of further information

Revenue Budget 2015/16 and Capital Programme 2015/18

http://committeeminutes.suffolkcc.gov.uk/searchResult.aspx?qry=c_committee~~County Council

Scheme of Resource Management – Financial Procedures

<http://www.suffolk.gov.uk/NR/rdonlyres/54DC8E78-E6DE-4357-B784-42791FF7A8CC/0/04ConstitutionPART41b.pdf>

Council Payments over £250

<http://www.suffolk.gov.uk/council-and-democracy/council-data-and-transparency/council-expenditure-and-contracts/expenditure-exceeding-250/>