



Corporate Overview Select Committee

21 March 2019

Month 9 Budget Monitoring

Purpose of report: Scrutiny of Budgets

Introduction:

1. The Cabinet received the Month 9 Budget Monitoring report at its meeting on 26 February 2019. This report presented a high level review of the financial position up to the end of December 2018. This report is attached as an annex to this report.
2. This report to the Corporate Overview Select Committee provides further detail on the material variances and issues in the Cabinet report.

Background

3. The council's 2018/19 budget included the need to deliver £66m Medium Term Financial Plan (MTFP) savings and efficiencies. Despite this, the achievement of a balanced budget relied on the significant use of one-off resources, including drawing £21m from reserves. Material additional pressures arising in 2018/19 and continuing funding uncertainties from 2019/20 onwards mean further use of reserves is not sustainable. In response, the council set the £40m in year cost reduction programme, with two objectives:
 - achieve in year cost reductions to prevent unplanned use of reserves; and
 - avoid drawing down any of the planned £21m contribution from reserves this year to be in a more resilient position for 2019/20.

Revenue Budget

4. At 31 December, the forecast revenue outturn for the year end was for an underspending of £16.7m, which represents a drawdown of reserves of £4.6m. This will be a significant achievement against the original use of reserves in the MTFP.
5. The Council was forecasting to achieve £62m of its MTFP savings at the end of December. The MTFP savings that will not be achieved are in the following areas.

• SEND Cost Containment Plan	£2.7m
• SEND Home to School Transport	£0.9m
• Waste Disposal - Single waste approach	£0.4m

6. In addition to these savings being considered to be unachievable this year, the risk of achieving a further £2.6m from the SEND Cost Containment Plan and £0.3m from SEN Transport remain a high risk and are rated as being Red.
7. Although the MTFP savings will not be achieved in full, the in-year cost reduction programme has delivered significant underspendings. Not all the planned reductions will be achieved, however these will be off-set by underspendings elsewhere.
8. The table below provides an overview of the forecast outturn for each service.

Service	Net budget £m	Net forecast £m	Forecast variance £m	Last month variance £m
Delegated Schools	0.0	0.0	0.0	0.0
Education, Lifelong Learning & Culture	68.9	85.7	16.8	17.1
Safeguarding & Family Resilience	42.2	42.2	0.0	0.3
Corporate Parenting	100.9	99.8	-1.1	-1.4
Quality Assurance	5.5	6.0	0.5	0.4
Commissioning	11.2	11.6	0.4	0.3
Children, Families, Learning & Communities	228.7	245.3	16.6	16.8
Adult Social Care	381.8	364.9	-16.9	-15.1
Public Health	0.0	-0.1	-0.1	-0.2
Health, Wellbeing & Adult Social Care	381.8	364.8	-17.0	-15.3
Economy, Growth & Commercial	30.4	26.2	-4.2	-3.1
Highways & Transport	67.1	64.3	-2.8	-2.4
Environment	69.2	68.7	-0.5	-0.4
Surrey Fire & Rescue Service	31.5	31.3	-0.2	-0.3
Communities	3.0	2.7	-0.4	-0.4
Highways, Transport & Environment	170.8	166.9	-3.9	-3.5
Customer & Performance	7.0	6.5	-0.5	-0.6
Coroner	1.7	2.0	0.3	0.3
Orbis HR&OD, IT&D and Joint Operating Budget	52.0	47.6	-4.4	-3.8
Customer, Digital & Transformation	60.7	56.1	-4.6	-4.1
Finance	2.6	2.4	-0.2	-0.1
Central Income & Expenditure	52.6	41.8	-10.8	-11.2
Total services' revenue expenditure	927.6	903.5	-24.1	-20.5
Total general funding	-906.3	-898.9	7.4	6.0
Total movement in reserves	21.3	4.6	-16.7	-14.5

9. The council is continuing to face exceptional demand for services for children with Special Educational Needs (SEN) within the High Needs Block of the Dedicated Schools Grant, with the number of Education Health and Social Care Plans (EHCPs) increasing. This is leading to a forecast overspending in this area of £16.8m which was one of the factors for the council setting a £40m in-year cost reduction programme.

10. Off-setting this pressure on the budget was a forecast underspending on Adult Social Care of £16.9m. This is due to the success of achieving the in-year savings target, which has been exceeded due to action taken to reduce care package spending and mitigate budgeted increased costs of care.
11. Other significant underspendings and cost reductions are shown below.
- Property maintenance £4m
 - Orbis joint operating budget £4m
 - Capital Financing costs £3m
 - Highways & Transport - reduced concessionary fare journeys, increased income £3m

Conclusions

12. The council has made significant progress in achieving its aims of eliminating the need to draw down reserves and the need for any unplanned use of reserves.
13. However, considerable risks remain, especially in the area of Special Educational Needs and Disabilities.
14. The council will continue to closely monitor revenue budgets for the remaining three months of 2018/19.

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