

SURREY COUNTY COUNCIL

CABINET

DATE: 26 JANUARY 2021

REPORT OF: MR MEL FEW, CABINET MEMBER FOR RESOURCES

LEAD OFFICER: LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR RESOURCES (S151 OFFICER)

SUBJECT: 2020/21 MONTH 8 (NOVEMBER) FINANCIAL REPORT

ORGANISATION STRATEGY: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ENABLING A
 PRIORITY AREA: GREENER FUTURE/EMPOWERING COMMUNITIES



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SUMMARY OF ISSUE:

This report provides details of the County Council's 2020/21 financial position as at Month 8 (M8) 30 November 2020 for revenue and capital budgets and the projected outlook for the financial year.

Key Messages – Revenue

- **As at November 2020 (M8); the Council is forecasting a full-year £3.4m deficit, a small improvement of £0.2m from the previous month. The changes to individual Directorate forecasts are shown in Annex 1 and summarised in Table 1.**
- Work continues to identify further efficiencies to close the deficit against the budget. Reforecasting of the impact of CV-19 will continue at M9 and further budget resets may be required.

Key Messages – Capital

- The M8 capital update reflects **a decrease in forecast expenditure of £1.4m from £2.0m above budget at M7 to £0.6m at M8.** The updated forecast for the year is £226.9m against a budget of £226.3m, details of which are set out in **Table 3.**

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Note the Council's forecast revenue and capital budget positions for the year

REASON FOR RECOMMENDATIONS:

This report is to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval of any necessary actions.

DETAILS:**Revenue Budget**

1. As stated, the current forecast for the year is a deficit of £3.4m against the budget of £1,022.5m. Table 1 below shows the forecast revenue position by Directorate.

Table 1 - Summary revenue budget forecast variances as at 30th November 2020

Directorate	20/21 outturn forecast at M8 £m	Annual Budget £m	Forecast Variance £m	Change in forecast since last month £m
Adult Social Care	380.7	382.7	(2.0)	0.0
Public Health	32.9	32.9	0.0	0.0
Children, Families & Lifelong Learning	212.8	199.7	13.1	2.8
Environment, Transport & Infrastructure	135.2	134.2	1.0	(1.7)
Community Protection	37.7	36.8	0.9	0.0
Community & Transformation	15.6	16.0	(0.4)	(0.1)
Strategy & Commissioning	54.5	55.7	(1.1)	(0.1)
HR & Communications	8.3	8.4	(0.1)	(0.0)
Deputy CEX	2.3	2.3	(0.0)	(0.0)
Resources	72.4	73.6	(1.2)	(1.0)
Central Income & Expenditure	78.3	80.3	(2.0)	0.0
Directorate Budget Envelopes	1,030.7	1,022.5	8.1	(0.2)
Central Funding	(1,027.2)	(1,022.5)	(4.7)	0.0
Overall after central funding	3.4	(0.0)	3.4	(0.2)

Note: Numbers have been rounded which might cause a difference. The table reflects the revised organisational structure

2. The table above reflects changes in the outlook from the prior month's report, primarily consisting of the following Directorate changes:
- **ETI - £1.7m improvement** due to a number of factors, including refinancing of the street lighting PFI contract. The contract was originally expected to be refinanced during 2019/20 and was included in the MTFS with an estimated benefit of £1.4m. Refinancing was initially delayed while the street lighting LED conversion project and associated contractual changes were agreed, with the shortfall being temporarily met from central contingencies last financial year. The refinancing has now been concluded, as agreed by Cabinet on 27 October 2020, providing a higher benefit to the Council than originally envisaged. The first £1.4m of that benefit will be used to "repay" central contingencies, with the remainder mitigating existing pressures within ETI;
 - **Resources - £1.0m decrease (CV-19 related)** due to the receipt of income from schools in relation to the fixed costs of school meals; and
 - **CFL - £2.6m increase** due to £1.4m additional placement costs adding pressure to the High Needs Deficit and £1.2m CV-19 related as a result of

higher numbers of pupils receiving support rather than attending school. This has resulted in increases in the cost of independent alternative provision for pupils.

CV-19 update

- There have been relatively small changes to the total CV-19 forecast at M8, included in the £3.4m overall variance. £0.5m of the £3.4m overspend relates to CV-19, with the remaining £2.9m relating to Business as Usual (BAU) activity. CV-19 forecasts will be kept under review and a further reset may be necessary if the forecast changes significantly.

Capital Budget

- The forecast now stands at £226.9m** as a result of a decreased spend of £1.4m from M7 relating to a rephasing in Property scheme costs (£3.2m), offset by an increase of £0.8m Highways and Transport, £0.8m Environment and £0.2m IT. The detail is shown in Table 3, below.

Table 3 - Capital Programme Forecast at M8

Strategic Capital Groups	Restated Budget £m	Forecast outturn at M8 £m	M8 Reported Variance £m	Change from M7 to M8 £m	Increase / Decrease / Unchanged
Property					
Property Schemes	118.7	116.7	(2.0)	(3.2)	Decrease
ASC Schemes	1.9	1.7	(0.2)	0.0	Increase
CFLC Schemes	0.6	0.5	(0.0)	0.0	Unchanged
Property Total	121.2	118.9	(2.2)	(3.2)	Decrease
Infrastructure					
Highways and Transport	83.6	86.0	2.4	0.8	Increase
Environment	2.0	2.8	0.8	0.8	Increase
Community Protection	3.8	3.8	(0.0)	0.0	Unchanged
Infrastructure Total	89.3	92.5	3.2	1.6	Increase
IT					
IT Service Schemes	15.4	15.2	(0.2)	0.2	Increase
CFLC - EMS	0.3	0.2	(0.1)	0.0	Unchanged
IT Total	15.7	15.4	(0.3)	0.2	Increase
Total	226.3	226.9	0.6	(1.4)	Decrease

CONSULTATION:

- Executive Directors and Cabinet Members have confirmed the forecast outturns for their revenue and capital budgets.

RISK MANAGEMENT AND IMPLICATIONS:

6. Risk implications are stated throughout the report and each relevant director or head of service has updated their strategic and or service risk registers accordingly. In addition, the Leadership Risk Register continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council and the sustainability of the Medium-Term Financial Strategy. In the light of the financial risks faced by the Council, the Leadership Risk Register will be reviewed to increase confidence in Directorate plans to mitigate the risks and issues.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

7. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus.

SECTION 151 OFFICER COMMENTARY

8. The Council has a duty to ensure its expenditure does not exceed resources available. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
9. The Section 151 Officer confirms the financial information presented in this report is consistent with the Council's general accounting ledger and that forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.

LEGAL IMPLICATIONS – MONITORING OFFICER

10. The Council is under a duty to set a balanced and sustainable budget. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available whilst continuing to meet its statutory duties.
11. Cabinet should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Cabinet and Council and they must take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.

EQUALITIES AND DIVERSITY

12. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary. In implementing individual management actions, the Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. Services will continue to monitor the impact of these actions and will take appropriate action to mitigate additional negative impacts that may emerge as part of this ongoing analysis.

WHAT HAPPENS NEXT:

The relevant adjustments from the recommendations will be made to the Council's accounts.

Contact Officer:

Leigh Whitehouse, Executive Director of Resources, 020 8541 7246

Consulted:

Cabinet, Executive Directors, Heads of Service.

Annexes:

Annex 1 – Forecast revenue budget as at 30th November 2020.

Detailed Revenue Budget by Service – 30th November 2020

Service	Cabinet Member	Prior year to date actual £m	Year to date Budget £m	Year to date Actual £m	Year to date variance £m	Full Year Gross budget £m	Full year net budget £m	Full Year net forecast £m	Full year net forecast variance £m
Delegated Schools	J Iles	(0.0)	0.0	0.0	0.0	302.6	0.0	0.0	0.0
Education, Lifelong Learning & Culture	J Iles	52.4	41.6	28.0	(13.5)	213.4	49.7	58.2	8.5
Family Resilience	M Lewis	62.3	60.5	61.3	0.8	103.7	89.9	91.6	1.7
Corporate Parenting	M Lewis	26.8	28.0	27.5	(0.5)	44.7	40.5	42.4	1.9
Quality & Performance	M Lewis / J Iles	5.6	5.9	5.6	(0.3)	10.9	8.9	8.6	(0.3)
Directorate wide savings	M Lewis / J Iles	0.2	6.9	5.6	(1.3)	12.8	10.8	12.0	1.2
Children, Families, Learning		147.3	143.0	128.1	(14.9)	688.2	199.7	212.8	13.1
Public Health	S Mooney	0.0	19.4	6.7	(12.7)	33.0	32.9	32.9	0.0
Adult Social Care	S Mooney	246.4	258.2	259.5	1.4	530.7	382.7	380.7	(2.0)
Highways & Transport	M Furniss	34.4	36.5	31.8	(4.7)	69.2	58.4	55.8	(2.7)
Environment	N Bramhall	37.2	47.3	49.5	2.2	75.4	71.6	74.1	2.5
Leadership Team (ETI)	M Furniss / N Bramhall	0.5	(0.0)	0.7	0.8	(0.1)	(0.1)	0.4	0.5
ETI CV-19	M Furniss / N Bramhall	0.0	4.2	1.5	(2.7)	6.3	4.3	4.9	0.6
Environment, Transport & Infrastructure		72.0	88.0	83.5	(4.5)	150.9	134.2	135.2	1.0
Fire and Rescue	D Turner-Stewart	21.1	21.1	21.3	0.2	36.4	31.7	31.7	(0.0)
Trading Standards	D Turner-Stewart	1.1	1.3	1.2	(0.1)	4.0	2.0	2.0	0.0
Chief of Staff	D Turner-Stewart	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emergency Management	D Turner-Stewart	0.4	0.3	0.4	0.0	0.5	0.5	0.5	(0.0)
Coroner	D Turner-Stewart	1.5	1.3	2.0	0.8	2.5	2.1	2.9	0.8
Health & Safety	D Turner-Stewart	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0
CP CV-19	D Turner-Stewart	0.0	0.2	0.5	0.2	0.4	0.4	0.5	0.1
Armed Forces and Resilience	D Turner-Stewart	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.0
Community Protection		24.2	24.4	25.6	1.2	43.9	36.8	37.7	0.9
Human Resources & Organisational Development	Z Grant-Duff	2.0	4.4	3.8	(0.6)	6.6	6.6	6.5	(0.1)
Communications	Z Grant-Duff	0.8	1.0	0.9	(0.0)	1.4	1.4	1.5	0.0
HR & Comm CV-19	Z Grant-Duff	0.0	0.1	0.3	0.2	0.4	0.4	0.4	0.0
HR & Communications		2.8	5.4	5.0	(0.4)	8.4	8.4	8.3	(0.1)
Transformation Support Unit	T Oliver	0.0	0.5	0.7	0.1	0.8	0.8	0.8	(0.0)
Customer Services	Z Grant-Duff	1.8	1.9	1.7	(0.2)	3.1	2.9	2.8	(0.1)
Community Partnerships	Z Grant-Duff	0.4	0.4	0.3	(0.1)	1.3	1.3	1.3	(0.0)
Libraries, Registrars & Culture	J Iles	0.0	7.5	6.7	(0.8)	16.4	10.7	10.3	(0.4)
C&T CV-19	T Oliver / J Iles	0.0	0.2	0.3	0.1	0.4	0.3	0.4	0.1
Community & Transformation		2.2	10.5	9.6	(0.9)	21.9	16.0	15.6	(0.4)
Strategic Commissioning	M Lewis / J Iles	7.7	34.2	29.1	(5.1)	130.8	52.0	51.0	(1.0)
Insight, Analytics & Intelligence	Z Grant-Duff	2.0	1.9	1.9	(0.1)	2.8	2.0	1.9	(0.1)
S&C CV-19	J Iles / Z Grant-Duff	0.0	0.7	0.7	0.0	0.7	1.6	1.6	0.0
Strategy & Commissioning		9.7	36.8	31.6	(5.1)	134.3	55.7	54.5	(1.1)
Strategic Leadership	T Oliver	0.7	2.2	2.2	(0.0)	3.0	1.5	1.5	(0.0)
Economic Growth	C Kemp	0.3	0.5	0.5	(0.0)	0.8	0.8	0.8	(0.0)
DCEX CV-19	C Kemp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deputy CEX		1.0	2.7	2.6	(0.1)	3.8	2.3	2.3	(0.0)
Joint Operating Budget ORBIS	M Few	18.5	11.4	8.8	(2.6)	17.0	17.4	17.4	(0.0)
Land & Property	M Few	12.1	17.2	19.5	2.3	36.3	27.1	27.0	(0.1)
Information Technology & Digital	M Few	6.0	7.2	6.9	(0.2)	11.4	10.7	10.4	(0.4)
Finance	M Few	1.0	3.7	4.0	0.2	7.7	5.7	5.8	0.1
Legal Services	M Few	2.7	2.8	3.4	0.7	4.6	4.1	4.5	0.4
Democratic Services	M Few	2.0	2.2	2.1	(0.0)	3.5	3.2	3.2	(0.0)
Business Operations	M Few	0.3	(0.2)	(0.2)	0.1	(0.3)	(0.3)	(0.2)	0.1
Resources Leadership	M Few	0.0	2.2	0.7	(1.5)	0.7	0.8	0.8	0.0
Twelve15	M Few	0.0	2.4	1.2	(1.2)	18.6	0.8	0.8	(0.1)
Resources CV-19	M Few / Z Grant-Duff	0.0	0.7	0.8	0.1	7.3	4.4	2.8	(1.6)
Resources		42.6	49.5	47.2	(2.3)	106.7	74.0	72.4	(1.6)
Corporate Expenditure	M Few	17.2	38.9	32.6	(6.3)	94.4	80.3	78.3	(2.0)
Business as Usual		565.4	676.8	632.1	(44.7)	1,816.4	1,022.9	1,030.7	7.7
Efficiencies unachievable due to CV-19							(0.4)	0.0	0.4
Amount already assumed in Directorate figures above							0.0	0.0	0.0
Total services' revenue expenditure		565.4	676.8	632.1	(44.7)	1,816.4	1,022.5	1,030.7	8.1
Central funding		(353.0)	(632.9)	(632.9)	0.0	0.0	(1,022.5)	(1,027.2)	(4.7)
Total Net revenue expenditure		212.4	44.0	(0.7)	(44.7)	1,816.4	(0.0)	3.4	3.4