

SURREY COUNTY COUNCIL

CABINET

DATE: 30 MARCH 2021



REPORT OF: MRS BECKY RUSH, CABINET MEMBER FOR RESOURCES AND CORPORATE SUPPORT

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

SUBJECT: 2020/21 MONTH 10 (JANUARY) FINANCIAL REPORT

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

14

SUMMARY OF ISSUE:

This report provides details of the County Council's 2020/21 financial position as at Month 10 (M10) 31 January 2021 for revenue and capital budgets and the projected outlook for the financial year.

Key Messages – Revenue

- **As at January 2021 (M10); the Council is forecasting a full-year £2.2m underspend, an improvement of £2.4m from the previous month. The changes to individual Directorate forecasts are shown in Annex 1 and summarised in Table 1.**
- **The £2.2m underspend consists of a projected £3.8m overspend on CV-19 and a projected £6.0m underspend on Business as Usual (BAU).**
- Updating the projections for the impact of CV-19 will continue at M11 and at outturn any overspend will be met from the CV-19 reserve.

Key Messages – Capital

- The M10 capital update reflects **a decrease in forecast expenditure of £6.3m, from £5.7m below budget at M9 to £12.0m below budget at M10**, details are set out in **Table 3**. The decrease mainly relates to slippage and rephasing rather than a reduction in total scheme cost. Highways and Transport have accelerated £1.4m of spend into 2020/21 however this is offset by slippage elsewhere.

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. The current forecast for the year is an underspend of £2.2m 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 31st January 2021

Directorate	20/21 outturn forecast at M10 £m	Annual Budget £m	Forecast Variance £m	Change in forecast since last month £m
Adult Social Care	376.9	382.7	(5.8)	(1.2)
Public Health	32.94	32.9	0.0	0.0
Children, Families & Lifelong Learning	216.5	200.3	16.2	1.0
Environment, Transport & Infrastructure	135.5	134.3	1.2	(0.3)
Community Protection	37.9	36.8	1.1	0.1
Community & Transformation	15.5	15.6	(0.1)	(0.1)
Strategy & Commissioning	48.7	55.0	(6.3)	(1.2)
HR & Communications	8.3	8.4	(0.1)	(0.0)
Deputy CEX	2.2	2.3	(0.1)	(0.0)
Resources	71.9	73.5	(1.6)	(0.7)
Central Income & Expenditure	78.7	80.7	(2.0)	0.0
Directorate Budget Envelopes	1,025.0	1,022.5	2.5	(2.4)
Central Funding	(1,027.2)	(1,022.5)	(4.7)	0.0
Overall after central funding	(2.2)	0.0	(2.2)	(2.4)

Note: Numbers have been rounded which might cause a difference.

2. The table above reflects changes in the outlook from the prior month's report, primarily consisting of the following Directorate changes:
 - **ASC - £1.2m improvement** due to further temporary reductions in care package expenditure as a result of the impacts of the pandemic.
 - **Strategy and Commissioning - £1.2m improvement** due to a further increase in the projected underspend on Home to School transport. This is due to continued reductions in school journeys as a result of schools remaining closed after half term.
 - **ETI - £0.3m improvement** due mainly to a reduction in concessionary fares expenditure for older people and people with disabilities.

- **Resources - £0.7m improvement.** £0.5m of this improvement relates to efficiencies realised in IT support due to the transition to in-house support for some services, reductions in the unicorn (BT) contract costs and efficiencies associated with the roll out of equipment. £0.2m relates to CV-19 due to reduced costs associated with both IT&D and legal.
 - **CFL - £1.0m increase in forecast spend.** There is a £2.0m increase in overspend offset by a £1m reduction in Corporate Parenting. The £2.0m increase consists of £1.3m due to increased High Needs Block placement and individual pupil support budgets, resulting from a combination of new Education, Health and Care Plans (EHCPs), new placements, appeal decisions and annual reviews. The remaining £0.7m overspend is a result of increased staffing costs within Family Resilience (£0.3m) and additional CV-19 costs (£0.4m), mainly staffing costs within the in-house residential provision. The £1m reduction in Corporate Parenting is due to increases in identified CV-19 staffing costs, and reduced forecasts for child arrangement orders based on current patterns.
3. Central I&E holds an £8.6m provision for the costs of redundancy associated with transformation efficiencies. £4.1m is currently forecast to be spent in 2020/21 and approval will be sought from Cabinet at outturn to transfer the remainder to reserves, in order to mitigate risks associated with delivering Transformation in future years.

CV-19 update

4. The CV-19 impact has remained largely unchanged from M9, increasing from £3.6m to £3.8m. This increase is a result of increases in staffing costs within the in-house residential provision (£0.4m) offset by reduced CV-19 costs associated with both IT&D and legal (£0.2m).

Capital Budget

5. **The capital forecast stands at £232.0m against a budget of £244.0m; slippage of £12.0m.** The forecast slippage has increased by £6.3m from a projected underspend of £6.7m at M9.
6. The forecast capital outturn for Property has reduced by £3.2m. The main variances are a reduction in forecast spend on the Agile Office Programme of £3.0m due to the profiling of budgets against anticipated spend and slippage in forecast spend on Schools Maintenance (£1m) Extra Care Housing (£0.5m) and Special Educational Needs and/or Disabilities strategy (£0.5m). These reductions are offset by accelerated spend in Corporate Maintenance and increases in Fire Risk Assessment, Schools Basic Need and Woodhatch totalling £1.7m.
7. IT capital costs have slipped by £3.2m. This is due to a delay in smart phones rollout (£2.0m), slippage due to reprofiling of consultants spend on the DB&I project (£0.7m) and underspends within the IT&D hardware budget (£0.4m).
8. There has been accelerated spend in Highways related schemes of £1.4m. This acceleration has been offset by minor reductions across a number of schemes of £1.0m.

9. Infrastructure capital costs overall have increased by £0.1m. The net increased spend of £0.4m detailed in paragraph 8 above has been offset. There is a decrease of £0.1m related to slippage in the Countryside Visitor Plan and a decrease of £0.2m related to slippage in Making Surrey Safer. The detail is shown in Table 3, below.

Table 3 - Capital Programme Forecast at M10

Strategic Capital Groups	Restated Budget £m	Forecast outturn at M10 £m	M10 Reported Variance £m	Change from M9 to M10 £m	Increase / Decrease / Unchanged
Property					
Property Schemes	135.6	132.0	(3.7)	(3.2)	Decrease
ASC Schemes	1.9	1.7	(0.2)	0.0	Unchanged
CFLC Schemes	0.6	0.4	(0.2)	0.0	Unchanged
Property Total	138.1	134.0	(4.1)	(3.2)	Decrease
Infrastructure					
Highways and Transport	84.2	81.4	(2.8)	0.4	Increase
Environment	2.1	2.3	0.1	(0.1)	Decrease
Community Protection	3.9	3.5	(0.4)	(0.2)	Decrease
Infrastructure Total	90.2	87.1	(3.0)	0.1	Increase
IT					
IT Service Schemes	15.4	10.6	(4.8)	(3.3)	Decrease
CFLC - EMS	0.3	0.3	(0.1)	0.0	Unchanged
IT Total	15.7	10.9	(4.9)	(3.2)	Decrease
Total	244.0	232.0	(12.0)	(6.3)	Decrease

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

11. 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:

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

SECTION 151 OFFICER COMMENTARY

13. 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.
14. 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

15. 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.
16. 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

17. 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.
18. 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 31st January 2021.

Detailed Revenue Budget by Service – 31st January 2021

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)	1.8	0.0	(1.8)	304.4	(0.0)	0.0	0.0
Education, Lifelong Learning & Culture	J Iles	70.6	46.1	33.6	(12.5)	212.6	50.5	60.3	9.8
Corporate Parenting	M Lewis	75.3	75.5	77.0	1.5	103.7	89.9	90.7	0.9
Family Resilience	M Lewis	32.3	34.4	35.3	0.9	44.7	40.7	43.6	2.9
Quality & Performance	M Lewis / J Iles	6.4	7.5	7.1	(0.5)	11.0	9.0	8.7	(0.4)
Directorate wide savings	M Lewis / J Iles	0.4	9.1	10.7	1.6	12.8	10.2	13.2	3.0
Children, Families, Learning		185.0	174.4	163.7	(10.7)	689.1	200.3	216.5	16.2
Public Health	S Mooney	25.1	25.1	13.1	(12.0)	33.0	32.9	32.9	0.0
Adult Social Care	S Mooney	300.8	321.0	314.6	(6.4)	530.7	382.7	376.9	(5.8)
Highways & Transport	M Fumiss	44.0	46.8	42.7	(4.1)	69.2	58.2	55.2	(3.0)
Environment	N Bramhall	47.0	59.2	61.5	2.3	75.4	71.6	73.5	1.9
Leadership Team (ETI)	M Fumiss /N Bramhall	0.7	(0.1)	1.2	1.2	(0.1)	(0.1)	0.4	0.5
ETI CV-19	M Fumiss /N Bramhall	0.0	5.3	1.5	(3.7)	6.3	4.6	6.2	1.6
Environment, Transport & Infrastructure		91.7	111.2	106.9	(4.3)	150.9	134.3	135.3	1.0
Fire and Rescue	D Turner-Stewart	26.2	26.4	26.2	(0.2)	36.4	31.7	31.7	(0.0)
Trading Standards	D Turner-Stewart	1.5	1.6	1.6	(0.0)	4.0	2.0	1.9	(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	0.5	0.4	0.4	0.0	0.5	0.5	0.5	(0.0)
Coroner	D Turner-Stewart	2.0	1.7	2.6	0.9	2.5	2.1	3.0	0.9
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	0.3	0.6	0.3	0.5	0.4	0.6	0.2
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		30.2	30.6	31.6	1.0	44.0	36.8	37.9	1.1
Human Resources & Organisational	T Oliver	2.4	5.5	4.8	(0.6)	6.6	6.6	6.5	(0.1)
Communications	T Oliver	1.0	1.2	1.1	(0.1)	1.4	1.4	1.4	(0.0)
HR & Comm CV-19	T Oliver	0.0	0.3	0.3	(0.1)	0.4	0.4	0.4	0.0
HR & Communications		3.5	7.0	6.3	(0.7)	8.4	8.4	8.3	(0.1)
Transformation Support Unit	T Oliver	0.7	0.6	0.8	0.2	0.8	0.8	0.8	(0.0)
Customer Services	M Nuti	2.4	2.4	2.2	(0.2)	3.1	2.9	2.7	(0.2)
Community Partnerships	M Nuti	1.0	0.0	0.9	0.9	1.3	1.3	1.3	(0.0)
Libraries, Registrars & Culture	M Nuti	0.0	9.0	8.5	(0.5)	16.4	10.7	10.4	(0.4)
C&T CV-19	T Oliver / J Iles	0.0	0.3	0.2	(0.1)	0.4	(0.1)	0.4	0.5
Community & Transformation		4.1	12.4	12.8	0.4	21.9	15.6	15.5	(0.1)
Strategic Commissioning	M Lewis / J Iles	13.5	42.3	35.3	(7.0)	131.1	51.3	45.2	(6.1)
Insight, Analytics & Intelligence	D Turner-Stewart	1.3	2.9	1.7	(1.2)	2.8	2.0	1.9	(0.2)
S&C CV-19	J Iles	0.0	0.6	1.3	0.7	0.7	1.6	1.6	0.0
Strategy & Commissioning		14.8	45.9	38.3	(7.6)	134.6	55.0	48.7	(6.3)
Strategic Leadership	T Oliver	1.1	1.2	1.2	(0.0)	1.5	1.5	1.4	(0.1)
Economic Growth	C Kemp	0.5	0.7	0.6	(0.1)	0.8	0.8	0.7	(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		1.5	1.9	1.8	(0.1)	2.3	2.3	2.2	(0.1)
Joint Operating Budget ORBIS	B Rush	29.0	14.3	13.0	2.6	17.1	17.0	17.0	(0.1)
Land & Property	T Oliver	15.5	22.2	21.8	(0.4)	36.3	27.1	27.1	0.0
Information Technology & Digital	B Rush	7.7	8.9	8.3	(0.6)	11.3	10.7	9.7	(1.0)
Finance	B Rush	1.3	4.7	4.6	(0.1)	7.7	5.7	5.7	0.1
Legal Services	B Rush	3.4	3.4	4.0	0.5	4.6	4.1	4.7	0.6
Democratic Services	B Rush	2.4	2.7	2.6	(0.1)	3.5	3.2	3.2	(0.1)
Business Operations	B Rush	(0.1)	(0.3)	(0.3)	(0.1)	(0.3)	(0.3)	(0.2)	0.1
Resources Leadership	B Rush	0.0	0.7	0.8	0.1	0.9	0.8	0.8	0.0
Twelve15	B Rush	0.0	1.2	1.1	(0.1)	18.3	1.5	1.4	(0.1)
Resources CV-19	T Oliver/B Rush	0.0	3.9	1.6	(2.3)	7.4	3.3	2.2	(1.1)
Resources		59.4	61.7	57.4	(0.4)	106.7	73.1	71.5	(1.6)
Corporate Expenditure	B Rush	28.3	46.7	39.5	(7.2)	87.9	80.7	78.7	(2.0)
Business as Usual		744.4	837.8	785.9	(48.0)	1,809.7	1,022.1	1,024.3	2.2
Efficiencies unachievable due to CV-19							0.4	0.7	0.3
Amount already assumed in Directorate figures above							0.0	0.0	0.0
Total services' revenue expenditure		744.4	837.8	785.9	(48.0)	1,809.7	1,022.5	1,025.0	2.5
Central funding		(706.9)	(829.1)	(829.1)	0.0	0.0	(1,022.5)	(1,027.2)	(4.7)
Total Net revenue expenditure		37.5	8.7	(43.3)	(48.0)	1,809.7	0.0	(2.2)	(2.2)

This page is intentionally left blank