

## SURREY COUNTY COUNCIL

## CABINET

DATE: 27 APRIL 2021



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

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

SUBJECT: 2020/21 MONTH 11 (FEBRUARY) FINANCIAL REPORT

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

<b>Purpose of the Report:</b>
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This report provides details of the County Council's 2020/21 financial position as at Month 11 (M11) 28 February 2021 for revenue and capital budgets and the projected outlook for the financial year.

**Key Messages – Revenue**

- As at February 2021 (M11); the Council is forecasting a full-year £3.3m underspend, an improvement of £1.1m from the previous month. The changes to individual Directorate forecasts are shown in Annex 1 and summarised in Table 1.
- The £3.3m underspend consists of a projected £2.3m overspend on CV-19 and a projected £5.6m underspend on Business as Usual (BAU).
- At outturn any CV-19 overspend will be met from balances held in the CV-19 reserve.

**Key Messages – Capital**

- The M11 capital update reflects **an increase in forecast expenditure of £3.9m, from £12.0m below budget at M10 to £8.1m below budget at M11**, details are set out in **Table 3**. The increase mainly relates to accelerating spend on Environment, Transport and Infrastructure (ETI) schemes.

<b>Recommendations:</b>
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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.

## Executive Summary:

### Revenue Budget

1. The current forecast for the year is an underspend of £3.3m 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 28th February 2021**

Directorate	20/21 outturn forecast at M11 £m	Annual Budget £m	Forecast Variance £m	Change in forecast since last month £m
Adult Social Care	374.3	382.7	(8.4)	(2.6)
Public Health	32.9	32.9	(0.0)	(0.0)
Children, Families & Lifelong Learning	215.6	200.2	15.4	(0.8)
Environment, Transport & Infrastructure	134.0	134.3	(0.3)	(1.5)
Community Protection	37.9	37.2	0.7	(0.4)
Community & Transformation	15.6	15.7	(0.1)	(0.0)
Strategy & Commissioning	48.7	55.0	(6.3)	(0.0)
HR & Communications	8.1	8.4	(0.3)	(0.2)
Deputy CEX	2.2	2.3	(0.1)	(0.0)
Resources	71.6	73.5	(1.9)	(0.3)
Central Income & Expenditure	78.4	80.4	(2.0)	0.0
<b>Directorate Budget Envelopes</b>	<b>1,019.3</b>	<b>1,022.5</b>	<b>(3.3)</b>	<b>(5.8)</b>
Central Funding	(1,022.5)	(1,022.5)	(0.0)	4.7
<b>Overall after central funding</b>	<b>(3.3)</b>	<b>0.0</b>	<b>(3.3)</b>	<b>(1.1)</b>

*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 - £2.6m improvement** due to further temporary reductions in care package expenditure as a result of the impacts of the pandemic.
  - **Community Protection - £0.4m improvement** due to a number of minor variances from the M10 position across CV-19 and BAU.
  - **ETI - £1.5m improvement** due to a £1.0m reduction in highways costs relating to a number of minor reductions across a range of activities, and a £0.5m reduction in waste management costs following the agreement of a longer-term disposal rate.

- **CFL - £0.8m improvement** due to a reduction in corporate parenting forecasts including external agency placement costs and supported accommodation block contract savings, along with a number of other minor reductions.
  - **Offset by Central Funding - £4.7m** due to funding anticipated to be lower than previously forecast (now in line with budget) which may change as final business rate income data is published and reconciled at outturn.
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 improved during M11, reducing from an overspend of £3.8m to £2.3m against the M6 budget reset. This is due to the changes in the timing of forecast use of the general CV-19 contingency, lost commercial income and supplier hardship.

### Capital Budget

5. **The capital forecast stands at £235.9m against a budget of £244.0m; slippage of £8.1m.** The forecast slippage has improved by £3.9m from a projected underspend of £12.0m at M10.
6. The forecast capital outturn for Property has increased by £0.6m. The main variances are increases in Schools Basic Needs (£0.7m), Special Educational Needs and/or Disabilities strategy (£0.2m) and Fire Risk Assessments (£0.3m). There is also additional spend for Woodhatch Master Planning and Bookham Youth Centre approved in February (£0.5m). This is offset by slippage in the Agile Office Programme (£1m).
7. The forecast outturn for Environment, Transport and Infrastructure (ETI) schemes has increased by £3.9m which is mainly related to the River Thames Scheme (£2.6m), accelerated delivery of Bridge Strengthening and other highways schemes (£1.1m) and increased spend on Externally Funded schemes (£1.1m), offset by minor slippage in a number of other schemes
8. This is offset by minor reductions across a number of other schemes.

**Table 3 - Capital Programme Forecast at M10**

Strategic Capital Groups	Restated Budget £m	Forecast outturn at M11 £m	M11 Reported Variance £m	Change from M10 to M11 £m	Increase / Decrease / Unchanged
<b>Property</b>					
Property Schemes	135.6	132.6	(3.1)	0.6	Increase
ASC Schemes	1.9	1.7	(0.2)	0.0	Unchanged
CFLC Schemes	0.6	0.2	(0.4)	(0.2)	Decrease
<b>Property Total</b>	<b>138.1</b>	<b>134.4</b>	<b>(3.7)</b>	<b>0.4</b>	<b>Increase</b>
<b>Infrastructure</b>					
Highways and Transport	84.2	85.3	1.1	3.9	Increase
Environment	2.1	2.0	(0.1)	(0.2)	Decrease
Community Protection	3.9	3.4	(0.5)	(0.1)	Decrease
<b>Infrastructure Total</b>	<b>90.2</b>	<b>90.7</b>	<b>0.5</b>	<b>3.6</b>	<b>Increase</b>
<b>IT</b>					
IT Service Schemes	15.4	10.6	(4.8)	0.0	Unchanged
CFLC - EMS	0.3	0.2	(0.2)	(0.1)	Decrease
<b>IT Total</b>	<b>15.7</b>	<b>10.8</b>	<b>(5.0)</b>	<b>(0.1)</b>	<b>Decrease</b>
<b>Total</b>	<b>244.0</b>	<b>235.9</b>	<b>(8.1)</b>	<b>3.9</b>	<b>Increase</b>

**Consultation:**

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

**Risk Management and Implications:**

10. 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:**

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

**Section 151 Officer Commentary:**

12. 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.

13. 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:**

14. 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.
15. 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:**

16. 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.
17. 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.

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#### **Report Author:**

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#### **Consulted:**

Cabinet, Executive Directors, Heads of Service

#### **Annexes:**

Annex 1 – Forecast revenue budget as at 28th February 2021

## Detailed Revenue Budget by Service – 28th February 2021

Service	Cabinet Member	Prior year to date actual £m	Year to date	Year to date	Year to date	Full Year	Full year	Full Year	Full year
			Budget	Actual	variance	Gross budget	net budget	net forecast	net forecast
			£m	£m	£m	£m	£m	£m	£m
Delegated Schools	J Iles	(0.0)	0.9	0.0	(0.9)	306.7	(0.0)	0.0	0.0
Education, Lifelong Learning & Culture	J Iles	71.6	48.5	38.7	(9.8)	212.6	50.5	60.4	9.8
Corporate Parenting	M Lewis	87.0	82.6	83.5	0.9	103.6	89.8	90.0	0.2
Family Resilience	M Lewis	36.8	37.6	37.4	(0.2)	44.8	40.7	43.5	2.7
Quality & Performance	M Lewis / J Iles	8.0	8.4	8.0	(0.4)	11.0	9.1	8.8	(0.3)
<b>Directorate wide savings</b>	M Lewis / J Iles	0.4	10.1	10.1	0.0	12.8	10.0	13.1	3.1
<b>Children, Families, Learning</b>		<b>203.7</b>	<b>188.0</b>	<b>177.7</b>	<b>(10.3)</b>	<b>691.5</b>	<b>200.2</b>	<b>215.6</b>	<b>15.4</b>
<b>Public Health</b>	S Mooney	<b>27.2</b>	<b>27.1</b>	<b>11.1</b>	<b>(16.0)</b>	<b>33.0</b>	<b>32.9</b>	<b>32.9</b>	<b>(0.0)</b>
<b>Adult Social Care</b>	S Mooney	<b>341.1</b>	<b>352.4</b>	<b>358.7</b>	<b>6.2</b>	<b>530.7</b>	<b>382.7</b>	<b>374.3</b>	<b>(8.4)</b>
Highways & Transport	M Furniss	49.4	51.9	46.4	(5.4)	69.2	58.2	54.1	(4.1)
Environment	N Bramhall	53.8	65.1	67.4	2.3	75.4	71.6	73.3	1.7
Leadership Team (ETI)	M Furniss / N Bramhall	0.8	(0.1)	1.4	1.5	(0.1)	(0.1)	0.4	0.5
ETI CV-19	M Furniss / N Bramhall	0.0	5.8	1.6	(4.2)	6.3	4.6	6.2	1.6
<b>Environment, Transport &amp; Infrastructure</b>		<b>103.9</b>	<b>122.7</b>	<b>116.8</b>	<b>(5.9)</b>	<b>150.9</b>	<b>134.3</b>	<b>134.0</b>	<b>(0.3)</b>
Fire and Rescue	D Turner-Stewart	29.3	29.3	29.3	0.0	36.4	32.0	31.4	(0.6)
Trading Standards	D Turner-Stewart	1.6	2.0	1.8	(0.2)	4.0	2.2	2.0	(0.2)
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	0.5	0.5	0.0	0.5	0.5	0.5	(0.0)
Coroner	D Turner-Stewart	2.2	1.9	2.8	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	0.1	0.6	0.4	0.5	0.2	0.7	0.6
Armed Forces and Resilience	D Turner-Stewart	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0
<b>Community Protection</b>		<b>33.6</b>	<b>34.0</b>	<b>35.2</b>	<b>1.2</b>	<b>44.1</b>	<b>37.2</b>	<b>37.9</b>	<b>0.7</b>
Human Resources & Organisational Development	T Oliver	2.7	6.0	5.4	(0.7)	6.6	6.6	6.3	(0.3)
Communications	T Oliver	1.2	1.3	1.2	(0.1)	1.4	1.4	1.4	0.0
HR & Comm CV-19	T Oliver	0.0	0.4	0.3	(0.1)	0.4	0.4	0.4	0.0
<b>HR &amp; Communications</b>		<b>3.9</b>	<b>7.7</b>	<b>6.9</b>	<b>(0.8)</b>	<b>8.4</b>	<b>8.4</b>	<b>8.1</b>	<b>(0.3)</b>
Transformation Support Unit	T Oliver	1.0	0.7	0.9	0.2	0.8	0.8	0.8	(0.0)
Customer Services	M Nuti	2.6	2.7	2.5	(0.2)	3.1	2.9	2.7	(0.2)
Community Partnerships	M Nuti	0.4	0.4	1.2	0.7	1.3	1.3	1.3	(0.1)
Libraries, Registrars & Culture	M Nuti	11.2	9.8	9.4	(0.4)	16.4	10.8	10.4	(0.4)
C&T CV-19	T Oliver / J Iles	0.0	0.4	0.2	(0.1)	0.4	(0.1)	0.4	0.5
<b>Community &amp; Transformation</b>		<b>15.2</b>	<b>14.0</b>	<b>14.2</b>	<b>0.2</b>	<b>21.9</b>	<b>15.7</b>	<b>15.6</b>	<b>(0.1)</b>
Strategic Commissioning	M Lewis / J Iles	7.8	46.4	39.8	(6.6)	131.1	51.3	45.2	(6.1)
Insight, Analytics & Intelligence	D Turner-Stewart	2.1	2.7	1.8	(0.9)	2.8	2.0	1.9	(0.2)
S&C CV-19	J Iles	0.0	0.7	1.4	0.7	0.7	1.6	1.6	0.0
<b>Strategy &amp; Commissioning</b>		<b>9.9</b>	<b>49.8</b>	<b>43.0</b>	<b>(6.8)</b>	<b>134.6</b>	<b>55.0</b>	<b>48.7</b>	<b>(6.3)</b>
Strategic Leadership	T Oliver	1.2	1.4	1.3	(0.1)	1.5	1.5	1.4	(0.1)
Economic Growth	C Kemp	0.6	0.7	0.6	(0.1)	0.8	0.8	0.7	(0.1)
DCEX CV-19	C Kemp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Deputy CEX</b>		<b>1.8</b>	<b>2.1</b>	<b>1.9</b>	<b>(0.2)</b>	<b>2.3</b>	<b>2.3</b>	<b>2.2</b>	<b>(0.1)</b>
Joint Operating Budget ORBIS	B Rush	30.3	15.7	18.7	3.1	17.1	17.1	17.0	(0.1)
Land & Property	T Oliver	17.4	24.6	24.6	(0.0)	36.3	27.1	27.1	0.1
Information Technology & Digital	B Rush	9.4	9.7	8.8	(1.0)	11.3	10.6	9.6	(1.1)
Finance	B Rush	1.5	5.2	5.3	0.1	7.7	5.7	5.7	0.0
Legal Services	B Rush	3.8	3.8	4.4	0.6	4.6	4.1	4.7	0.6
Democratic Services	B Rush	2.7	3.0	2.8	(0.2)	3.5	3.2	3.1	(0.1)
Business Operations	B Rush	(0.0)	(0.3)	(0.3)	(0.0)	(0.3)	(0.3)	(0.3)	0.0
Resources Leadership	B Rush	0.0	0.7	1.0	0.3	0.9	0.8	0.8	0.0
Twelve15	B Rush	0.0	2.0	1.7	(0.3)	16.6	1.3	1.2	(0.1)
Resources CV-19	T Oliver/B Rush	0.0	3.4	1.7	(1.7)	9.1	3.8	2.6	(1.3)
<b>Resources</b>		<b>65.0</b>	<b>67.8</b>	<b>68.7</b>	<b>0.8</b>	<b>106.7</b>	<b>73.5</b>	<b>71.6</b>	<b>(1.9)</b>
<b>Corporate Expenditure</b>	<b>B Rush</b>	<b>28.4</b>	<b>46.3</b>	<b>40.8</b>	<b>(5.5)</b>	<b>87.7</b>	<b>80.4</b>	<b>78.4</b>	<b>(2.0)</b>
<b>Total services' revenue expenditure</b>		<b>833.6</b>	<b>912.0</b>	<b>874.9</b>	<b>(37.0)</b>	<b>1,811.9</b>	<b>1,022.5</b>	<b>1,019.2</b>	<b>(3.3)</b>
Central funding		(791.1)	(918.2)	(923.8)	(5.7)	0.0	(1,022.5)	(1,022.5)	(0.0)
<b>Total Net revenue expenditure</b>		<b>42.6</b>	<b>(6.2)</b>	<b>(48.9)</b>	<b>(42.7)</b>	<b>1,811.9</b>	<b>0.0</b>	<b>(3.3)</b>	<b>(3.3)</b>