

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 29 MAY 2018**



**REPORT OF: MR DAVID HODGE CBE, LEADER OF THE COUNCIL**

**LEAD OFFICER: SHEILA LITTLE, EXECUTIVE DIRECTOR OF FINANCE**

**SUBJECT: CAPITAL CARRY FORWARD REQUESTS FROM 2017/18 AND FINANCE POSITION STATEMENT AS AT 30 APRIL 2018**

#### **SUMMARY OF ISSUE:**

This report proposes the level of 2017/18 capital programme carry forwards to be considered following deferral of this decision from the April Cabinet meeting.

It also provides an early summary assessment of the Council's financial position for 2018/19, highlighting initial indications of variations to assumptions since the Medium Term Financial Plan was prepared as well as emerging issues, risks and areas of concern.

#### **RECOMMENDATIONS:**

Cabinet is asked to approve:

1. The capital carry forward requests as detailed in Annex 1 Appendix A.

Cabinet is asked to note the following:

1. The Corporate Leadership Team has reviewed the savings areas identified for 2018/19 with particular focus on those where there is the lowest confidence level of achievability.
2. The business cases for the flexible use of capital receipts to support the 2018/19 budget have been reviewed by the Investment Panel.

#### **REASON FOR RECOMMENDATION:**

To confirm the level of capital carry forward requests from 2017/18 and to provide an early, high level assessment and update of the financial position faced by the Council for 2018/19 for Cabinet to note, approve and action as necessary.

#### **DETAILS:**

##### **Revenue and capital budget background**

1. Surrey County Council set its budget and Medium Term Financial Plan (MTFP) in early February 2018 within the context of rising demand and cost pressures, most notably in social care and with over seven years of cuts to Government funding.

2. To balance its 2018/19 budget, the Council needs to achieve £66m savings and efficiencies and apply a significant amount of one off resources at a level which is not repeatable in future years, including flexible use of capital receipts to fund £15m of costs associated with transforming service delivery. Consequently, to reduce costs to achieve a sustainable budget in future years, the Council has begun a programme to significantly transform services further.
3. The Council's capital programme over the coming three years is over £300m, including £144m in 2018/19. This major investment in Surrey's infrastructure and economy is focused on the growth in pupil numbers and the importance residents place on good roads and services. A number of projects from the 2017/18 financial year continue to support these aims and the funding to achieve this is requested to be carried forward from last year.
4. Annex 1 to this report provides further details on these three areas

#### **CONSULTATION:**

5. All Cabinet Members will have consulted their relevant Executive Director or Head of Service on the financial positions of their portfolios.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

6. Risk implications are stated throughout the report and each relevant Executive 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 the Council's future funding.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

#### **SECTION 151 OFFICER COMMENTARY**

8. The Section 151 Officer confirms the information presented in this report is based on reasonable assumptions, taking into account all material, financial and business issues and risks.
9. The Council has a duty to ensure its expenditure does not exceed resources available. In 2018/19, the Council must deliver £66m planned savings and take significant steps towards transforming services to move towards a sustainable budget for future years. All services must deliver existing MTFP efficiencies and service reductions in MTFP 2018-21, or suitable alternatives, monitor their demand and cost pressures and, develop plans to mitigate the impact of those pressures.
10. The Executive Director of Finance has stated the Council's planned use of reserves in 2018/19 will take them below the minimum appropriate levels and will need to consider very closely replenishing these reserves as part of the next Medium Term Financial Planning process.

### **LEGAL IMPLICATIONS – MONITORING OFFICER**

11. 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. 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 she must formally draw this to the attention of the Cabinet and County Council and they must take immediate steps to ensure a balanced in-year budget.

### **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 and appropriate formal consultations with stakeholders undertaken in advance of implementation.

### **WHAT HAPPENS NEXT:**

13. The relevant adjustments from the recommendations will be made to the Council's budgets and accounts.
14. Services will prepare formal consultations with stakeholders to be carried out ahead of implementation.

#### **Contact Officer:**

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#### **Consulted:**

Cabinet, executive directors, heads of service.

#### **Annexes:**

Annex 1 – Finance Position Statement May 2018

#### **Sources/background papers:**

None

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