



Audit & Governance Committee  
28 November 2022

## Mid-Year Report – Revenue Efficiencies

### Purpose of the report:

This report provides an update on the County Council's 2022/23 forecast revenue position as at 30<sup>th</sup> September 2022, specifically an update on progress in delivery of the revenue efficiencies included in the 2022/23 budget.

### Recommendations:

It is recommended that:

The Committee note the progress as at 30 September 2022 on delivering the revenue efficiencies in the 2022/23 budget.

### Introduction:

1. The Council has based its financial planning practices on a budget envelope approach since 2018. This aims to increase accountability and budget management responsibility. Directorates are given a fixed envelope, proportionate to the expected size of the available budget. They work, with support for Finance, to identify pressures in their services and then are required to identify efficiencies to offset these pressures and deliver services within the available budget envelope.
2. The annual efficiency target and details of how they will be delivered are approved each year as part of the budget setting report to Cabinet and Full Council each January and February respectively. An efficiency tracker is held corporately to monitor progress against delivery on a monthly basis.

### Summary Financial Position – 30 September 2022

3. At the 30 September 2022 (M6), the Council is forecasting a full year £24.5m overspend against budget. This comprises a £32.5m forecast

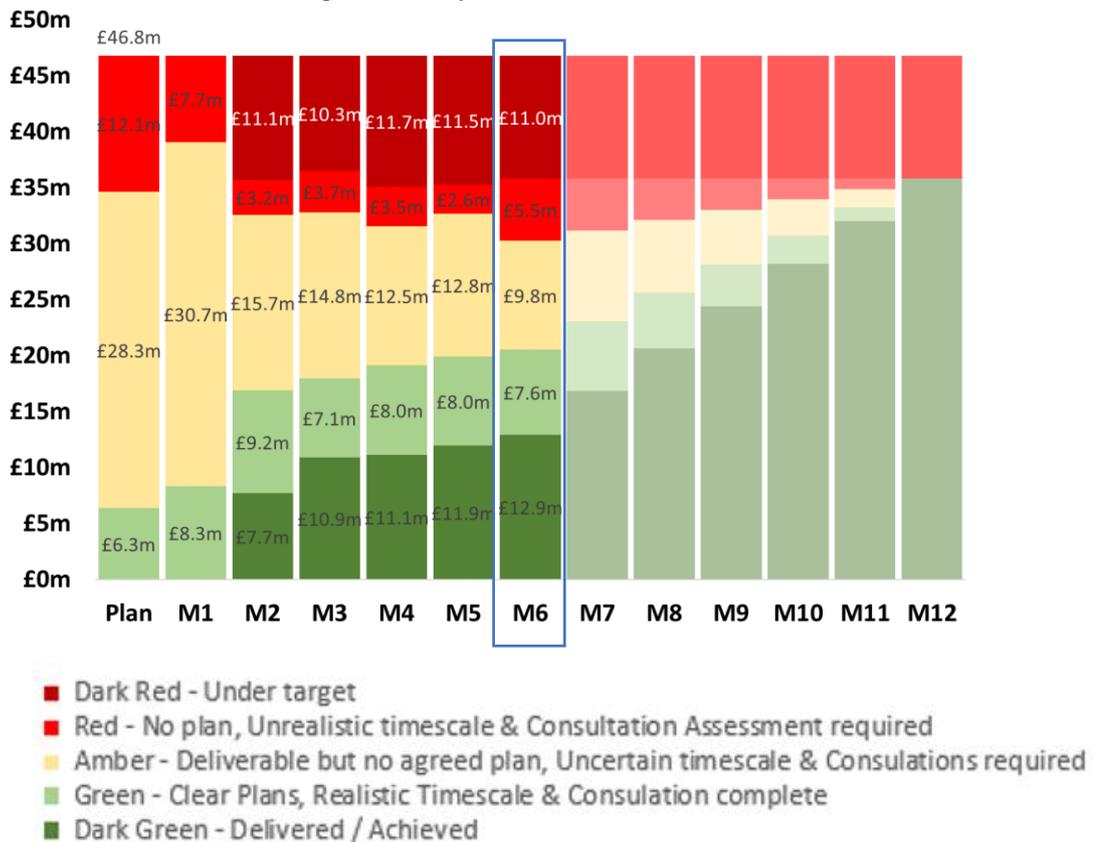
overspend, offset by £8.0m from the initiation of budget recovery plans (BRP).

4. Through the budget envelope approach, Directorates are required to deliver services within their approved budget. Therefore, Directorates are tasked with mitigating activities to offset identified pressures, mitigate risks and maximise the opportunities available to contain costs.
5. In each of the last four financial years, this approach has been sufficient to deliver a year end position within budget. However, the unusual intensity of the pressures that the council is facing this year, means that additional measures have been required in order to protect the council's financial position. Therefore, Directorates currently forecasting an overspend will deliver a budget recovery plan, which requires the identification of targeted additional in-year activities to mitigate the forecast overspend.
6. Through budget recovery plans, Directorates have to date identified £8m of additional activities in order to mitigate some of the remaining forecast overspend. Work continues to identify further measures and progress on the identification and delivery of these additional measures will be reported to Cabinet on an ongoing basis, as part of the monthly financial reporting.
7. Further details on the drivers for the variances and the Budget Recovery Plans can be found in the 2022/23 Month 6 (September) Financial Report to Cabinet.

#### **2022/23 Planned Efficiencies**

8. A corporate efficiency tracker is held by Finance and progress on delivery of the planned efficiencies is monitored monthly as part of the budget monitoring process. Progress is reported to Directorate Leadership Teams, the Corporate Leadership Team and Transformation Assurance Board chaired by the Leader.
9. If during the year an efficiency is deemed unachievable, for whatever reason, it is flagged as so immediately, and the non-achievement is factored into budget forecasts as an overspend.
10. Directorates are then required, under the budget envelope approach, to identify compensating activities to mitigate the impact. Mitigations are factored into the forecast outturn position, although the efficiency remains as unachievable on the efficiency tracker.
11. At M6, of the total planned efficiencies of £46.8m, the Council is forecasting delivery of £35.8m.

Fig 1: Summary Efficiencies Position – M6



12. The main contributions to the £11m flagged as unachievable are:

- £5.1m in Adults Social Care – total of £8.6m underachievement: £2.6m market management (market pressures), £2.2m strength-based reviews (workforce capacity and increased needs), £1.9m learning disabilities (external factors and capacity), £1.8m due to reconsideration of a planned new policy for how to support people with more complex needs at home. This is partially offset by increased savings for Older People in-house homes (£1.5m), Continuing Health Care (£1.3m) and Section 117 Aftercare funding (£0.6m).
- £5.1m in CFL linked to Home to School transport, new practice models not yet reducing Looked After Children numbers and additional Unaccompanied Asylum Seeking Children grant not forthcoming.

13. As set out above, Directorates forecasting under-achievement of efficiencies are tasked with identifying alternative measures to mitigate overspends and, in addition for 2022/23, budget recovery plans are being requested, in recognition of the scale of the forecast overspend.

### Financial and value for money implications

14. The report considers financial and value for money implications throughout, monthly financial positions are taken to Cabinet which will continue this focus.

## **Equalities and Diversity Implications**

15. 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.
16. 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.

## **Risk Management Implications**

17. Risks and opportunities in relation to the financial position of the authority are monitored and updated on a monthly basis, as part of the budget monitoring process. These are reported to Directorate Leadership Teams and the Corporate Leadership Team and summarised in the monthly Financial Report to Cabinet.
18. The Corporate 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 is regularly reviewed to ensure confidence in Directorate plans to mitigate the risks and issues.

### **Next steps:**

19. Budget holders, supported by Finance, will continue to monitor the financial position, drive forward planned efficiencies and identify mitigations for areas where efficiencies are no longer deemed deliverable. These actions will continue to be reported to Cabinet as part of the monthly financial report.

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

- 2022/23 Month 6 (September) Financial Report to Cabinet – 29 November 2022