

Notice of Meeting

Council Overview Board



Date & time
Monday, 27 March
2017 at 10.00 am

Place
Ashcombe Suite
County Hall
Penrhyn Road
Kingston upon Thames
KT1 2DN

Contact
Ross Pike or
Emma O'Donnell
Room 122, County Hall
Tel 020 8541 7368

Chief Executive
David McNulty



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If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9122, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 8914, fax 020 8541 9009, or email democratic.services@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Ross Pike on 020 8541 7368.

Members

Mr Steve Cosser (Chairman), Mr Eber Kington (Vice-Chairman), Mr Mark Brett-Warburton, Mr Bill Chapman, Mr Stephen Cooksey, Mr Bob Gardner Mr Michael Gosling, Dr Zully Grant-Duff, Mr David Harmer, Mr David Ivison, Mr Nick Harrison, Mr Colin Kemp, Mrs Denise Saliagopoulos, Mrs Hazel Watson and Mr Keith Witham

Ex Officio Members:

Mrs Sally Ann B Marks (Chairman of the County Council) and Mr Nick Skellett CBE (Vice-Chairman of the County Council)

TERMS OF REFERENCE

The Board is responsible for the following areas:

Performance, finance and risk monitoring for all Council Services	HR and Organisational Development
Budget strategy/Financial Management	IMT
Improvement Programme, Productivity and Efficiency	Procurement
Equalities and Diversity	Other support functions
Corporate Performance Management	Risk Management
Corporate and Community Planning	Europe
Property	Communications
Contingency Planning	Public Value Review programme and process

PART 1
IN PUBLIC

**7 PROGRESS OF THE SUSTAINABILITY REVIEW BOARD & THE
MEDIUM TERM FINANCIAL PLAN 2017-22**

(Pages 1
- 2)

This report details the Sustainability Review Board's progress towards identifying £30m permanent service reductions and up to a further £22m one-off reductions required to achieve a balanced budget in 2017/18 alongside the Council's Medium Term Financial Plan for 2017-22 prior to Cabinet approval

Appendix 1 to Annex 1 – Reserves and Balances.

David McNulty
Chief Executive

Published: Wednesday, 22 March 2017

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Thank you for your co-operation

Projected Earmarked Reserves and Balances

	Opening Balance at 01-Apr-16 £m	Forecast balance 31-Mar-17 £m	Approved use to support 2017/18 budget £m	Forecast 01-Apr- 17 £m
Revolving Infrastructure & Investment Fund	11.1	11.1		11.1
Budget Equalisation Reserve	6.9	15.2	-8.5	6.7
Eco Park Sinking Fund	5.8	4.4		4.4
Insurance Reserve	6.5	7.7		7.7
Investment Renewals Reserve	8.8	2.1		2.1
General Capital Reserve	5.2	5.2		5.2
Street lighting PFI Reserve	5.1	4.4		4.4
Vehicle Replacement Reserve	3.9	3.0		3.0
Economic Downturn Reserve	9.2	9.2		9.2
Public Health Reserve	2.7	0.0		0.0
Economic Prosperity Reserve	2.5	2.5		2.5
Equipment Replacement Reserve	2.1	2.0		2.0
Child Protection Reserve	1.1	0.0		0.0
Business Rate Appeals Reserve	1.3	1.3		1.3
Interest Rate Reserve	1.0	1.0		1.0
Earmarked Reserves	73.2	69.1	-8.5	60.6
General Fund Balance	21.3	21.3	0.0	21.3

Purpose of earmarked reserves

Revolving Infrastructure & Investment Fund is to provide the revenue costs of funding infrastructure and investment initiatives that will deliver savings and enhance income in the longer term. Currently, the council transfers net income generated by the portfolio to the reserve.

Budget Equalisation Reserve supports future years' revenue budgets from unapplied income and budget carry forwards.

Eco Park Sinking Fund is to fund the future of the council's waste disposal strategy from surpluses in initial years.

Insurance Reserve holds the balance resulting from a temporary surplus or deficit on the council's self insurance fund and is assessed by an actuary for the possible liabilities the council may face. It specifically holds £3.5m to cover potential losses from the financial failure of Municipal Mutual Insurance (MMI) in 1992 and also possible claims against the council. The company had limited funds to meet its liabilities, consequently, future claims against policy years covered by MMI may not be fully paid, so would be funded from this reserve. The balance on this reserve represents the latest assessed possible liability

Projected Earmarked Reserves and Balances

Investment Renewals Reserve enables investments in service developments to make savings in the future. The reserve makes loans to services or invest to save projects, which may be repayable. The recovery of the loan is tailored to the requirements of each business case, which is subject to robust challenge before approval as part of the council's governance arrangements.

General Capital Reserve holds capital resources, other than capital receipts, available to fund future capital expenditure.

Street Light Private Finance Initiative (PFI) Reserve holds the balance of the street lighting PFI grant income over and above that used to finance the PFI to date. The balance will be used when future expenditure in year exceeds the grant income due in that same year.

Vehicle Replacement Reserve enables the future cost of vehicle replacement to be spread over the life of existing assets through annual revenue contributions.

Economic Downturn Reserve is to allay the risks of erosion in the council's tax base due to the impact of the localisation of council tax benefit and a down turn in the economy.

Child Protection Reserve provided funding for additional staffing costs as a result of the increased number of children subject to a child protection order. This reserve was to fund the costs until 2015/16, when the base budget was be increased to cover these costs. The final balance in this reserve was drawn-down during 2016/17.

Public Health Reserve holds any carry forward of unspent Public Health Grant from previous years, being used to fund activities in future years.

Economic Prosperity Reserve provides funding for projects that will increase economic development in the county.

Equipment Replacement Reserve enables services to set aside revenue budgets to meet future replacement costs of large items of equipment. Services make annual revenue contributions to the reserve and make withdrawals to fund purchases.

Business Rate Appeals Reserve mitigates against volatility in business rates income (driven by the volume and value of successful valuation appeals). The council bears 10% of any appeals losses (districts and boroughs 40% and central government 50%) and has set aside £1.25m against potential business rates valuation appeals.

Interest Rate Reserve enables the council to fund its capital programme from borrowing in the event of an expected change in interest rates or other borrowing conditions.