



Supplementary Agenda

Item 5 (i) and (ii)

for the Budget meeting of

THE COUNTY COUNCIL

to be held on

4 FEBRUARY 2025

(i)

(ii)

5 2025/26 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2029/30 (Pages 5
- 14)

Council is asked to approve the 2025/26 Final Budget and Medium-Term Financial Strategy to 2029/30.

- Leader's Statement (Budget) - *to be appended to the minutes.*

There will be an opportunity for Members to ask questions and/or make comments.

Reports included:

Item 5 (i) - Alternative Budget proposals and amendments to recommendations: Paul Follows (Godalming South, Milford & Witley).

Item 5 (ii) - Alternative Budget proposals and amendments to recommendations: Catherine Powell (Farnham North).

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MEETING OF THE COUNTY COUNCIL

4 FEBRUARY 2025

ITEM 5 (i) – AMENDMENT TO ITEM 5 - 2025/26 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2029/30

Item 5 (i)

Amendment by Paul Follows (Godalming South, Milford & Witley) to item 5 – 2025/26 Final Budget and Medium-Term Financial Strategy to 2029/30

Seconder: Lance Spencer (Goldsworth East and Horsell Village)

Recommendations

Council is asked to approve the following budget proposals:

1. (a) that Surrey County Council will explore the creation of a voluntary contribution scheme for Council Tax Band H residents of our County.

(b) that a cross-party working group will be established to determine this scheme's scope, legal structure, governance, and communication and to bring back to Council for consideration with the aim of establishing the scheme for the next financial year.

There are no direct financial impacts of the above proposals, as set out in the table below:

Table 1. Summary of budget proposals

| Proposal | 2025-26 & annual ongoing revenue impact | One-Off costs | Notes |
|--|--|--------------------------------------|---|
| <p>1. Voluntary Contribution Fund (a) that Surrey County Council will explore the creation of a voluntary contribution scheme for Council Tax Band H residents of our County.</p> <p>(b) that a cross-party working group will be established to determine this scheme's scope, legal structure, governance, and communication and to bring back to Council for consideration with the aim of establishing the scheme for the next financial year.</p> | | Initial set up and promotional costs | Minimal promotional & administrative costs are anticipated to set up a voluntary fund. It is proposed that these are built into future years' budgets once initial work to establish viability, cost and governance arrangements are established. |
| | - | - | |

Section 151 Officer Commentary

The Voluntary Contribution proposal would require some initial set-up and promotional costs as well as potentially additional ongoing administration costs. This is yet to be quantified and engagement would be required with Boroughs and Districts who collect council tax income on our behalf.

The proposal however is to explore the option of setting up a voluntary contribution scheme and therefore it is anticipated that no funding will be committed to or required for this stage, which I have assumed as being for 2025/26. Should the working group conclude that in future financial years such a scheme be established, then the administrative and promotional costs will need to be incorporated into future budgets as required.

Monitoring Officer Commentary

The legal content and implications as set out in the main budget report applies to the alternative budget proposal(s) and regard should be had to them. Any proposal accepted will require the Chief Finance Officer S151, advice as to the robustness of estimates and adequacy of the budget proposals. Any plan(s) which are put to be considered as part of SCC budget, will require an Equality Impact Assessment and if applicable other financial diligence. Any decision by the Council will be on an “in principle” decision until the completion of the work above is completed.

MEETING OF THE COUNTY COUNCIL

4 FEBRUARY 2025

ITEM 5 (ii) – AMENDMENT TO ITEM 5 - 2025/26 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2029/30

Item 5 (ii)

Amendment by Catherine Powell (Farnham North) to item 5 – 2025/26 Final Budget and Medium-Term Financial Strategy to 2029/30

Seconder: Jonathan Essex (Redhill East)

Recommendations

Council is asked to approve the following budget proposals, which are aimed at ensuring scarce resources are targeted at the most vulnerable, exit strategies are in place for areas of spend where funding is not ongoing and propose the establishment of an ongoing funding source to ensure future funding for preventative activities:

- 1. The establishment of a fund, created through voluntary contributions from residents, to provide an ongoing revenue funding source for specific early intervention, preventative and support services for children and young people, through the Voluntary, Community and Social Enterprise Sector (VCSE), to increase the security of these services given the rising costs of statutory services.**
- 2. In light of the scale of the capital programme, pressures on capital expenditure, on-going capital cost overruns and the risks associated with Local Government Reorganisation and potential debt redistribution, close the Your Fund Surrey programme to further applications and apply more rigid assessment criteria.**
- 3. Place the Phase 3 Digital Demand Responsive Transport (DDRT) on hold, in line with the select committee's recommendations to Cabinet, and instead invest in reviewing / testing alternatives which are likely to be more financially sustainable going forward.**
- 4. Commit to setting up a cross-party Task & Finish Group to review and refresh the Alternative Provision (AP) + Special Educational Needs & Disabilities (SEND) Capital Programme alongside work being undertaken by the Children's, Families & Lifelong Learning Directorate, including allocating £150k to ensure resources are available to support this review.**
- 5. Remove the £0.5m proposed efficiency in relation to the Greener Futures Team and provide funding for a further financial year by reducing the one-off investment by 10% in verge maintenance, weed control and other visual improvements, including signs.**

The financial impacts of the above proposals are set out in the table below.

Table 1. Summary of budget proposals

| Proposal | 2025-26 & annual ongoing revenue impact | One-Off costs | Notes |
|--|--|-----------------------------|--|
| Voluntary Contribution Fund The establishment of a fund, created through voluntary contributions from residents, to provide an ongoing funding source for specific early intervention, preventative and support services for children and young people through the VCSE, to increase the security of these services given the rising cost of statutory services. | | Set up costs during 2025/26 | Minimal promotional & administrative costs anticipated to set up, covered from earmarked reserves for LGR. |
| Your Fund Surrey In light of the scale of the capital programme, pressures on capital expenditure and the risks associated with Local Government Reorganisation and potential debt redistribution, close the Your Fund Surrey programme to further applications. | | | No direct revenue costs and no reduction in the capital programme suggested. Supports ensuring future spend is contained within the residual capital allocation. |
| Phase 3 DDRT Place phase 3 on hold and instead invest in alternatives to address the Council's four priority objectives and overriding purpose of "no-one left behind". | (£0.9m) 2025/26 (£1.5m) 2026/27 | £0.75m | Overall efficiency, with one-off costs incurred in 2025/26 |
| Review the Alternative Provision & SEND Capital Programme Commitment to set up Task & Finish Group to support review of the programme being undertaken by the Directorate | | £0.15m | Funded from the efficiency achieved via proposal 3 re DDRT or capital feasibility funding. |
| Greener Futures: Reinstate £0.5m budget (by removing the associated proposed efficiency). | | £0.5m (£0.5m) | Cost neutral, as one-off funding for 2025/26 financed by a reduction in the £5m proposed budget for verge maintenance and other visual improvements. |
| | (£0.9m) 2025/26 (£1.5m) 2026/27 | £0.9m | |

Proposed Funding

In order to maintain a balanced budget position, the following funding sources are proposed:

- Proposal 1 – would allocate some of the earmarked reserve funding allocated to the Local Government Reform to finance any set up or promotional costs.
- Proposal 2 – is cost neutral and relates to wrapping up the scheme within the proposed budget

- Proposal 3 – drives an efficiency in 2025/26 which it is proposed will be re-invested to cover the one-off costs of the proposed studies and pilots of different models. In addition, it is proposed some of this efficiency could cover the one-off costs related to proposal 4. This proposal also realises an on-going full year efficiency of £1.5m in 2026/27
- Proposal 4 – the one-off costs to support the progression of this review are proposed to be funded from the efficiencies realised by proposal 3. If proposal 3 were not approved, then these costs could be funded by capital feasibility funding, as an alternative.
- Proposal 5 – suggests reducing the one-off investment in verge maintenance, weed control and other visual improvements including signs in order to re-instate this budget for Greener Futures.

If approved, these proposals would result in changes to the Place and Children, Families & Lifelong Learning Directorate budget envelopes in 2025/26.

Basis for the Recommendations:

Further details on each of the proposed recommendations are provided below.

1. The establishment of a fund, created through voluntary contributions from residents, to provide an ongoing funding source for specific early intervention, preventative and support services for children and young people, through the VCSE, to increase the security of these services given the rising costs of statutory services.

Introduce the Surrey Community Contribution Scheme to fund specific targeted early intervention, prevention and support for children and young people, particularly in areas of high deprivation or low educational achievement, outside of the main budget envelope where demand for and costs of statutory services continue to rise, increasing financial pressures on non-statutory services.

Voluntary donations to the fund would be encouraged from all residents and would go directly to a ringfenced fund within Community Foundation Surrey. All those contributing would be asked if they would like their donation to be subject to Gift Aid (adding 25p to every £1 donated).

The target would be to raise £2m per year. This could be reached, if for example every Band H household contributed £100 per year.

This fund would not be spent on statutory services, only non-statutory services that deliver frontline services through the Voluntary, Community & Social Enterprise Sector (VCSE). It is proposed that the initial focus of the fund would be:

- Family centres
- Youth services
- SEND support

All these key early intervention and prevention services, predominately provided by the VCSE, need more secure long-term funding to reduce demand on the Council's critical statutory services, meet the Council's obligations under Section 507B of the Education Act 1996 and address the fundamental issues relating the sharp decrease in well-being of

young people in the UK.¹ Prevention, early intervention and support services will support the council's funding position to being sustainable in the short and long term, particularly with the financial risks associated with Local Government Reorganisation.

The development of this fund would enable the council to focus on:

- intervening in the first 1,001 days via more family centres and universal access facilities and services.²
- protecting and enhancing youth provision across Surrey³

It is envisaged that this fund will take a year to establish, working with the districts and boroughs who currently collect council tax on our behalf. The establishment costs are proposed to be taken from the £5million allocated from in earmarked reserve for Local Government Reorganisation.

Once the fund has been established, resident or member consultation could be undertaken to prioritise areas of future revenue investment, with a cross-party group of councillors recommending any changes, based on the level of donations received and the impacts of the funding, in advance of the approval of the budget.

The intention is to create a revenue funding stream, independent of government funding and the Council's tax raising powers, to create a ring fenced fund for proven frontline preventative, early intervention, and support services for children and young people provided by the VCSE, particularly in areas of high deprivation or low educational achievement to ensure that the Council's overriding purpose of "no-one left behind" can support children and young people.

2. In light of the scale of proposed the capital programme, on-going capital cost increases and the financial risks associated with Local Government Reorganisations, to close the Your Fund Surrey programme to further applications and apply more rigid assessment criteria.

Given the significant costs of the proposed capital programme, the on-going cost increases in some critical areas, the debt associated risks, including from Local Government Reorganisation and the value of the applications received in the Your Fund Surrey (YFS) pipeline, that the scheme be closed to further applications.

This will ensure there is a clear strategy for closing down the scheme during 2025/26 when funding ceases.

The amendment requests that in the light of the above the Large YFS scheme is closed to further applications and, given the value of the pipeline is much higher than the budget allocated, applications that are underway should be assessed against stricter criteria, as follows:

- Large YFS projects should be assessed against a minimum score that must be achieved for any new project to be considered, based on the average of the schemes funded so far

¹ As identified in the Children's Society – The Good Childhood Report ([The Good Childhood Report 2024 | The Children's Society](#))

² As recommended in [Family Hubs and Start for Life – everything you need to know – Department of Health and Social Care Media Centre](#).

³ [Youth provision and life outcomes: a study of longitudinal research \(executive summary\) - GOV.UK](#)

- Introduce minimum match funding for all future Large YFS Schemes in non-priority areas
- Introduce a maximum value of any large YFS bids of £1million, ensuring the number of communities supported is maximised.

3. Place the Phase 3 DDRT on hold in line with the select committee’s recommendations to Cabinet and instead invest in reviewing / testing alternatives which are likely to be more financially sustainable going forward.

The current proposed DDRT budget is as follows:

| Latest Updated forecasts | 2024/25 | 2025/6 | 2026/27 | 2027/28 | 2028/29 |
|--|----------------|---------------|----------------|----------------|----------------|
| DDRT | £'m | £'m | £'m | £'m | £'m |
| Phase 1 - five new routes | 0.797 | | | | |
| Phase 2- minimum of six new routes | 1.846 | 3.472 | 3.474 | 3.578 | 3.649 |
| Phase 3 | 0.000 | 0.861 | 1.500 | 1.543 | 1.574 |
| Mole Valley Connect (within Phase 1&2) | | | | | |
| | 2.644 | 4.333 | 4.974 | 5.120 | 5.223 |

If the non DDRT related revenue cost for 2025/26 for public transport remains at £18m then the DDRT costs will be approximately 20% of the budget, rising to 21% by 2028/29.

Based on the available data, the average cost of a DDRT journey between September and December 2024 was £33, the highest any user will have been charged is £8. It is acknowledged that the DDRT services will never become a commercial service and Phase 2 already covers the rural areas which had no bus service.

This budget amendment suggests there are better ways to spend the proposed budget and that the Council should take time to learn from the schemes already rolled out which cover the rural, geographically isolated areas that need to access towns with the associated facilities. This budget amendment proposes that phase 3 DDRT is placed on hold for 2025/26 and the cost of £0.9m is either fully, or partially, allocated instead to a wider review of public transport provision including:

- Improved interactive maps of key facilities and existing scheduled public transport
- Potential for further enhancement of existing unfunded scheduled services, including school / college specials
- Review of existing funded schedule services including school specials and strategies to capture overall costs to the council and the cost of individual passenger journeys
- Testing different DDRT models and looking at the use of mobility hubs, different last mile / first mile models and fixed weekly loops to service villages / suburbs
- Improved integration of all services with the community and voluntary transport including that currently provided in house by some district and borough providers, with a specific intention to allocate at least an additional £200k to this section in 2026/27 to enhance impact and outcome.

It is anticipated that these reviews would incur one-off costs of up to £0.75m, which could be funded by the efficiency made by delaying the roll out of phase 3.

4. Commit to setting up a cross-party Task & Finish Group to review and refresh the Alternative Provision (AP) + Special Educational Needs & Disabilities (SEND) Capital Programme alongside work being undertaken by the Children's, Families & Lifelong Learning Directorate, including allocated £150k to ensure resources are available to support this review

The AP and SEND Capital Programme was last updated in June 2024, with Cabinet agreement. Following this, significant work has been undertaken to reduce the Education & Health Care Plans (EHCP) waiting list backlog. It is suggested that the total amount of current demand in the system is different from what was known in June 2024 and there is a risk of a widening gap between the approved Capital Programme and anticipated future SEND need.

A review of the SEND and AP capital programme by a Task and Finish Group of the CFLLC Select Committee was promised in June 2024. This was intended to review the type and location of current and planned SEND and AP school place provision across Surrey, providing further rigour and oversight to ensure that we are not only providing the right number of places, but that these have the appropriate geographical spread suitable for children with different type of special need. This work has not yet commenced.

Ensuring sufficient SEND places in the right geographical locations is not only important to meet the needs to children but also to reduce costs associated with Home to School Travel Assistance and expensive non maintained and independent (NMI) schools provision.

The service has committed to undertake a refresh of this capital programme. Underlying work in progress to inform plans include:

- Refresh of mainstream and EHCP data models – actuals and projections to 2033/34 to provide the underlying evidence base of changing and prevalent needs
- Refresh of the SEND Sufficiency Strategy – informed by updated evidence base
- Specialist Education Estate review – review of the current designations of SEN Units/ Resources in mainstream schools and academies, as well as special schools. Options to better meet identified needs within existing estate capacity.
- Updates to the School Organisation Plan and School Sufficiency Strategy, also approved by Cabinet in June 2024
- Dependencies with ambitions and priorities of wider aspects of planned AN&D Transformation, locality SEND Improvement Plans/ current Safety Valve Agreement and adopted Inclusion and Additional Needs Partnership Strategy

This budget proposals suggests that £150k is allocated to provide dedicated resource to support this work and engage with a cross-party task and finish group, to ensure the involvement of councillors adds value.

5. Remove the £0.5m proposed efficiency in relation to the Greener Futures Team and provide funding for a further financial year by reducing the one-off investment by 10% in verge maintenance, weed control and other visual improvements, including signs.

The current proposed budget includes an efficiency of £0.5m in 2025/26 in relation to the Greener Futures Team.

This budget amendment proposes a one year amendment to reverse the reduction in the Greener Futures team, to enable the team to:

- Develop green finance opportunities, particularly new opportunities opening up around natural capital for example.
- Develop and embed climate adaptation policies, including a complete household offer of retrofit, heat avoidance and flood defence, including for those able-to-pay
- Coordinate with Health initiatives to achieve social value

It is proposed that this amendment is funded by reducing the proposed £5m investment in improving the visual appearance of the county's highways, including cleaning signs, verge cutting and weed control. The £5m is proposed to be funded from reserves and a one-off investment for 2025/26.

In the public consultation on the budget, 50% respondents wanted to prioritise spending to meet the needs of residents today while 47% respondents wanted to prioritise spending to meet the long-term future needs of residents. Younger respondents were more in favour of meeting long term future needs of residents than older respondents, but there were fewer younger respondents than older respondents.

Section 151 Officer Commentary

The proposals have been costed and this has been included in the figures above. The financial information set out in these proposals has been developed in consultation with officers in Finance and based on information from officers in Place, Children, Families & Lifelong Learning and the Your Fund Surrey Team.

Overall, the amendments proposed balance, in fact if accepted they would deliver further efficiencies to the Council in later financial years and therefore this meets the financial test for a budget amendment to be considered by Full Council.

Proposal 1 would require some initial set-up and promotional costs as well as potentially additional ongoing administration costs. This is yet to be quantified and engagement would be required with Boroughs and Districts who collect council tax income on our behalf.

The proposal suggests that any one-off costs are drawn from the reserve set aside for Local Government Reorganisation (LGR). Given the proposed direction of travel of the Government, it is highly likely that significantly more than the current reserve will be required to implement LGR in Surrey. Therefore, I would recommend that once the decision from Government is known, that this proposal is more appropriately drawn from either the reserve held for the elections or, if the election goes ahead, the Budget Equalisation Reserve, as the council will have to incur spend to deliver on the Governments mandate.

Proposal 1 appropriately states that this income stream would take at least a year to be established. There is no expenditure budgeted in 2025/26 to be funded from the source, to reduce the risk of relying on this as a robust source of income. However, given that these are voluntary contributions, no amount is certain in any given year, therefore any spend would need to be reflective of the actual amount raised in any one year so as to avoid a funding gap and inadvertently putting further pressure on services delivered by the Council.

It should also be noted that once detailed proposals for the use of the fund proposed in proposal 1 is developed, it is important to ensure that the support delivered via the funding is not activity or intervention that should be funded via the High Needs Block.

Proposal 2 does not require any changes to figures within either the revenue or capital budget, as it relates to ensuring remaining costs are targeted and contained within the approved budgeted levels.

Proposal 3 is to defer the roll out of phase 3 of the DDRT programme. This would deliver efficiencies that would then be used to fund the proposed one-off costs, as well as fund the one-off costs in proposal 4. There is then an ongoing efficiency that would be delivered from 2026/27 as a result of this proposal being approved which would go to assist in closing the current budget gap in the MTFS.

It should be noted that if proposal 4 is accepted and proposal 3 not accepted then the one-off costs from proposal 4 will need to be met by capital feasibility funding, thereby reducing the scope of potential funding for other capital schemes.

Proposal 5 is straightforward, however it should be noted that the Greener Futures Team efficiency would then need to be delivered in 2026/27

Monitoring Officer Commentary

The legal content and implications as set out in the main budget report applies to the alternative budget proposal(s) and regard should be had to them. Any proposal accepted will require the Chief Finance Officer S151, advice as to the robustness of estimates and adequacy of the budget proposals. Any plan(s) which are put to be considered as part of SCC budget, will require an Equality Impact Assessment and if applicable other financial diligence. Any decision by the Council will be on an "in principle" decision until the completion of the work above is completed.