

## COUNTY COUNCIL

### COUNCIL BUDGET MEETING – 12 FEBRUARY 2013

**MINUTES** of the Meeting of the County Council held at the County Hall, Kingston upon Thames on Tuesday 12 February 2013 commencing at 10:30am, the Council being constituted as follows:

Mrs Sealy – Chairman  
Mr Munro – Vice-Chairman

*	Mr Agarwal		Mr Ivison
*	Mr Amin		Mrs Kemeny
	Mrs Angell		Mr Kington
	Mr Barker OBE		Mr Lake
	Mr Beardsmore		Mr Lambell
	Mr Bennison		Mrs Lay
	Mrs Bowes		Ms Le Gal
	Mr Brett-Warburton	*	Mr MacLeod
*	Mr Butcher		Mr Mallett MBE
	Mr Carasco		Mrs Marks
	Mr Chapman		Mr Marlow
	Mrs Clack		Mr Martin
*	Mrs Coleman		Mrs Mason
	Mr Cooksey		Mrs Moseley
*	Mr Cooper		Mrs Nichols
*	Mr Cosser		Mr Norman
*	Mrs Curran		Mr Orrick
*	Mr Elias		Mr Phelps-Penry
	Mr Ellwood		Mr Pitt
	Mr Few	*	Dr Povey
	Mr Forster		Mr Renshaw
	Mrs Fraser DL		Mrs Ross-Tomlin
	Mr Frost	*	Mrs Saliagopoulos
*	Mrs Frost		Mr Samuels
*	Mr Fuller		Mrs Searle
	Mr Furey		Mr Skellett CBE
	Mr Gimson		Mrs Smith
	Mr Goodwin		Mr Sydney
	Mr Gosling		Mr Colin Taylor
	Dr Grant-Duff		Mr Keith Taylor
	Dr Hack		Mr Townsend
*	Mr Hall		Mrs Turner-Stewart
	Mrs Hammond	*	Mr Walsh
	Mr Harmer		Mrs Watson
	Mr Harrison		Mrs White
	Ms Heath		Mr Witham
	Mr Hickman		Mr Wood
	Mrs Hicks		Mr Young
	Mr Hodge		

\*absent

### **1/13 APOLOGIES FOR ABSENCE [Item 1]**

Apologies for absence were received from Mr Agarwal, Mr Butcher, Mr Cooper, Mrs Curran, Mrs Coleman, Mr Cosser, Mrs Frost, Mr Fuller, Mr Hall, Mr MacLeod, Dr Povey, Mrs Saliagopoulos and Mr Walsh.

### **2/13 MINUTES [Item 2]**

The Minutes of the meeting of the County Council held on 11 December 2012, were submitted, confirmed and signed.

### **3/13 CHAIRMAN'S ANNOUNCEMENTS [Item 3]**

The Chairman made the following announcements:

- (i) Her Majesty the Queen's New Year Honours List.  
A list was included within the agenda.
- (ii) The passing of Mrs Frances King, County Councillor for Earlswood and Reigate South.  
Also, the passing of one other ex-Member – Mrs M J Marshall (Biddy) – former County Councillor for Woodham and New Haw.  
Members stood in silent tribute.
- (iii) Related Party Disclosures – she reminded Members to complete their forms and return them to Finance by the deadline in March.
- (iv) She said that she had attended a number of events, and highlighted the Arts exhibition held at County Hall on 31 January 2013 by women in prison.
- (v) Finally, she reminded Members that Sir Richard Stilgoe was today's lunchtime speaker and he would be talking about the effect of music on young adults with disabilities and the work of Orpheus.

### **4/13 DECLARATIONS OF INTEREST [Item 4]**

The Audit and Governance Committee had met prior to this meeting and granted all County Councillors dispensation to enable them to participate in and vote at the Council budget meeting. This was specifically in relation to Members paying council tax in Surrey and this resulting in a potential disclosable pecuniary interest.

**5/13 REVENUE AND CAPITAL BUDGET 2013/14 TO 2017/18 / COUNCIL TAX REQUIREMENT / TREASURY MANAGEMENT STRATEGY [Item 5]**

The Chairman said that the papers for this item were included in the agenda, together with the revised pages 21 and 22 (Appendix A) and the Addendum (Appendix B) emailed to Members and tabled today. A typo in Annex 1, Appendix B5 on the Moody's FSR figure for Bank / Building Society was amended from 'C' to 'C-'.

On the motion of the Chairman, seconded by the Vice-Chairman, Standing Order 18 was suspended to allow the minority group leaders five minutes each for speeches on the Budget proposals.

The Leader presented the report of the Cabinet on the Revenue and Capital Budget 2013/14 to 2017/18, the Council Tax Requirement and the Treasury Management Strategy and made a statement in support of the proposed budget. A copy of the Leader's statement is attached as Appendix C.

The Chief Finance Officer presented her report to Council. A copy of her statement is attached as Appendix D.

Each of the Minority Group Leaders (Mrs Watson and Mr Harrison) spoke on the budget proposals. Copies of Mrs Watson and Mr Harrison's speeches are attached as Appendices E and F respectively.

Key points made in the debate were:

- A request for the Leader to set out what measures the County Council was taking to reduce the cost of living for residents and whether it would off-set the council tax increase.
- An offer to arrange a Member's seminar on Finance to explain the differences between cash balances and reserves.
- Confirmation that no surplus cash was floating around the organisation.
- Other options for savings could include reducing paying for external legal advice and /or reducing the number of policy staff.
- The electorate would have an opportunity to make their support, or not, for the budget known at the ballot box in May.
- The importance of considering the overall budget when going forward and setting the budget - that two-thirds of the budget was demand led in Adults and Children's Services.
- Residents could register for the Switch and Save Scheme – these savings could be off-set against the council tax increase.
- That the Chief Finance Officer had confirmed that the Council's budget was robust and sustainable. However, Members were mindful of the risks and issues ahead that would need to be dealt with.
- Surrey County Council had been nominated for Council of the Year.
- A reference to the Budget Public Survey which set out the views of Surrey residents.

- Disputing whether residents had been listened to – some residents earnings were just over the threshold for help with their bills.
- Reference to the increasing number of older people who would require care and whether the £42m savings for next year's Adult Social Care budget were achievable.
- The Government had cut Surrey's Grant by £20m so the Council had to set aside resources to deal with this.
- The modest rise in council tax was necessary.
- Members and officers would need to work hard to achieve more savings in future years.
- Properties may become difficult to let if the superfast Broadband was not rolled out across the county.
- Acknowledgement that the cost of living was going up.
- The Liberal Democrat proposals were a 'wish list' for their election literature.
- Reference to A46 in Annex 1, section A re. localisation of council tax support and thanks to the County Council for the assistance made available to District and Borough Councils.
- Since 2009 no extra funding had been given to Children's Services, despite a huge increase in demand for services and specific examples were highlighted.
- A suggestion that the Council cancelled any future off-site awaydays.
- Waste issues were not mentioned in the Leader's Budget speech.
- Emphasising that the County Council was a local government organisation and whilst acknowledging the improvements over the last four years, a recognition that there were more improvements to be made.
- Surprise that the Leader of the Residents' Association / Independent Group did not support the Broadband proposals.
- That the contingency fund was essential.
- Recognition of the Schools Basic Need programme and the provision of additional school places.

After the debate in which 24 Members spoke, the Leader confirmed that the Budget proposals would be taken as one recommendation.

Mrs Watson requested a recorded vote and 10 Members stood in support of this request.

The following Members voted for the Budget proposals:

Mrs Angell, Mr Barker, Mr Bennison, Ms Bowes, Mr Brett-Warburton, Mr Carasco, Mr Chapman, Mrs Clack, Mr Ellwood, Mr Few, Mrs Fraser, Mr Frost, Mr Furey, Mr Gimson, Mr Gosling, Dr Grant-Duff, Dr Hack, Mrs Hammond, Mr Harmer, Ms Heath, Mrs Hicks, Mr Hodge, Mr Ivison, Mrs Kemeny, Mrs Lay, Ms Le Gal, Mrs Marks, Mr Marlow, Mr Martin, Mrs Moseley, Mr Munro, Mr Norman, Mr Pitt, Mr Renshaw, Mrs Ross-Tomlin, Mr Samuels, Mr Skellett, Mr Sydney, Mr Keith Taylor, Mr Townsend, Mrs Turner-Stewart, Mr Witham and Mr Wood.

The following Members voted against the Budget proposals:

Mr Beardsmore, Mr Cooksey, Mr Forster, Mr Goodwin, Mr Lake, Mr Lambell, Mrs Nichols, Mr Orrick, Mrs Searle, Mrs Smith, Mr Colin Taylor, Mrs Watson and Mrs White.

There were six abstentions:

Mr Harrison, Mr Hickman, Mr Kington, Mr Mallett, Mrs Mason and Mr Phelps-Penry.

Therefore it was:

**RESOLVED:**

- That the Chief Finance Officer's statutory report on the robustness and sustainability of the estimates and the adequacy of the proposed financial reserves (Annex 2 to the submitted report) be noted.
- That dispensation had been sought for all county councillors to ensure their eligibility to vote on the recommendations in this report without any risk of non-compliance with the Localism Act 2011.
- That the council tax requirement for 2013/14 be set at £550.4m; (Annex 3, paragraph 3.5 in the submitted report).
- That the 2013/14 council tax increase be fixed at 1.99%.
- That the basic amount for 2013/14 council tax at Band D be set at £1,172.52 (Annex 3, paragraph 3.7 in the submitted report).
- That the council tax for each category of dwelling in its area will be as follows:

<b>Valuation band</b>	<b>£</b>
A	781.68
B	911.96
C	1,042.24
D	1,172.52
E	1,433.08
F	1,693.64
G	1,954.20
H	2,345.04

- That the payment for each billing authority including any balances on the collection fund will be as follows:

<b>Billing authority</b>	<b>£</b>
Elmbridge	72,006,449.04
Epsom & Ewell	36,475,032.68
Guildford	62,826,924.47
Mole Valley	45,734,318.52
Reigate & Banstead	67,241,707.44
Runnymede	36,534,059.00
Spelthorne	42,621,728.41
Surrey Heath	42,836,092.97
Tandridge	42,424,545.82
Waverley	60,868,055.95
Woking	45,859,725.46
<b>TOTAL</b>	<b>555,428,639.76</b>

- That the payment for each billing authority including any balances on the collection fund to be made in ten equal instalments on the dates, already agreed with billing authorities as follows:

29 April 2013	18 October 2013
24 May 2013	22 November 2013
28 June 2013	3 January 2014
2 August 2013	11 February 2014
6 September 2013	14 March 2014

- That the Council Tax rate set above be maintained and powers be delegated to the Leader and Chief Finance Officer to finalise detailed budget proposals following receipt of the Final Local Government Finance Settlement.

- That the County Council budget for 2013/14 be approved.
- That the capital programme proposals be approved, specifically to:
  - fund essential schemes over the five year period, schools and non-schools, to the value of £695m including ring-fenced grants;
  - seek to secure capital receipts over the five year period to 2017/18 of £50m; and
  - make adequate provision in the revenue budget to fund the capital programme.
- That Strategic Directors and Senior Officers be required to maintain robust budget monitoring procedures that enable Cabinet to monitor the achievement of efficiencies and service reductions through the monthly budget monitoring Cabinet reports, the quarterly Cabinet Member accountability meetings and the monthly scrutiny at the Council's Overview & Scrutiny Committee.
- That an approved business case for all revenue invest to save proposals and capital schemes be required, before committing expenditure.
- That the Cabinet will begin the process of reviewing the revenue budget and capital programme set out in the MTFP (2013-18) immediately after the first quarter of 2013/14.
- That the final detailed MTFP (2013-18) will be considered and approved by Cabinet on 26 March 2013, following scrutiny by Select Committees.

**Treasury management and borrowing:**

- That the Treasury Management Strategy for 2013/14 be approved and that their provisions have immediate effect. This strategy includes:
  - a. the investment strategy for short term cash balances;
  - b. the prudential indicators (Annex 1, section B, Appendix B1 to the submitted report);
  - c. the treasury management policy (Annex 1, section B, Appendix B8 to the submitted report);
  - d. the minimum revenue provision policy (Annex 1, section B, Appendix B7 to the submitted report).

**6/13 MEMBERS' QUESTION TIME [Item 6]**

Notice of one question has been received. The question and reply is attached as Appendix G.

Mr Frost said that since he had submitted his question, the Leader of the Council had offered to discuss his query outside the meeting and that he had taken up this offer.

## **7/13 STATEMENTS BY MEMBERS [Item 7]**

There were no local Members statements.

## **8/13 REPORT OF THE CABINET [Item 8]**

The Leader presented the reports of the Cabinet meetings held on 18 December 2012 and 5 February 2013.

### **(1) Statements / Updates from Cabinet Members**

- The Cabinet Member for Change and Efficiency introduced her statement in relation to the Surrey Switch and Save Scheme which had been included in the agenda. She informed Members that 3760 residents had now signed up.
- The Cabinet Member for Adult Social Care and Health made a statement about the death of Mrs Gloria Foster, a Banstead resident. Copies of the statement were made available at the meeting and is attached as Appendix H to the minutes.

### **(2) Recommendations on Policy Framework Documents**

#### **A Surrey Minerals and Waste Plans – Adoption of the Aggregates Recycling Joint Development Plan Document**

The Cabinet Member for Transport and Environment informed Members that the report had been considered by Cabinet at its 18 December 2012 meeting and that the Surrey Minerals and Waste Aggregates Recycling Joint Development Plan Document (incorporating the main modifications recommended by the Inspector and additional modifications and minor amendments) require formal County Council approval.

Members had an opportunity to ask questions and comment on the Plan.

Mr Beardsmore expressed concern about the ambiguity of the phasing on page 17, Annex 3 and requested a note from Legal Services after the meeting.

The recommendation was put to the vote with 44 Members voting for and 3 Members voting against the recommendation. There were 11 absentions.

Therefore it was:



**RESOLVED:**

That the Surrey Minerals and Waste Aggregates Recycling Joint Development Plan Document (incorporating the main modifications recommended by the Inspector and additional modifications and minor amendments) as attached as **Annex 2**, to the Cabinet (18 December 2012) report, be adopted.

**(3) Reports for Information / Discussion**

The following reports were received and noted:

- Children, Schools and Families Directorate Annual Report for 2011 – 2012
- Quarterly Report on Decisions taken under Special Urgency Arrangements: 1 October – 31 December 2012

**RESOLVED:**

That the report of the meeting of the Cabinet held on 18 December 2012 and 5 February 2013 be adopted.

**ADJOURNMENT**

The meeting adjourned for lunch at 12.55pm and resumed at 2.15pm, with all those present who had been in attendance in the morning session except for Mr Brett-Warburton, Mr Ellwood, Ms Heath, Mrs Hicks, Mr Lake, Mrs Moseley, Mrs Nichols, Mrs Ross-Tomlin, Mr Colin Taylor and Mr Witham.

**9/13 SURREY COUNTY COUNCIL AND EAST SUSSEX COUNTY COUNCIL PARTNERSHIP - SHARED SERVICES [Item 9]**

This report was introduced by the Leader of the Council.

**RESOLVED:**

That the establishment of a partnership agreement between Surrey County Council and East Sussex County Council, under which Surrey County Council would provide transactional support and IT hosting services to East Sussex County Council be approved.

## **10/13 ELECTION OF COMMITTEE CHAIRMEN AND VICE-CHAIRMEN [Item 10]**

### **RESOLVED:**

- (i) That Mrs Ross-Tomlin be appointed Vice-Chairman of Reigate and Banstead Local Committee for the remainder of the council year 2012/13.
- (ii) That Mr Pitt be appointed Vice-Chairman of Surrey Heath Local Committee for the remainder of the council year 2012/13.

## **11/13 CRIMINAL RECORDS CHECKS FOR MEMBERS [Item 11]**

The Leader of the Council commended the report to Members and the recommendations were put to the vote, with 45 Members voting for and 1 Member voting against them. There was one abstention.

Therefore, it was:

### **RESOLVED:**

1. That the Constitution be amended to make it clear that the following positions which are appointed by the Council will be subject to a valid enhanced criminal records check:
  - Leader of the Council
  - Chairman and Vice-Chairman of the Council
  - Chairmen and Vice-Chairmen of Adult Social Care, Children and Families and Education Select Committees
2. All Members be encouraged to undertake an enhanced criminal records check as part of their role as a Corporate Parent.

## **12/13 MEMBER CONDUCT REPORT [Item 12]**

### **RESOLVED:**

That the two reports from the Member Conduct Panel be noted.

**13/13 MINUTES OF THE MEETINGS OF CABINET [Item 13]**

No notification had been received from Members wishing to raise a question or make a statement on any of the matters in the minutes, by the deadline.

[Meeting ended at:2.25pm]

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**Chairman**

**SURREY COUNTY COUNCIL**

**COUNTY COUNCIL**

**DATE: 12 FEBRUARY 2013**

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

**LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER AND DEPUTY DIRECTOR FOR CHANGE & EFFICIENCY**

**SUBJECT: REVENUE AND CAPITAL BUDGET 2013/14 TO 2017/18,  
COUNCIL TAX REQUIREMENT AND TREASURY  
MANAGEMENT STRATEGY**



#### **SUMMARY OF ISSUE**

To approve:

- the level of the council tax precept for 2013/14; and
- the revised treasury management strategy, including the borrowing and operation limits (prudential indicators) for 2013-18, the policy for the provision of the repayment of debt (minimum revenue provision (MRP)), and the treasury management policy.

#### **RECOMMENDATIONS**

The Cabinet recommends that the County Council:

1. Notes the Chief Finance Officer's statutory report on the robustness and sustainability of the estimates and the adequacy of the proposed financial reserves (Annex 2).
2. Notes that dispensation has been sought for all county councillors to ensure their eligibility to vote on the recommendations in this report without any risk of non-compliance with the Localism Act 2011.
3. Approves the council tax requirement for 2013/14 is set at £550.4m; (Annex 3, paragraph 3.5)
4. Approves the 2013/14 council tax increase be fixed at 1.99%;
5. Approves the basic amount for 2013/14 council tax at Band D is set at £1,172.52 (Annex 3, paragraph 3.7);
6. Approves the council tax for each category of dwelling in its area be as in Annex 3 paragraph 3.8.
7. Approves that the payment for each billing authority including any balances on the collection fund will be as set out in Annex 3, paragraph 3.9.
8. Approves that the payment for each billing authority including any balances on the collection fund to be made in ten equal instalments on the dates, already agreed with billing authorities and set out in Annex 3, paragraph 3.10.
9. Agrees to maintain the Council Tax rate set above and delegate powers to the Leader and Chief Finance Officer to finalise detailed budget proposals

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- following receipt of the Final Local Government Finance Settlement.
10. Approves the County Council budget for 2013/14.
  11. Agrees the capital programme proposals specifically to:
    - fund essential schemes over the five year period, schools and non-schools, to the value of £695m including ring-fenced grants;
    - seek to secure capital receipts over the five year period to 2017/18 of £50m; and
    - make adequate provision in the revenue budget to fund the capital programme.
  12. Requires Strategic Directors and Senior Officers to maintain robust budget monitoring procedures that enable Cabinet to monitor the achievement of efficiencies & service reductions through the monthly budget monitoring Cabinet reports, the quarterly Cabinet Member accountability meetings and the monthly scrutiny at the Council's Overview & Scrutiny Committee.
  13. Requires an approved business case for all revenue invest to save proposals and capital schemes before committing expenditure.
  14. Notes the Cabinet will begin the process of reviewing the revenue budget and capital programme set out in the MTFP (2013-18) immediately after the first quarter of 2013/14.
  15. Notes that the final detailed MTFP (2013-18) will be considered and approved by Cabinet on 26 March 2013, following scrutiny by Select Committees.

**Treasury management and borrowing:**

16. Approves the Treasury Management Strategy for 2013/14 and approve that their provisions have immediate effect. This strategy includes:
  - a. the investment strategy for short term cash balances;
  - b. the prudential indicators (Annex 1, section B, Appendix B1);
  - c. the treasury management policy (Annex 1, section B, Appendix B8);
  - d. the minimum revenue provision policy (Annex 1, section B, Appendix B7).

<b>REASON FOR RECOMMENDATIONS</b>
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This meeting of the Full County Council is to agree the summary budget and set the council tax increase for 2013/14, on the advice of the Cabinet. The reasons underpinning the recommendations Cabinet has made include:

- to ensure the Council maintains its financial resilience and protects its long term financial position;
- to enable the Council to meet the expectations of Surrey's residents as confirmed in their responses to the in depth consultation exercise;
- to provide adequate finances for key services such as school places, highways, adults social care and protecting vulnerable people.

**SURREY COUNTY COUNCIL**

**COUNTY COUNCIL**

**DATE: 12 FEBRUARY 2013**

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

**LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER AND DEPUTY DIRECTOR FOR CHANGE & EFFICIENCY**

**SUBJECT: ADDENDUM TO REVENUE AND CAPITAL BUDGET 2013/14 TO 2017/18, COUNCIL TAX REQUIREMENT AND TREASURY MANAGEMENT STRATEGY**



**SUMMARY OF ISSUE**

The Council has now received the Final Local Government Settlement for 2013/14 and a revised provisional settlement for 2014/15. Following this there are some minor changes to the proposed budget which are summarised below. These changes will be fully incorporated in to the Detailed Service Budget and Medium Term Financial Plan that will be presented to the Cabinet on 26 March 2013.

**Final Local Government Settlement 2013/14**

The Secretary of State for Communities and Local Government announced the Final Local Government Financial Settlement for 2013/14 in Parliament on Monday 4 February 2013. Further information has been received during the rest of the week and some grants still remain uncertain. At the same time a revised provisional settlement for 2014/15 was published.

The figures show a net increase in the Council's government grant funding totalling £5,070,000 for 2013/14. The majority of this increase is due to PFI grant allocations rolling forward at 2012/13 levels, which was considered a risk in planning the budget. However, we still await confirmation that the Waste PFI will continue to be supported. To reflect that and some uncertainty in other grants, it is proposed to transfer the additional grant funding to the Budget Equalisation Reserve for the purpose of supporting the revenue budget in 2014/15.

Following further clarification on capital grants the full additional highways maintenance grant of £2.6m in 2013/14 and £1.4m in 2014/15 that was announced by the Chancellor in his Autumn Statement, will be used to fund additional highways maintenance schemes. The Detailed Service Budget will reflect these changes to the capital programme and the revenue budget when presented to the Cabinet on 26 March 2013.

## **REVENUE AND CAPITAL BUDGET 2013/14 TO 2017/18, COUNCIL TAX REQUIREMENT, TREASURY MANAGEMENT STRATEGY**

### **Leader of the Council - Budget Statement 2013/14**

Last year I stood before this Chamber and outlined the extremely serious issues facing local government.

We continue to face those issues. And local government in particular is facing its most difficult period in living memory. With diminishing budgets and increasing demand for services, Council finances have never been so stretched.

And this is especially true in Surrey. Why do I say that? Because not only do we have some of the most heavily used roads in the country, a birth rate which has risen by 20% in the past decade and the proportion of our population over 85 is set to double in the next 20 years, but we also continue to receive the lowest level of government funding of any county council in the country.

So Madam Chairman – is it all doom and gloom? No it is not - and why do I say that? Because this Administration has built the foundations, to enable the County Council to succeed and return Surrey County Council to its rightful place, recognised as a high performing and outstanding council.

This has been achieved by prudent financial management backed by the clarity of purpose in our Corporate Strategy, always making sure the books are in order, securing a prosperous future for Surrey. This is why the Cabinet has made the recommendations to County Council as outlined.

Because Madam Chairman, if we don't increase council tax now by 1.99%, equivalent to just 44p a week for a Band D property, it will cripple Surrey's finances in the future. This Conservative Administration is simply not willing to simply sit back and let indecision ruin our County. We do not flinch from decisions that are necessary, even if they're difficult and tough. And we will always make these decisions in the best interests of the residents and businesses of Surrey.

People tell me time and time again that what matters most to them are:

- Roads;
- Schools;
- Care for vulnerable adults and children – which is particularly important given the impact of Welfare Reform;
- And how our young people can secure employment;

So Madam Chairman we are listening to our residents' needs and aspirations and investing money in the areas where our residents tell us they want it:

- Investing an additional £45M capital funding to provide the 12,000 extra school places we need to secure over the next 5 years;
- Investing an additional £25m in our roads over the next five years, to give the local economy a boost when it needs it most and meet the needs of our residents;
- Investing an additional £10m in raising school standards over the next five years, because we Conservatives are passionate in our desire to ensure that every Surrey child can attend a good or excellent school;
- Investing an additional £11m in adult social care next year, as more and more elderly people are in need of our support to continue living at home;

Of course yesterday we heard the Secretary of State for Health outline the Government's response to the findings of the Dilnot Commission, which we will look at in further detail, in order to establish what the plans mean for Surrey.

So why are we making these additional investments? Because we Conservatives actually listen to what the people of Surrey want. We know that we have to invest in roads, schools and care services now, when people need them most. Not only will we be able to invest in these vitally important areas, but I am delighted to announce that we will invest in sponsoring 500 apprenticeships next year. This will give our young people the leg up they need now, to find work when the job market is so tough. And I am also delighted to announce that our Community Improvement Fund to help people enhance their local area will be increased to over £1 million for 2013/14.

When put together with our many other significant investments, it will all go a long way to providing Surrey with the support and growth it needs to get through the downturn.

If we do not raise the Council tax we lose all those things which matter. And we would simply be storing up trouble for the future. Our County would be saddled with a £50m financial black hole in just five years. That would mean wiping out the roads maintenance budget for about three years, or swallowing up a third of everything we spend on the elderly – potentially affecting almost 3,000 elderly people.

It is not difficult to imagine just how devastating an impact the wrong decision could have. As a politician, the easy option would be to park the problem until after the election. But it would saddle Surrey with a financial time bomb that would go off in five years time and to this Conservative Administration, that is simply not acceptable;

Of course we know that taking the Council Tax freeze grant is right for some councils, but it's not right for Surrey because of the pressures we face.



By declining the freeze last year we were able to invest an additional £2m into local road schemes, put an additional £10m over five years into helping older people with dementia stay in their homes - which has helped more than 900 older people this year and provide an additional 1,437 school places - equivalent to more than three new primary schools or one secondary school.

Overall, by turning down the freeze last year, we've had £18.5m to invest in key areas for residents. We are also planning to deliver £435m in savings by 2018 – an absolutely outstanding achievement. No local authority can perform well without the total support of its officers. I want to say once again just what a fantastic job our officers in Surrey have done in the past year. They continue to rise to the challenge of delivering better services to our residents.

Surrey County Council has come a long way since 2009. We have improved year on year by creating a stable financial base and by delivering a Corporate Strategy with a strong clarity of purpose. But the improvements we have delivered and the excellent services we provide would be impossible, without our brilliant staff. I would like to say a huge thank you today to all staff for the hard work they put in on a day to day basis and for the many successes we have had over the past year.

From the triumph of the Olympic events to our excellent Superfast Broadband programme; from the outstanding schools we have to the success of our Apprenticeships programme; from our fantastic and innovative Adult Social Care teams, contributing so much to the quality of life of our vulnerable residents who need their care; To the outstanding quality of work that our respected Children's and Young People's Service undertakes daily; From our Library teams to our Trading Standards officers; From our Highways Service to our Fire Service; From our adult learning team to the Surrey History Centre; From our Countryside Team, to our Waste collection team; From our Contact Centre to our Shared Services; From cultural services to our Public Health Team; From our Local Partnership teams to those Facilities staff who open the doors in the morning.

And not forgetting the excellent work done supporting the front line services in Finance, Internal Audit, Legal Services, Communications, Democratic Services, Property, HR, Procurement, IT and all of those in the Chief Executive's Directorate.

All over the County Council, we have excellent staff, delivering brilliant services to the people of Surrey, working as one team, led from the front by the Chief Executive and the Corporate Leadership Team. All of which was powerfully demonstrated to me at the recent marketplace event celebrating our achievements in 2012. I know many Members managed to get along to the event and I hope they were as impressed as I was by the passion, commitment, determination and talent we have right across the County Council. What we saw clearly demonstrated that day was one team in action.

I am also extremely proud of the recently completed Public Value Review programme and the support from the Policy Team in driving this agenda forward, led and designed by our staff, Members, many of our partners and indeed residents, all working together in collaboration.

Using the One Team principle to drive the delivery of better quality services to the residents of Surrey and identifying nearly £280m in savings. These PVRs have given our staff the chance to bring forward their ideas, with a fresh focus on change, to help shape the services they deliver, in the best and most efficient way possible and it has once again demonstrated the talent and skill we have here at Surrey - talent and skill which will serve us well, as we embark on our innovation journey.

Before I close, I want to thank Members for their support and the way they have enthusiastically supported the Budget planning process throughout this year. There is still a final hurdle for all Select Committees to ensure that the Directorate plans for 2013/14 have been challenged and scrutinised and Select Committee comments will be welcomed by Cabinet before making the final decision on 26 March 2013.

I would like to draw Members' attention to the recommendations that the Cabinet and I are proposing for your endorsement as laid out in the Council papers, because any other course of action other than those detailed in the papers would leave the future of this County in a dangerous state.

But this Conservative Administration won't let that happen - we'll continue to stand up for Surrey and our residents and businesses can trust we Conservatives to make the right decisions, for the long term future of this County.

**David Hodge**  
**Leader of the Council**  
**12 February 2013**

**REVENUE AND CAPITAL BUDGET 2013/14 TO 2017/18, COUNCIL TAX REQUIREMENT, TREASURY MANAGEMENT STRATEGY**

**CHIEF FINANCE OFFICER'S STATEMENT**

As Chief Finance Officer for the Council, I have considered the financial management arrangements that are in place, the level of reserves, the budget assumptions, the overall financial and economic environment, the financial risks facing the Council and its financial standing. My statutory report forms part of the budget papers considered by the Cabinet last week and in your papers today. I know you will have taken the time to read it in full before this meeting.

I can confirm to Council that the Final Financial Settlement has now been received by authorities and a short addendum to your papers has been circulated yesterday. The changes are relatively minor and it is proposed to adjust for these through reserves rather than service budgets.

As I said last year, preserving the Council's financial resilience is a key long-term driver in the Council's financial strategy – that continues as a core principle as the Council moves forward to the next - 5 year MTFP.

I am pleased to be able to remind Members that the Council has successfully delivered significant savings in the last two years totalling £129m, and is forecast to deliver further significant savings of £66m by the end of this year. I warned a year ago that continued year on year savings would get tougher to deliver and that was the reason for a risk contingency. I was right and it is possible we will narrowly miss our full savings target this year.

Delivering this continued high level of savings again in 2013/14 (£72m) is more of a challenge than ever. Therefore it is prudent to increase the level of risk contingency for this year: the proposal is to increase it to £13m.

A year ago, in addition to the Council's risk of not achieving its budgeted efficiencies, we faced the further significant risk due to the level of economic uncertainty and the Government's fundamental review of local government funding, scheduled to apply from 2013/14.

A year later: the economic situation continues to be volatile - with austerity extended to 2018; the government has changed local authorities' financing, and added significant uncertainty to the level of funding that the Council can count on through the introduction of partial local retention of business rates and localisation of council tax support from April 2013. The Council is working closely with its district and borough partners to mitigate the county-wide impact of these funding risks.

Many have already been set out in the current MTFP (2012-17) and services are currently going through further scrutiny of these between now and March 2013 – when the new MTFP (2013-18) will be reported in detail to Cabinet.

The Councils existing MTFP (2012-17) - complete with its assumed 2.5% CT increase - remains a sensible longer term plan. The proposal that the Council

considers today - that is to agree a Council tax precept rise of 1.99% for 2013/14 - represents a move away from that plan and increases the financial pressures on the Council. If the Council were not to increase the CT by 1.99%, that would mean a move even further away and would make it unsustainable without either:

- imposing significant Council Tax increases in 2014/15 and subsequent years; and/or
- making reductions to front line services or the capital programme.

There is a risk that these actions would not be sustainable and may lead to erosion of the Council's financial resilience.

It is for this reason that I particularly welcome the increase in the long term investment and infrastructure reserve (using the money not now needed for the Icelandic banks investment following settlement of the legal case during 2012/13). This reserve is aimed at preserving the Council's long term financial resilience.

However, there is still considerable uncertainty over the impact of changes to LA funding and how changes to the welfare payments will affect demand for services. It is for these reasons that I am pleased that last week Cabinet approved the proposal to revisit the MTFP early in 2013/14 to ensure its' robustness.

I am pleased to say that the Council's external auditor again gave an unqualified opinion on the 2011/12 financial statements and an unqualified conclusion on the Council's arrangements for securing value for money.

The Council continues its quarterly 'hard' close process throughout 2012/13 – for which it won an award for transparency in 2012. It continues to bring forward its audited accounts publication date and continues to report within around 3 weeks to Cabinet on budget monitoring forecasts. The timeliness of this reporting means variations from the budget are considered early and management action can be put in place promptly.

Both approaches will continue into 2013/14. In view of this continued close monitoring, I consider that the financial control arrangements remain sufficiently robust to maintain adequate and effective control of the budget in 2013/14.

The main budget assumptions used in setting the 2013/14 budget are shown in my report. Although challenging, it is my opinion that the general assumptions are sensible. However, the proposed efficiency and other service savings are very stretching and there is substantial risk that not all will be achieved within the required timescale. That said, the increased risk contingency sum built into the budget, the level of reserves and balances, together with the proposal to review the MTFP early in 2013/14 allows sufficient headroom, provided robust monitoring processes are kept in place.

Turning now to capital - the Council has complied fully with the requirements of the Prudential Code for Capital Finance in Local Authorities. I am satisfied that the level of borrowing assumed in the indicators is affordable and sustainable. The MTFP (2013-18) makes provision for the financing of all proposed borrowing and assumes an extension of the strategy to borrow internally - thereby maximising the advantages of the continued low interest rates.

In conclusion, I consider that the budget proposals recommended by the Cabinet are robust and sustainable.

However, there are considerable risks associated with the increased uncertainty in a number of areas:

- the achievement of savings year on year;
- the transfer of uncertainty regarding the level of funding to local authorities as result of the local government funding changes introduced from April 2013;
- the volatility implicit in the level of service demands; and
- the current economic situation and expected long term austerity faced by the country.

These uncertainties mean the review of the MTFP (2013-18) after quarter one 2013/14 to validate assumptions and timescales is essential.

Thank-you.

**Sheila Little**  
**Chief Finance Officer**  
**12 February 2013**

**REVENUE AND CAPITAL BUDGET 2013/14 TO 2017/18, COUNCIL TAX REQUIREMENT, TREASURY MANAGEMENT STRATEGY**

**Liberal Democrat Leader's– Budget Speech for 2013/14**

I request a recorded vote on the administration's budget for 2013/14. I will be voting against the administration's Budget, because there is enough money stashed away in the administration's coffers to freeze Council Tax and improve services for Surrey residents where there is a real need to do so.

The administration has highlighted they are cutting non-schools earmarked reserves from £112 million on 31 March 2012 to £100 million on 31 March 2013. What they fail to mention is that the level of these reserves rocketed from £37 million on 31 March 2010 to £112 million on 31 March 2012, nearly a three-fold increase in two years.

Essential services have been underfunded by the administration at County Hall. Our proposals are easily affordable given that the administration has squirreled away over £200 million in reserves and balances.

While I support the extra funding for Surrey's highways, it is not enough. I propose an extra £6.5 million to improve the condition of the County's roads and footways as well as schemes to improve safety for all road users including pedestrians, cyclists and horse riders. This is in addition to the extra money from government, making a total of £9.1 million extra for Surrey's roads and footways, £1.5 million more than the administration are proposing. Our budget plans include funding to help deal with Surrey's massive backlog of investment in essential road resurfacing, tackle flooding on Surrey roads, extra grit bins and money to reduce speed limits including 20 mph zones without physical traffic calming.

I propose £400,000 extra support per year, plus £100,000 one off funding for 2013/14, for voluntary organisations that provide essential local services for Surrey residents. This money would restore the administration's £200,000 cut to voluntary organisations in 2012/13. On top of this we would grant £200,000 to voluntary organisations such as the Citizens Advice Bureaux to provide much needed debt advice for Surrey residents. The extra £100,000 for 2013/14 only is to help voluntary organisations provide advice to Surrey residents in a year of benefits changes.

We propose £800,000 to increase the opening hours of youth centres and to provide more detached youth work in local communities.

The administration cut £355,000 last year from respite care for children with disabilities; we would restore £400,000 to this essential service. We provide an extra £600,000 of funding for respite care for older people which is currently underfunded to the tune of £500,000. The further £100,000 will be used to meet growing demand for this service.

Our budget plans for 2013/14 amount to an extra £6.5 million capital and £2.3 million revenue. This would be funded by halving the excessive £2 million budget for glossy publications and PR spin. The rest of the money would be taken from the huge cash reserves and balances hoarded by the administration totalling over £200 million.

Our Budget plan is a good deal for Surrey residents to improve essential services whilst freezing Council Tax. This contrasts starkly with the administration's Budget which imposes a 1.99% Council Tax increase to hit the pockets of Surrey residents when it is completely unnecessary.

Eric Pickles is right when he says:

"It is unacceptable that some councils are stashing away billions, turning town halls into Fort Knox, whilst at the same time threatening to cut frontline services"

And

"Freezing council tax is practical help every councillor can offer their constituents"

And

'Councillors have a moral duty to sign up to keep down the cost of living. Anything less is a kick in the teeth to hard-working, decent taxpayers.'

I urge all Members to vote against the administration's Budget.

I request a recorded vote on the administration's budget for 2013/14.

**Hazel Watson**  
**Liberal Democrat Leader of the Opposition**  
**12 February 2013**

COUNTY COUNCIL BUDGET MEETING  
12 FEBRUARY 2013

REVENUE AND CAPITAL BUDGET 2013/14 TO 2017/18 / COUNCIL TAX  
REQUIREMENT / TREASURY MANAGEMENT STRATEGY

RESPONSE OF THE RESIDENTS' ASSOCIATION / INDEPENDENT  
GROUP TO THE CABINET'S RECOMMENDATIONS

COUNCIL TAX INCREASE OF 2%

With inflation at 3%, it might seem that a 2% council tax rise is acceptable. However, many salaries are not keeping up, and residents are expecting us to implement the government freeze.

GOVERNMENT DIRECTION

Mr Pickles says we have a "moral duty" to accept the 1% freeze grant. Brandon Lewis accuses councils of "flagrant democracy-dodging".

Councillors are well aware that one-off reductions have a substantial ongoing cumulative impact. The public find this difficult to follow and accept the inevitable loss of services.

But it gets more complicated. The 1% freeze grant is worth £6 million. But the localisation of council tax support is knocking out £45 million. We're temporarily kept afloat – well almost - by an extra £38 million gifted to us in "baseline funding." But that's just for one year as well – the following year we'll lose £16 million through the new business rates scheme.

If you put all this together, we are being castigated for refusing a one-off grant which will have a permanent impact on our revenue base. And we'll be losing annual grant – every year - of £23 million. I hope our Leader takes up the moral duty and democracy dodging with his Westminster friends.

REVENUE BUDGET CHALLENGE

On the revenue budget, we have come a long way in four years. We have faced about £50 million in savings each year – re-thinking, re-engineering, re-tendering. Services have been cut and service levels reduced.

£68 million of savings are required for 13/14. The low hanging fruit has been gathered. We need to use £23 million squirrelled away in balances, earmarked reserves and brought forward underspends to balance the equation.

£72 million more is required in the following year. These are huge numbers – equal to about half of our revenue support grant. If they aren't found, then Council Tax would need to go up by 10%.



Many of the **original** budgeted savings are 'red' or 'amber', and some are now thought unachievable. £39 million of the savings are **new** for 14/15 and as yet unidentified.

Let's take one example – adults social care. It's budget is £400 million. It's 35% of our cost base. The £45 million of savings for this coming year dwarf the savings of £30 million required in previous years. Is this achievable? – I don't know – but I feel uncomfortable when I read plans which say we will "apply personalisation in a more creative way" and we "make the best out of partnership working". Is this 'amber' or 'red'? – it certainly doesn't seem 'green'.

I welcome the report of the Chief Finance Officer. She recognises that the savings are very challenging and "hard to deliver", and there is a "high likelihood" of further grant cuts. She highlights the considerable risks and uncertainties, not least in the area of the waste infrastructure and PFI.

In the light of this challenge, I was disappointed to see the Council's press release promising all sorts of goodies which will be achieved by increasing council tax by the price of a pint of milk – schools, roads, social care, apprenticeships and community grants. The budget needs to be taken as a whole, as a package. The press release fails to mention the increasing salary costs or the extra £6 million a year on pensions. Anyone would think there is an election coming up.

And what will happen after the election? Well, that's hidden away in recommendation 14 which says that the "Cabinet will begin the process of reviewing the revenue budget and capital programme immediately after the first quarter". In other words, once we're re-elected we'll have to sort it all out properly.

## **CAPITAL PROGRAMME**

The proposed five-year capital programme totals £695 million; new school places take the lion's share with a quarter of a billion pounds.

Included in the capital plan is £11 million for superfast broadband. Councils got out of the utilities business many years ago, and they should not get back into it. I cannot support this project.

## **CONCLUSION**

In conclusion, I do not recognise or agree with the numbers put forward by Mrs Watson. Changes in government funding give us little choice but to go with a 2% increase in Council Tax in order to protect services to the extent we can. But we are running down our reserves and balances; the cupboard is bare and there is no choice but to look again early in the new Council.

I am unable to support the capital plan as I have mentioned, and therefore unless the Chairman will permit voting separately on the relevant recommendation No. 11, I cannot support the overall package.

**Nick Harrison**  
**Leader of the Residents' Association / Independent Group**  
**12 February 2013**

**SURREY COUNTY COUNCIL**

**TUESDAY 12 FEBRUARY 2013**

**QUESTIONS TO BE ASKED UNDER THE PROVISIONS  
OF STANDING ORDER 10.1**

**LEADER OF THE COUNCIL**

**(1) MR CHRIS FROST (EPSOM AND EWELL SOUTH EAST) TO ASK:**

**County Council's future salary policy**

The Government recently announced a new salary policy for the teaching profession, whereby automatic scale increments would be abolished, and future pay rises be determined on teachers' performance. If it is appropriate for teachers, does the Leader feel it should be considered for our staff?

**Reply:**

I am surprised that I have received this question from Mr Frost, as he is a Member of the People, Performance and Development Committee, because you have clearly forgotten that the use of "automatic scale increments" has been suspended by the committee since April 2011 for staff on Surrey Pay conditions of service.

*County Council Meeting – 12 February 2013*

**STATEMENT BY CABINET MEMBER**

Members will be aware that Mrs Gloria Foster, a resident of Banstead, died last Monday 4 February. I am saddened to have to make this statement to Council today.

I want to start by saying our condolences and thoughts are with Mrs Foster's family and friends at this difficult time.

We will work with partner agencies in Surrey and other local authorities to find out what happened in this case and learn lessons so that we can minimise the likelihood of it happening again.

**This case is now the subject of a police investigation and I am therefore unable to tell members more about the circumstances of the case or answer any of your questions at this stage.**

I have commissioned an independent expert to carry out an investigation under the Surrey Safeguarding Adults procedure.

**Michael Gosling  
Cabinet Member for Adult Social Care & Health  
12 February 2013**