

COUNTY COUNCIL

COUNCIL MEETING - 9 FEBRUARY 2016

MINUTES of the meeting of the Council held at the Council Chamber, County Hall, Kingston upon Thames, Surrey KT1 2DN on 9 February 2016 commencing at 10.00 am, the Council being constituted as follows:

Sally Marks (Chairman)
Nick Skellett CBE (Vice-Chairman)

*	Mary Angell		David Hodge
	W D Barker OBE		Saj Hussain
	Mrs N Barton		David Ivison
*	Ian Beardsmore		Daniel Jenkins
	John Beckett		George Johnson
	Mike Bennison		Linda Kemeny
	Liz Bowes		Colin Kemp
	Natalie Bramhall		Eber Kington
	Mark Brett-Warburton		Rachael I Lake
*	Ben Carasco	*	Yvonna Lay
	Bill Chapman	*	Ms D Le Gal
	Helyn Clack		Mary Lewis
	Carol Coleman		Ernest Mallett MBE
	Stephen Cooksey		Mr P J Martin
	Mr S Cosser		Jan Mason
	Clare Curran	*	Marsha Moseley
	Graham Ellwood		Tina Mountain
	Jonathan Essex		Mr D Munro
	Robert Evans		Christopher Norman
	Tim Evans		John Orrick
	Mel Few		Adrian Page
	Will Forster		Karan Persand
	Mrs P Frost	*	Chris Pitt
	Denis Fuller		Dorothy Ross-Tomlin
	John Furey		Denise Saliagopoulos
	Bob Gardner		Tony Samuels
	Mike Goodman		Pauline Searle
	David Goodwin		Stuart Selleck
	Michael Gosling		Michael Sydney
	Zully Grant-Duff		Keith Taylor
	Ramon Gray		Barbara Thomson
	Ken Gulati	*	Chris Townsend
	Tim Hall		Richard Walsh
	Kay Hammond		Hazel Watson
	Mr D Harmer		Fiona White
	Nick Harrison		Richard Wilson
	Marisa Heath		Helena Windsor
	Peter Hickman		Keith Witham
	Margaret Hicks		Mr A Young
			Mrs V Young

*absent

1/16 APOLOGIES FOR ABSENCE [Item 1]

Apologies for absence were received from Mrs Angell, Mr Carasco, Ms Le Gal, Mrs Lay, Mrs Moseley, Mr Pitt and Mr Townsend.

2/16 MINUTES [Item 2]

The minutes of the meeting of the County Council held on 8 December 2015 were submitted, confirmed and signed.

3/16 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. She informed Members that she had written letters of congratulations to those people who had received awards for services to Surrey communities. She drew the following names to Members' attention:
 - Rhona Barnfield CEO and Executive Head of Howard of Effingham School = CBE for services to Education
 - Jacqueline Gold, CEO and Founder of Ann Summers = CBE for services to entrepreneurship, women in business and social enterprise.
 - John Surtees, Motorcycling and Formula 1 World Champion = CBE for services to Motor Sport
 - Robin Roland, CEO of Yo Sushi! - OBE for services to the Restaurant and Hospitality Industry
 - Lady Anabel Stilgoe = OBE for services to charity
 - Trudi Harris, former chairman of trustees at Cherry Trees Respite Care = MBE for services to Children with Special Educational Needs
 - Sally Varah, High Sheriff of Surrey (2008) and Chairman of GASP Motor Project = MBE for voluntary services to the community in the county
 - Also, a member of Surrey staff, Alison Wrigley of Surrey Arts, received the British Empire Medal for services to education, having set up the Just So Singers choir for children with special needs and The High Notes choir, which accommodates adults with varying degrees of special needs and learning difficulties
- (ii) She informed Members of two particular events that she had attended recently:
 - Holocaust Memorial Day on 27 January 2016
 - Opening of a new Watts Gallery Artist's Studio on 23 January 2016
- (iii) Related Party Disclosures – she reminded Members that it was a legal requirement to complete their forms and return them to Finance by the 31 March 2016 deadline.
- (iv) Finally, she invited the Leader of the Council to make a short statement relating to Surrey and Sussex devolution plans (attached as Appendix A)

4/16 DECLARATIONS OF INTEREST [Item 4]

There were none.

5/16 REVENUE AND CAPITAL BUDGET 2016/17 TO 2020/21 AND TREASURY MANAGEMENT STRATEGY [Item 5]

The Chairman said that the papers for this item were included in the agenda and the supplementary report of the Cabinet circulated last week. She asked Members to note that the recommendations before them today, numbered (1) to (21) were set out in the Council agenda papers. These included a reference to Annex 3, which set out the Council Tax requirements.

She said that the debate on the Budget would be conducted in accordance with the County Council's Standing Orders.

The Leader presented the Report of the Cabinet on the Revenue and Capital Budget 2016/17 to 2020/21, the Council Tax Requirement for 2016/17 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 B.

The Director of Finance presented her report to Council. A copy of her statement is attached as Appendix C.

Each of the Minority Group Leaders (Mr Harrison, Mrs Watson and Mr Johnson, who announced that Mrs Windsor would speak on his behalf) were invited to speak on the budget proposals.

Key points made by Mr Harrison were:

- That inflation was about 1% and therefore an increase of 3.99% on the council tax would be difficult for those residents on low incomes.
- The 'shock' of the Provisional Settlement Figures and the level of transitional funding.
- The reduction of the Revenue Support Grant, which would disappear completely by 2018/19.
- Concern that a Conservative Government continued to favour northern counties, even though Surrey had an increasing population and huge demand for school places.
- The reduction in grants would affect services, plus the need for the Council to use substantial reserves to balance the budget.
- There would be a need to implement service transformation on an unprecedented scale.
- There had been a lack of opportunity for Scrutiny Boards to examine the proposed savings and make further proposals.
- Concern that the Adult Social Care budget would continue to be overspent.
- Surrey residents would be angry about the proposed level of increase in council tax.
- There should be a further review of fees, charges and other non ring-fenced grants.
- Other suggestions for review were: staffing numbers and management teams, pensions, use of agency staff and the cost of empty care beds (PFI contract).

Key points made by Mrs Watson were:

- Support for the increase proposed to the council tax, including the Adult Social Care element but opposition to the budget.
- The Adult Social Care budget was repeatedly overspent and therefore the additional funding would be a lifeline.
- Concern about the level of funding for other vital services such as Youth Services, Buses, Road Safety and Drainage.
- That operational changes at Community Recycling Centres could result in increased fly tipping.
- More funding was urgently needed to improve Surrey's footways and wetspots.
- Suggestions for areas to review included: (i) reducing the Communications Budget, (ii) discontinuing Surrey Matters, (iii) reviewing the use of agency staff, (iv) eliminating Cabinet Associate posts, (v) stop investing in property outside Surrey, (vi) considering energy efficiency options for Surrey's buildings.
- The importance of Value for Money and protecting services for Surrey residents.

Key points made by Mrs Windsor were:

- That the motion agreed by the Council in December 2015 in relation to the Conservative Government listening to Local Government, was rather premature because 10 days later, the Provisional Settlement was announced and was significantly worse than had been expected.
- That the Leader had fought successfully for additional transitional funding.
- The Government was raising taxes by stealth and that the Council should continue to lobby the Treasury and Surrey MPs for additional funding.
- The proposed council tax increase was inevitable and unavoidable.

Fifteen Members spoke on the Budget proposals and the following key points were made:

- That as a direct result of the Leader of the Council lobbying Government, the Council's budget now had an additional £48m, which would benefit for Surrey residents over the next two years.
- Concern that Surrey would receive only £1.5m Better Care Fund Allocation in 2019/20.
- The high cost of delivering services in the South East.
- Congratulations to the Leader of the Council and everyone concerned in achieving some transitional relief for the next two financial years.
- That residents should be made aware that 2% of the council tax increase was to fund Adult Social Care.
- A request that some of the additional Adult Social Care funding be used to support the Mental Health Service.
- Infrastructure needed to be funded through Local Government and not developers.
- Despite obtaining the transitional funding, it would still be challenging to achieve / deliver a sustainable budget.
- The transformational programme would need to deliver 'real' transformation.

- Increased demand for Adult Social Care and Children Services had resulted in budget pressures but unit costs had been driven downwards.
- Scrutiny Boards were denied any meaningful data so have been unable to suggest savings.
- Today's budget only gave headline figures, there were no detailed service budgets.
- The Resident Association / Independent Group would consider ways to improve the scrutiny process for the 2017 budget.
- The additional transitional funding was insufficient to cover the shortfall.
- Equality Impact Assessments should be provided with the detailed budget proposals.
- Surrey needs to be in a position to provide elderly residents with good care plans.
- Funding should be prioritised to ensure that the improvements required in Children Services can be implemented.
- Members should question the timing of budget information received from Central Government.
- As the cost of fuel had fallen, could Members' / officers' mileage rates be reduced.
- As there is a Conservative Government and Surrey County Council is a Conservative Council, the public may find it difficult to understand why the Council had not received a more favourable settlement.
- Following today's meeting, there would be opportunity for Scrutiny Boards to examine the detailed service budgets and to work with Cabinet constructively to suggest options for savings.

After the debate the Chairman called the recommendations, which included the council tax precept proposals, and a recorded vote was taken.

The following Members voted for it:

Mr Barker, Mr Bennison, Ms Bowes, Mrs Bramhall, Mr Brett-Warburton, Mr Chapman, Mrs Clack, Mrs Coleman, Mr Cosser, Mrs Curran, Mr Ellwood, Mr T Evans, Mr Few, Mrs Frost, Mr Fuller, Mr Furey, Mr Gardner, Mr Goodman, Mr Gosling, Dr Grant-Duff, Mr Gray, Mr Gulati, Mr Hall, Mrs Hammond, Mr Harmer, Miss Heath, Mrs Hicks, Mr Hodge, Mr Hussain, Mr Ivison, Mr Johnson, Mrs Kemeny, Mr Kemp, Mrs Lake, Mrs Lewis, Mrs Marks, Mr Martin, Mrs Mountain, Mr Munro, Mr Norman, Mr Persand, Mrs Ross-Tomlin, Mrs Saliagopoulos, Mr Samuels, Mr Skellett, Mr Sydney, Mr Taylor, Ms Thomson, Mr Walsh, Mr Wilson, Mrs Windsor, Mr Witham, Mr Young and Mrs Young

And the following Members voted against it:

Mrs Barton, Mr Beckett, Mr Cooksey, Mr Essex, Mr Robert Evans, Mr Forster, Mr Goodwin, Mr Harrison, Mr Hickman, Mr Jenkins, Mr Kington, Mr Mallett, Mrs Mason, Mr Orrick, Mrs Searle, Mr Selleck, Mrs Watson and Mrs White.

54 Members voted for and 18 Members voted against the Budget recommendations.

Therefore, it was:

RESOLVED:

That the following important features of the revenue and capital budget be noted:

1. The Director of Finance's statutory report says the budget for 2016/17 is only sustainable and robust if the council uses substantial reserves and capital receipts from the sale of assets, and crucially, receives significant transitional relief while an unprecedented scale of service transformation is developed and delivered going forwards, as set out in Annex 1 of the submitted report.
2. The Council will require transitional funding from Government of £20m to balance the 2016/17 budget in respect of the late announcement of a change to the distribution of the Revenue Support Grant, and a further £37m in 2017/18.
3. If the Council receives no transitional relief in the Final Settlement, the Leader will arrange an emergency Cabinet meeting to determine how to balance the 2016/17 budget. This is not expected to affect the council tax precept for 2016/17.
4. It is expected that the Final Settlement will set out requirements for reporting use of the adult social care precept.
5. At a date yet to be determined by Government, there will be an opportunity for the Council to accept the Government's offer of a four year funding settlement as set out in paragraphs 15 to 19 of this report.
6. The overall budget envelope laid out in Appendix 4, to the submitted report.
7. That the Leader in conjunction with the Director of Finance will finalise budget proposals based on the Final Settlement, and up-date members of the County Council if the information is available ahead of the meeting or retrospectively if not available by that date.

That the following recommendations be approved:

8. That the council tax requirement for 2016/17 be set at £618m, as set out in paragraph 3.4, Annex 3 to the submitted report.
9. That the level of the general council tax be increased by 1.99%.
10. That council tax be increased by a further 2% for the adult social care precept.
11. That the County Council precept for band D council tax be set at £1,268.28, which represents a 3.99% up-lift.
12. That the council tax for each category of dwelling to be as follows:

Valuation band	£
A	845.52
B	986.44

C	1,127.36
D	1,268.28
E	1,550.12
F	1,831.96
G	2,113.80
H	2,536.56

13. That the payment for each billing authority, including any balances on the collection fund, will be set out as follows:

Billing authority	£
Elmbridge	80,724,045.96
Epsom & Ewell	41,112,831.78
Guildford	71,258,479.51
Mole Valley	50,831,679.52
Reigate & Banstead	74,632,185.92
Runnymede	43,517,611.98
Spelthorne	49,575,577.55
Surrey Heath	47,235,562.86
Tandridge	47,432,684.77
Waverley	69,052,969.05
Woking	51,778,345.36
TOTAL*	627,151,974.26

*This total includes the Council Tax Collection Fund balance.

Each billing authority's payments to be made in ten equal instalments on the following dates, already agreed with relevant authorities:

20 April 2016	14 October 2016
24 May 2016	25 November 2016
24 June 2016	6 January 2017
29 July 2016	10 February 2017
9 September 2016	17 March 2017

14. That the council tax rate set above be maintained after the Final Settlement.
15. That the 2016/17 budget be supported by using £17.2m from reserves as set out in paragraph 72 of the submitted report.
16. The requirement for the Chief Executive and the Director of Finance to continue their work to track and monitor existing MTFP efficiencies and to lead and oversee a Public Value Transformation programme of all service delivery to ensure the County Council's revenue budget becomes sustainable and to develop robust plans for further savings and income generation opportunities for the remaining years of this MTFP.
17. The set up of a Public Value Transformation (PVT) Fund of £30m to meet the revenue costs of a transformation programme, to be funded by capital receipts from asset sales.
18. That the County Council's £1,681m gross revenue expenditure budget for 2016/17 be approved.
19. That the following capital programme be agreed:
 - To fund essential schemes over the five year period (schools and non-schools) to the value of £635m including ring-fenced grants;
 - To make adequate provision in the revenue budget to fund the revenue costs of the capital programme, including a borrowing requirement of £187m over the five years.
20. That a robust business case be prepared (and taken to the Investment Panel for review) before committing expenditure for the use of:
 - the Public Value Transformation Fund,
 - all revenue 'invest to save' proposals, and
 - capital schemes.

Treasury Management and Borrowing:

21. That the Treasury Management Strategy for 2016-21 be approved with immediate effect. This strategy includes:
 - the investment strategy for short term cash balances;

- introducing three new investment categories: corporate bonds, covered bonds and pool investment property funds which will generate additional returns within controlled credit risk (paragraph 109 in the submitted report);
- increasing the maximum term for high quality longer dated investments to two years for supranational institutions, local authorities, UK Government, corporate bonds and five years for covered bonds, earning additional interest income without compromising liquidity risk (paragraph 109 in the submitted report);
- setting the maximum amount in respect of any one counterparty to £20m with the exception of money market funds which should remain at £25m (paragraph 109 in the submitted report);
- the treasury management policy (Annex 2, Appendix 8 of the submitted report);
- the prudential indicators (Annex 2, Appendix 9 of the submitted report);
- the schedule of delegation (Annex 2, Appendix 11 of the submitted report);
- the minimum revenue provision policy (Annex 2, Appendix 14 of the submitted report).

6/16 MEMBERS' QUESTION TIME [Item 6]

Notice of 11 questions had been received. The questions and replies are attached as Appendix D.

A number of supplementary questions were asked and a summary of the main points is set out below:

(Q1) Mr Witham asked the Cabinet Member for Highways, Transport and Flooding to monitor closely how the Flood Re scheme worked to ensure that residents entitled to insurance received it. The Cabinet Member confirmed that the County Council would be working in close partnership with the National Flood Forum.

(Q2) Mr Robert Evans said that the County Council had paid out a significant sum of money for pothole damage to vehicles and considered that the figure could have been much higher, except that many people were deterred from claiming due to the lengthy process. He asked the Cabinet Member for Highways, Transport and Flooding if he agreed with him that it would be better to invest more in road infrastructure, thereby preventing pothole damage. The Cabinet Member said he would like more funding for Highways, however the County Council had to prioritise its budget and it was unlikely that additional funding would be available for roads. He drew attention to a recent survey for Surrey roads, where the percentage of residents satisfied had increased from 27% to 42%.

(Q3) Mr Young asked the Cabinet Member for Localities and Wellbeing if he would facilitate appropriate branded high visibility jackets for Members, possibly using their local allocation funding, to enable them to get involved in keeping the county litter free. The Cabinet Member welcomed the suggestion and said that much was being done already but that he would investigate this suggestion and report back to Members.

(Q4) Mrs White queried the figures given in the Cabinet Member for Highways, Transport and Flooding's written response relating to her question about the cost of pelican crossings. She quoted figures from Wiltshire County Council and added that the cost of providing pelican crossings in Kent was also substantially less than in

Surrey. She asked the Cabinet Member what action he would be taking to ensure that Surrey obtained better value for money for this work. The Cabinet Member referred to the last paragraph of his written response in which he had explained the reasons for higher costs in Surrey.

(Q5) Mrs Watson considered that the quality of life for Surrey residents had not been considered when the Economic Prosperity, Environment and Highways (EPEH) Board had rejected her motion and asked the Leader of the Council to comment. He considered that he had nothing further to say and referred Mrs Watson to item 9 on the agenda, the report of EPEH Board on the referred motion.

(Q7) Mr Robert Evans asked the Cabinet Member for Environment and Planning if he had been aware that the Mayor of London would be making an announcement on 21 January 2016 about potential changes of control to several suburban rail routes into London and whether he thought that working with Transport for London (TfL) would be beneficial for Surrey commuters. The Cabinet Member confirmed that he was aware of the announcement and that he agreed that there was a need to work together with the Department for Transport and TfL for the benefit of Surrey rail users.

(Q9) Mr Essex asked the Leader of the Council whether he was happy to fund the shortfall in funding for Adult Social Care by adding a further 2% precept on the council tax. The Leader said that the Government was not going to fund it from general taxation and had agreed that this was the alternative to funding the pressure of increasing Adult Social Care demand.

(Q10) Mr Essex asked for a reply that referred to the Better Care Act and not Better Care Funding. He was advised by the Leader of the Council to speak to him outside the meeting.

(Q11) Mr Essex asked the Cabinet Member for Highways, Transport and Flooding to provide the numbers of both permanent and temporary pothole repairs in Surrey because the figure in the answer did not distinguish between the two types of repair. The Cabinet Member agreed to clarify the question and discuss the response outside the meeting.

7/16 STATEMENTS BY MEMBERS [Item 7]

There were no statements from Members.

8/16 REPORT OF THE CABINET [Item 8]

The Leader presented the reports of the Cabinet meetings held on 15 December 2015 and 2 February 2016.

Recommendations on Policy Framework Documents

A *Confident in Surrey's Future, Corporate Strategy 2016 – 2021*

The Leader of the Council said that the Corporate Strategy set out the Council's overarching priorities for 2016/21.

Members made the following points:

- That the Corporate Strategy set out a good set of strategic goals and aims in a single page document but it was questioned whether the Council was confident in Surrey's future because this may depend on the transformation programme and the Cabinet's decisions.
- That the document set out the key aims at a high level. The Leader confirmed that Scrutiny Boards would be receiving detailed service budgets which they would have the opportunity to scrutinise.

RESOLVED:

That *Confident in Surrey's Future*, the Corporate Strategy 2016 - 2021, as set out in Appendix 1 to the submitted report, be agreed.

B Admissions Arrangements for Surrey's Community and Voluntary Controlled Schools and Co-ordinated Schemes that will apply to all schools for September 2017

The Cabinet Member for Schools, Skills and Educational Achievement presented the report and responded to questions. She confirmed that distances to schools were always carefully considered when allocating school places. She also said that she fully supported recommendation 5: That the start date to the primary admissions round is changed from 1 September to the first day after the Autumn half term (31 October 2016 for 2017 Admissions) and gave assurance that this change would be widely publicised.

RESOLVED:

That the following Admissions Arrangements for September 2017 for Surrey's Community and Voluntary Controlled Schools and Co-ordinated Schemes for all schools be approved:

Recommendation 1

That admission criteria are introduced for Year 3 entry to Beacon Hill Primary School for September 2017 as follows:

- a. Looked after and previously looked after children
- b. Exceptional social/medical need
- c. Siblings
- d. Children for whom the school is the nearest to their home address
- e. Any other children

Recommendation 2

That a new criterion for Chennestone Primary School is introduced for Year 3 in September 2017, to provide priority for children attending Beauclerc Infant School as follows:

- a. Looked after and previously looked after children
- b. Exceptional social/medical need
- c. Siblings
- d. Children attending Beauclerc Infant School
- e. Children for whom the school is the nearest to their home address
- f. Any other children

Recommendation 3

That admission criteria are introduced for Year 3 entry to Cranleigh CofE Primary School for September 2017 as follows:

- a. Looked after and previously looked after children
- b. Exceptional social/medical need
- c. Siblings
- d. Children for whom the school is the nearest to their home address
- e. Any other children

Recommendation 4

That the Published Admission Number for West Ewell Infant School is reduced from 90 to 60 for September 2017.

Recommendation 5

That the start date to the primary admissions round is changed from 1 September to the first day after the Autumn half term (31 October 2016 for 2017 admission).

Recommendation 6

That the Published Admission Numbers (PAN) for September 2017 for all other community and voluntary controlled schools are determined as they are set out in Appendix 1 of Enclosure 1, of the Cabinet report, which include the following changes:

- i) Beacon Hill School - introduction of Year 3 PAN of 2
- ii) Cranleigh CofE Primary School – re-introduction of Year 3 PAN of 30
- iii) Dovers Green School - increase in Reception PAN from 56 to 90
- iv) Downs Way School – increase in Reception PAN from 45 to 60
- v) Godalming Junior - increase in Junior PAN from 58 to 60
- vi) West Byfleet Junior - increase in Junior PAN from 60 to 90

Recommendation 7

That the aspects of Surrey's admission arrangements for community and voluntary controlled schools for September 2017, for which no change is proposed, are agreed as set out in Enclosure 1 of the Cabinet report and its Appendices.

Recommendation 8

That the primary and secondary coordinated admission schemes that will apply to all schools for 2017 are agreed as set out in Enclosure 2 of the Cabinet report.

Reports for Information / Discussion

The following report was received and noted:

- Quarterly Report on Decisions taken under Special Urgency Arrangements: 1 October – 31 December 2015

RESOLVED:

That the report of the meetings of the Cabinet held on 15 December 2015 and 2 February 2016 be adopted.

9/16 REPORT BACK FROM THE ECONOMIC PROSPERITY, ENVIRONMENT AND HIGHWAYS SCRUTINY BOARD ON THE REFERRED MOTION [Item 9]

The Chairman reported that the motion from the Council meeting on 8 December 2015, standing in the name of Mrs Watson, and which was referred to Economic Prosperity, Environment and Highways Scrutiny Board for consideration was lost, as detailed in the report set out in the agenda.

Mrs Watson was given the opportunity to address the Council and expressed her disappointment that the motion had not been supported.

10/16 MINUTES OF THE MEETINGS OF THE CABINET [Item 10]

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

[Meeting ended at 11.50am]

Chairman

Leader of the Council Statement

Madam Chairman, a few weeks ago I was part of the 3 Southern Counties team that met Baroness Williams, the Department and Communities Local Government Minister, to discuss our devolution plans for Sussex and Surrey.

I am pleased to report that it was a very positive meeting. The Minister was interested to hear about the economic strength of the area, which is greater than Wales or Greater Manchester, and the importance of the area in supporting growth in London and the rest of the country.

We also discussed the very significant challenges we face:

- Creaking road and rail infrastructure;
- Delivering the homes that people need;
- Ensuring young people have the skills local businesses need; and
- Transforming our public services.

We set out for the Minister a positive case of how, by working together, devolution will allow us to bring decision making down from Whitehall and closer to communities, including what we call “double-devolution” – transferring decisions from the County Councils to District and Borough Councils.

Local decisions that better meet local priorities and that better meet the needs of local businesses and residents. We are now working, Councils, Local Enterprise Partnerships and other partners to develop our proposals further.

I will continue to keep Members updated on progress and I hope Members will also come to the briefing session that has been organised on Thursday afternoon.

David Hodge
Leader of the Council
9 February 2016

Leader of the Council – Budget Statement

Madam Chairman, we have witnessed a turbulent few months for local government. As well as my responsibilities as Leader of Surrey County Council, Members will know that I am the Conservative Group Leader at the Local Government Association. I have spent many months working behind the scenes to try and make the Government really understand the demand-led pressures faced by Surrey and local government as a whole.

Along with the Chairman of the LGA, I have had meetings with the Secretary of State for Communities and Local Government and the Chief Secretary to the Treasury to go through the issues in detail with them.

Members will know that I take my duty to represent the vulnerable in our community very seriously. With the number of elderly people in our county set to increase by 20,000 by 2020 the cost of providing adult social care services are increasing by a staggering twenty million pounds every year but it is our responsibility to make sure they are provided for.

I lobbied hard for councils with adult social care responsibility to be able to raise council tax to deal with this specific pressure and I was pleased when the Chancellor announced in November's Autumn Statement that an extra two per cent could be raised. This measure meant we would be able to raise an extra £12m to help tackle the growing demand in adult social care services. But this would only help reduce the gap. It would not close it.

It was clear that more support was necessary for those who needed it most – many who had served their country and now looked to us for help.

It therefore came as a complete shock when Ministers announced late in December, just days before Christmas that they planned to dramatically slash Surrey's funding by £50m in a single year. We had planned carefully to manage a cut in our grant but this was nearly double the amount government officials had led us to expect.

My concern for the services we provide to the most vulnerable people in our county dominated my thoughts throughout Christmas and New Year. The support for adult social care we could deliver through the extra 2% on council tax risked being completely wiped out.

So, I have spent the last four weeks impressing on the Government the need to recognise the unprecedented demand being placed on Councils such as Surrey and I am grateful for the support we have had from Surrey MPs in making our case.

Along with increasing demand for adult social care services, Surrey is required to provide more than 11,000 extra school places over the next five years - despite funding for this falling short by around £30m every year.

I am pleased to inform Members that ministers have listened to my concerns. The Secretary of State told me yesterday, and then announced in parliament that £300m of transitional funding would be provided to Councils over the next two years. That is £150m each year to deal with the impact of the reduction in government grant.

I can tell Members that at 18.30 yesterday evening we received confirmation that we would benefit from a transitional grant of £11.9m this year and £12.2m in 2017-18.

In addition, the Secretary of State has agreed to a package of measures that will help Councils to continue to provide the services residents depend upon year after year.

Firstly, the Government has announced that no Council will face the prospect of receiving a negative grant over the next two years.

Secondly, I have been pushing hard for the Government to recognise the need to improve its funding formula for local government. Its current method does not recognise the changing basis of needs and the real costs of delivering services in different parts of the country.

I am therefore very pleased that the Government has agreed to launch a fair funding review to carefully consider the challenges different Councils face when providing services.

For Surrey the system needs to better reflect the demands we face from demographic factors, as well as the extremely high cost of providing services in the South East of England.

I am sure that our borough and district colleagues will also welcome a further concession by Government – a concession that will continue to allow them to increase council tax by at least five pounds per Band D property. In addition, Councils will be able to increase planning fees in line with inflation, relieving an unnecessary pressure on budgets.

Finally, Councils will now have until October to decide on whether they accept the Government's offer of a four year deal.

I appreciate the willingness of Ministers to listen to our case and recognise the extent of the pressures we are facing. The good news is that the offer to local government as a whole and Surrey specifically has improved. While the transition grant for Surrey is welcome it is not as much as we had hoped for and will still place a strain on services.

The budget we are proposing includes a recommendation that council tax be increased by 3.99%.

On this basis we can go forward and set an overall budget envelope today, providing services with certainty over their cash limits as set out in Appendix 4.

It will also allow us to begin work on our new £30m Public Value Transformation programme. A programme that will continue the hard work we have already started to provide true value for money to our residents. We know tough choices will still have to be made. Savings will still have to be found. Innovations will still continue to be required.

We share the Government's commitment to eliminating the national deficit. In fact, no part of the public sector has done more to play its part in this cause than local government.

We have always accepted that our grant from Government would be cut over four years. We have always accepted we must do more for less. We have always accepted the need to provide real value for money to Surrey's residents and businesses.

Surrey County Council should be proud of finding savings of more than £350m since 2010 and that it intends to save another £350m by 2020.

These are challenging times for local government and it is vital Government recognises the very real pressures we are facing. I pledge again my commitment to always do what's right for Surrey. I will continue to put the case for Surrey to receive a fairer deal. I will be tenacious in demanding that Surrey gets a fair allocation from the Better Care Fund and also from Business Rate Retention.

The last month has shown me that through working with this Conservative government and our Surrey MPs we are able to bring about real improvement in policy. Ministers have listened to our concerns but there is still much for us to do. I call on Members to agree this budget so we can continue the work to secure a good deal for the county.

Before I conclude, Madam Chairman and Members, may I pay a personal thanks to the Director of Finance, Sheila Little and her team for their excellent work in ensuring that everything was done to pull this budget proposal together.

Finally, Madam Chairman and Members, the recommendations are laid out in the report on pages 16 and 17. I remind Members that the key factor in these recommendations is that the budget envelope is based on a council tax increase of 3.99%, reflecting a gross budget of £1861m.

I commend this budget to the Council for agreement.

David Hodge
Leader of the Council
9 February 2016

Revenue and Capital Budget 2016/17 to 2020/21 and Treasury Management Strategy

Director of Finance Statement

As the section 151 Officer for this Council, and ahead of your important debate today, there are a few messages that I wanted to draw to your attention.

The situation you are considering today is a serious one and, from a technical perspective, I will explain why:

1. Although over the last few years local government has become used to the Provisional Settlement being announced in mid/ late December, we have previously known with some confidence the figures we can expect to see, and the Cabinet have developed their budget proposals with these in mind. This year is different. The figures announced [on 17 December](#) were significantly worse than could have reasonably been expected: with responses to this consultation needed by 15 January, there were few working days over the Christmas and New Year period to prepare the councils response.
2. Most significantly, the figures are worse than expected for the next financial year, 2016/17 leaving insufficient time for proper planning and consultation to take place before the reduction is effective.
3. I have not known Government to make such significant changes to the funding mechanism without prior consultation before, and nor without a mechanism for floors and ceilings to protect outliers like Surrey.
4. The Autumn Statement, published [on 25 November](#) was the first indication that things might be changing. From that point myself and the Chief Executive alerted all Members that we were concerned that the Council's Government funding reductions could be significantly worse than current planning assumptions.
5. Unfortunately we were right, at least for 2016/17 and the reduction of core Government grant for this next financial year was set to be £49m (42%). Prior to the Provisional Settlement we had anticipated a reduction of £29m.
6. However, for the three years after that, both the pace of Government grant loss and the scale exceeded our reasonable planning assumptions. This meant the financial challenge in setting the budget for 2016/17 and the Medium Term Financial Plan (MTFP), became a bigger and longer term challenge.
7. The budget for 2016/17 and 2017/18 have been balanced using a combination of measures (as set out in the report before you today), including transitional relief. Without these measures the budget for 2016/17 and 2017/18 would not be sustainable.
8. Considering now other grants, as at this morning, we have not yet had notification of figures for nearly £100m of revenue and capital grants that we expect to receive in 2016/17. This is unprecedented and means you must set the budget today based on a greater level of estimated figures than in previous years.
9. In addition to the uncertainty these late announcements, there is further risk from potential significant changes to funding mechanisms in the near future: most noticeably relating to school funding and the planned move to 100% business rate retention.

10. As the Leader of the Council has said, it was 18:30 yesterday evening before we started to receive details of the Final Settlement. We **do** now know the Council will receive £11.9m transitional relief in 2016/17 and a further £12.2m in 2017/18. It would seem that none of our other provisional settlement figures have altered.
11. Details of some other grants are still to be announced and I and my team will analyse these figures and the final settlement announcement in full and will work with the Leader to finalise budget proposals.

Finally, although the level of risk remains significant and the position is **very** serious, it is my view that the budget proposals recommended by the Cabinet will produce a balanced budget for 2016/17 that is deliverable, and that a longer term sustainable budget can be developed based on: receipt of transitional relief, delivery of all MTFP savings, use of reserves and set up of a rigorous public value transformation programme to ensure base budget reductions in spend.

Sheila Little
Director of Finance
9 February 2016

SURREY COUNTY COUNCIL

TUESDAY 9 FEBRUARY 2016

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

**MR JOHN FUREY, CABINET MEMBER FOR HIGHWAYS, TRANSPORT AND
FLOODING**

(1) MR KEITH WITHAM (WORPLESDON) TO ASK:

One of my local residents expressed concern to me because he was refused flood insurance due to Environment Agency zoning in his postcode locality. His house has never been flooded but some remedial measures were been carried out in his road which appear to have sorted the problems that previously existed. However he was refused flood risk cover by his home insurer, based on the flooding data on the Environment Agency website for his postcode.

Would the Cabinet Member please:

1. Update the Council on the Government and British Insurance Industry agreement to ensure that every householder in Surrey has access to flooding insurance;
2. Set out what Surrey County Council, as the Lead Flood Authority for Surrey, with all our partners, is doing to ensure that our residents, and particularly those affected by flooding in the past, are given full information on this subject;
3. Also ask the Environment Agency (EA) specifically to review the information that it puts into the public domain?

Reply:

1. Central Government views flood insurance as a national issue and as such is taking steps to address the problem. It is therefore due to launch the Flood Re scheme in April 2016. This scheme will enable insurance companies to pass on the flood risk element of house insurance policies to Flood Re, which will essentially act as an insurance policy for insurance companies against flood damage claims made by their customers. Flood Re will charge a premium to insurance companies but in return will cover the cost of all flood claims in full. The additional cost of this premium will be spread across the industry and will therefore significantly reduce the cost of home insurance policies for people who live in areas at a high risk of flooding. Further information on Flood Re can be found [online](#).

The County Council also recognises this as a significant issue and as a result is working closely with the National Flood Forum (NFF) to support residents. The NFF is a charitable organisation and has expertise in helping people who live in areas at high risk of flooding to obtain reasonably priced home insurance policies. This includes a charter and protocol for the provision of 'flood friendly insurance', and a list of insurance companies who specialise in providing this

kind of cover. Through this close partnership the County Council will work / be working with the NFF to inform and educate residents as to how they can obtain reasonable home insurance policies.

2. Surrey County Council, as the Lead Local Flood Authority (LLFA), in partnership with the EA, District / Boroughs and utilities are engaging and working with communities throughout Surrey. Community resilience groups, including flood action groups and flood forums, have been created to increase awareness of local flooding issues and land ownership responsibilities. Information regarding flood insurance is communicated to these local community groups.
3. The Environment Agency does not plan to re-run the national scale model to update the mapping, nor to produce another national scale surface water flood map in England. Any further improvements in surface water flood mapping should be undertaken by LLFAs. The EA's Risk from Flooding Map (Rivers and Sea) modelling is currently the best available information. If new information or studies are provided then they are reviewed to ensure the best available information is used to update the Risk of Flooding Map.

MR JOHN FUREY, CABINET MEMBER FOR HIGHWAYS, TRANSPORT AND FLOODING

(2) MR ROBERT EVANS (STANWELL AND STANWELL MOOR) TO ASK:

How many requests has Surrey Council received in respect of damage to vehicles due to pot-holes?

How much has this cost the Council?

How many requests for compensation have been rejected by Surrey County Council?

Reply:

Since 1 January 2013 we have had 5838 carriageway pothole claims involving vehicle damage.

The total paid by the council is £375,854.70 in respect of these claims.

1302 out of the 5838 requests for compensation during this period have been paid, i.e. 22% of claims made.

MR RICHARD WALSH, CABINET MEMBER FOR LOCALITIES AND WELLBEING

(3) MR ALAN YOUNG (CRANLEIGH AND EWHURST) TO ASK:

Would the Leader of the Council agree that this Council should encourage measures to tackle the growing blight of litter in the county? Would he therefore support *Country Life's* 'Clean for The Queen' campaign, which has galvanised parish and town councils up and down the land to clean up the public realm in preparation for Her Majesty the Queen's 90th birthday?

Reply:

The Leader of the Council has asked me to respond, as this question has so much to do with volunteering, which comes within my portfolio.

The Council has been clear regarding its commitment to the fight against litter across our county. In 2013/14 the Leader of the Council together with the Leaders of Surrey's Borough and District Councils, championed a campaign to combat litter on our roads, high streets and across our beautiful countryside. We all know that it is a small minority who choose to litter impacting on the wellbeing of all our residents. Building on the excellent work already undertaken by our Borough and District Councils, we raised awareness of the litter issue and the penalties for littering, encouraged our schools and businesses to get involved and supported our residents to volunteer in their local areas. I am proud that as a consequence we now have improved partnership working across key agencies and ongoing projects around enforcement, education, business and highways to improve the litter issue.

With the upcoming 90th birthday celebration of Her Majesty the Queen, I am delighted to lend my support, and that of this council, to the 'Clean for The Queen' campaign highlighted by Country Life. Surrey County Council are promoting 'Clean for The Queen' through staff volunteering and I am proud to report that there are events across the county being organised by our schools, residents associations, parishes, district councils and community groups. I am sure the number of events will grow as we get closer to the time (4 - 6 March) and I encourage everyone to get involved. I fully expect this initiative to be a success.

I would like to take this opportunity to acknowledge firstly the excellent work of our borough and district street cleansing services and our highways services, who work tirelessly to help keep our county litter free. Secondly, I would like to pay tribute to the residents and businesses across Surrey who, through volunteering and donating employee time, continue to make significant contributions to keeping our county beautiful. I hope you all share the pride I feel in the efforts of our residents and employees when it comes to this matter.

Note: If anyone needs support regarding organising and registering their event with 'Clean for The Queen' (www.cleanforthequeen.co.uk) please contact Yvonne Rees, Strategic Director for Communities, Surrey County Council.

MR JOHN FUREY, CABINET MEMBER FOR HIGHWAYS, TRANSPORT AND FLOODING

(4) MRS FIONA WHITE (GUILDFORD WEST) TO ASK:

In response to a question in November last year, I was told by Highways officers that they had installed a couple of all-new pelican crossings in the last year and they cost about £130,000. I find that a guide cost in Wiltshire is £40,000-£50,000 with a comment that design and supervision/configuration of installation typically costs £15,000 in addition to the construction costs. Would the Cabinet Member please account for the difference in the costs between Surrey and Wiltshire for what doing what must be similar work?

Reply:

It is difficult to comment on the Wiltshire scheme as every transport scheme is unique, with pelican crossings having different characteristics, i.e. a simple pedestrian crossing to a more complex crossing for cyclists and pedestrians. However the £40,000 to £50,000 value would seem to only account for provision of equipment only for a basic crossing, and does not include the additional costs of

design, traffic management and costs of utility companies to complete essential pipe work diversions etc.

In Surrey, as standard, we will generally install puffin crossings, and frequently toucan crossings, to account for cyclists, rather than pelican crossings. In addition there is normally a requirement to widen footways and move out kerb lines, as well as upgrading existing lighting, signing and antiskid surfaces on the approaches. In Surrey, our network is typically more congested in terms of underground services which often results in the need to spend large sums of money with utility companies before a scheme can even commence. In addition, traffic volumes are such that traffic management during the course of works can be more complex and at times will increase costs.

Over the past few years we have introduced a number of new signalised crossings and values are typically £100,000 to £150,000, unless on a dual carriageway where costs can increase. These costs include all aspects of a scheme from design and feasibility to delivery and remedial works. When appropriate and when site conditions allow, we are looking at opportunities to install zebra crossings rather than signalised crossings as these are less costly to install provided there are only minor ancillary items.

In terms of cost management we continually benchmark and negotiate with our suppliers to secure the best deals for equipment and labour, and these would be comparable to the costs quoted by Wiltshire. However, the cost of utility diversions is fixed by the energy market over which we have little influence, while traffic management costs will be dependent on the level of diversion and construction time unique for the scheme.

MR DAVID HODGE, LEADER OF THE COUNCIL

(5) MRS HAZEL WATSON (DORKING HILLS) TO ASK:

Does the Leader of the Council agree with the Economic Prosperity, Environment and Highways Board in rejecting the motion that the quality of life of Surrey residents who live near to roads and whose quality of life is adversely impacted by the noise generated from the road surface should be a factor which is considered along with cost when undertaking surface dressing work in the county or does the Leader of the Council disagree with the Board's decision?

Reply:

As Mrs Watson is aware, this motion was passed from this Council to the Economic Prosperity, Environment and Highways Board for consideration on 26 January 2016 and I support the conclusions that the Board came to after a full and thorough debate.

MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND PLANNING

(6) MR JONATHAN ESSEX (REDHILL EAST) TO ASK:

Could the Council provide an update on the Surrey Waste Partnership / Surrey

County Council plans to procure a joint waste collection contract across Surrey's Districts and Boroughs (note this was reported by Letsrecycle.com last April - <http://www.letsrecycle.com/news/latest-news/surrey-councils-seek-joint-100m-collection-contract/>).

Currently Reigate and Banstead collects paper separately from dry mixed recyclables. I understand in other districts and boroughs, these are all collected together (alongside food and residual waste collections).

What is the timescale and plans for this going forward; will Reigate and Banstead be required to switch to collecting paper and other recyclables together; and how will this lead to the capital investment required to improve the separation, financial value and recycling rates that will be achieved in future across Surrey?

Reply:

The Surrey Waste Partnership is currently procuring a single contract for waste and recycling collection and street cleaning in at least four of Surrey's Districts and Boroughs. The procurement process is currently underway and the successful contractor is scheduled to be selected in the Autumn. Once the contract is awarded there will be a staggered start depending on when each council's current contract ends. The earliest to be in place will be in Elmbridge in June 2017.

The contract will be awarded against a common specification with one set of unit rates to maximise economies of scale and efficiencies across the partner authorities. The specification asks for a fully co-mingled collection of recycle, and includes a change control mechanism so that the contract can adapt to the authorities' changing requirements over the term. As part of the mobilisation process, it is envisaged that there will be investment in new vehicles and equipment to support the delivery of the new contract.

All Surrey District and Borough Councils have the opportunity to join the four who have initially committed to the project as it progresses.

MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND PLANNING

**(7) MR ROBERT EVANS (STANWELL AND STANWELL MOOR) TO ASK:
2nd question**

The Mayor of London announced on 21 January 2016, plans whereby Transport for London (TfL) will assume control over several suburban rail routes into the capital, including those operated by South West Trains and other operators, through Surrey.

What discussions or other communications has the Council had on this subject with the Mayor and TfL?

Reply:

The announcement of 21 January looks at ways to give millions of rail passengers a better experience by examining the potential for a wide range of improvements, as set out in a prospectus published by Department for Transport (DfT) and TfL. The prospectus sets out a commitment to improving capacity and service levels across

the region's rail network, ensuring that it is able to support the capital's growing population and help drive the economy.

It is vital that this Council continues to work with the DfT and TfL in developing these proposals, ensuring that we collectively work hard to improve rail service for our residents.

It is generally agreed that there is a need for closer working in London and the South East on rail services and delivery. As franchises come up for renewal, TfL is seeking the opportunity to transfer certain inner suburban services to them. As part of this there is a clear need to establish appropriate governance with local transport authorities, along with agreement on the timing of any changes. Importantly, we need to actively safeguard the provision of longer distance services for areas beyond London in respect to any transfer of inner services to TfL.

In June last year I gave evidence to the London Assembly's Transport Committee, which at that time was carrying out an investigation of this concept. This was followed by a letter from the Leader of the Council to the London Assembly setting out the views of the Council, highlighting the need for rail infrastructure and rail services to support economic growth.

Discussions are continuing with TfL, closely linked to our collective work in developing and promoting Crossrail 2 - a scheme identified as a priority within our Rail Strategy. Our overall aim is to ensure that this Council is proactive in shaping our rail strategy and rail services to improve the offer to residents and to support our three southern counties devolution agenda.

This Council will respond to the current consultation which will close on 18 March 2016. Others of course may also wish to do so. Our aim is to ensure that through collaborative working with partners such as TfL we can meet the needs of rapidly rising passenger demand, create better connections and unlock new homes and jobs.

MRS CLARE CURRAN, CABINET MEMBER FOR CHILDREN AND FAMILIES WELLBEING

(8) MR JONATHAN ESSEX (REDHILL EAST) TO ASK: 2nd question

I understand that numbers of Looked After Children in Surrey have increased to around 900, including some 150 unaccompanied asylum seeker children. This additional responsibility sits alongside the need to recruit and retain more social workers to address the Improvement Plan following the Ofsted Report on Children's Services.

How much money has been allocated in the budget process for likely further increases in this budget line, due to Surrey's commitment to take its fair share of Syrian refugees, including unaccompanied children, and does the Cabinet Member responsible believe this is sufficient to ensure adequate services for all vulnerable children in Surrey who may require them?

Reply:

The numbers of Looked After Children have increased during 2015/16, with an increase of over 50% in Unaccompanied Asylum Seeking Children (UASC) during

2015/16 (103 in April to 158 in December 2015). We do receive grant funding for UASC but this does not cover the full cost of the service (average shortfall of £10,000 per child per annum). These increasing numbers of Looked After Children and costs have been factored into the 2016/17 budget at an increased level of £2.5m, which is over and above general demographic growth and inflation. Front line staffing budgets have also been increased by £1.5m, to deal with the increasing demand.

We have a collective responsibility for Looked After Children with partners through our corporate parenting duties and we are continuing to provide sufficient increases in budgets to match current and estimated needs. The additional funding in 2016/17 is considered to be sufficient to support the levels of placements we need, including specialist placements for those at risk of Child Sexual Exploitation (CSE) or with therapeutic needs, as well as ensuring we are able to meet our duties to young people as they become careleavers and live independently.

MR DAVID HODGE, LEADER OF THE COUNCIL

(9) MR JONATHAN ESSEX (REDHILL EAST) TO ASK: 3rd question

The Government's "offer" (as it describes it) to reduce the Revenue Support Grant (RSG) it provides to Surrey to zero over two years (instead of four years as planned) makes it hard for the Council to refuse the Government's other "offer" to allow council tax to go up to 4% without a referendum.

Does the Leader of the Council believe that cutting support to Councils even faster across the UK is the best way for the Government to manage the national budget and that creating a shortfall in care budgets across UK councils is the best way to manage the nation's health?

Could the Leader of the Council please provide an update on the request for 'transitional funds' to address the former and what is planned to address the latter?

Reply:

The Government has set out a four-year settlement for local government and this is something that the Local Government Association has campaigned for. It gives Councils the ability to plan long term strategic decisions about delivering services to their residents. This is sound financial management.

It is also clear that the Government are not going to fund the pressures of increasing adult social care demand from general taxation. This burden must then fall on the local tax payer, so the ability to raise a further 2% in council tax precept is the only alternative.

As I have made clear in my report last year, we have known and were planning for the phasing out RSG over four years. The shock is the redistribution of the shrinking amount of RSG nationally from the shire areas to Inner London and Northern Metropolitan Authorities. This means that Surrey effectively loses this funding in two years instead of the planned four years.

That is why I have been vociferous in demanding Transitional Relief and worked tirelessly with my borough and district colleagues and other county councils to

achieve this. This is so we continue to manage our finances in a strategic way and make the right decisions on providing services for our residents in the future.

What is absolutely clear – the Council's budget is not sustainable without Transitional Relief.

MR DAVID HODGE, LEADER OF THE COUNCIL

**(10) MR JONATHAN ESSEX (REDHILL EAST) TO ASK:
4th question**

I understand that the funding under the Better Care Fund is now rolled into the overall - much reduced - Revenue Support Grant that Surrey County Council receives from the Government.

What are the remaining responsibilities and financial cost of implementation of the Care Act, and timescale for this?

In particular, how will the Council support self funders? And what plans does the Council have to meet the volume of enquiries likely to be received from people self-funding their care?

Reply:

It is the Care Act funding which has been rolled in to the Revenue Support Grant – and effectively taken away, not the Better Care Funding.

MR JOHN FUREY, CABINET MEMBER FOR HIGHWAYS, TRANSPORT AND FLOODING

**(11) MR JONATHAN ESSEX (REDHILL EAST) TO ASK:
5th question**

Under the new highways contract extension Surrey County Council (SCC) has the liability for pothole fixing if the number of potholes in Surrey exceeds the budgeted number. Please can you confirm what the unit charges for such pothole repair are and how they compare to those of other councils?

Reply:

The contract extension report includes, within the budget, a fixed fee to repair approximately 70,000 potholes per year. This volume cap is based upon a "typical year" and in the last six years SCC has repaired on average 65,000 to 70,000 potholes per year. The one exception was 2013/14, where potholes increased significantly due to the prolonged rain and flooding. If this volume cap was to be exceeded in the future, then the authority will pay £77 per pothole repair. This cost was bench marked to both County Councils in the South East and wider London

highway authorities, as monitored by the annual independent Annual Local Authority Road Maintenance (ALARM) survey. The benchmark confirmed two average costs:

- £70 to £110 for a permanent pothole repair (i.e. damaged asphalt properly removed, square cut and filled with hot asphalt, with 2 year repair warranty)
- £52 to £65 for a temporary pothole repair (i.e. cold asphalt poured into damaged area and on average 6/12 month repair warranty)

Given the authority specification and commitment to delivering permanent pothole repairs, £77 was therefore agreed, following negotiation, as a competitive best value price.