

**MINUTES OF THE MEETING OF THE COUNTY COUNCIL HELD AT THE COUNCIL CHAMBER, COUNTY HALL, KINGSTON UPON THAMES, KT1 2DN ON 7 FEBRUARY 2017 COMMENCING AT 10.00 AM, THE COUNCIL BEING CONSTITUTED AS FOLLOWS:**

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

	Mary Angell		David Hodge CBE
*	W D Barker OBE		Saj Hussain
	Mrs N Barton		David Ivison
	Ian Beardsmore		George Johnson
	John Beckett		Linda Kemeny
	Mike Bennison		Colin Kemp
	Liz Bowes		Eber Kington
*	Natalie Bramhall		Rachael I Lake
	Mark Brett-Warburton		Yvonna Lay
	Ben Carasco		Ms D Le Gal
	Bill Chapman		Mary Lewis
	Helyn Clack		Ernest Mallett MBE
	Carol Coleman		Mr P J Martin
	Stephen Cooksey		Jan Mason
	Mr S Cosser		Marsha Moseley
	Clare Curran		Tina Mountain
	Graham Ellwood	*	Christopher Norman
	Jonathan Essex	*	John Orrick
	Robert Evans		Adrian Page
	Tim Evans		Karan Persand
*	Mel Few		Chris Pitt
	Will Forster		Wyatt Ramsdale
	Mrs P Frost		Dorothy Ross-Tomlin
	Denis Fuller		Denise Saliagopoulos
	John Furey		Tony Samuels
	Bob Gardner		Pauline Searle
	Mike Goodman		Stuart Selleck
	David Goodwin		Michael Sydney
	Michael Gosling		Keith Taylor
	Zully Grant-Duff	*	Barbara Thomson
	Ramon Gray		Chris Townsend
	Ken Gulati		Denise Turner-Stewart
	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

[Note: The Chairman announced two adjournments and the meeting began at 11am, when the Chairman re-ordered the agenda to take the Revenue and Capital Budget 2017/18 - 2019/20 and the Treasury Management Strategy item after the lunch break.]

#### **1/17 APOLOGIES FOR ABSENCE [Item 1]**

Apologies for absence were received from Mrs Bramhall, Mr Few, Miss Heath, Mr Norman, Mr Orrick and Ms Thomson.

#### **2/17 MINUTES [Item 2]**

The minutes of the meeting of the County Council held on 6 December 2016 were submitted, confirmed and signed.

#### **3/17 CHAIRMAN'S ANNOUNCEMENTS [Item 3]**

The Chairman made the following announcements:

- (i) The sad news of the deaths of two former County Councillors:
- Mr Geoffrey Marlow: he represented Woking East between 2001 – 2013 and was also Chairman of the County Council from 2009 – 2011.
  - Mrs Marie King-Hele: she represented Farnham Central between 1981 – 2005 and was also a Member of Waverley Borough Council for 30 years, serving the Borough between 1973 – 2003. She was also Leader of Waverley Borough Council between 1991 – 1995.

Members stood in silent tribute.

- (ii) Her Majesty the Queen's New Year Honours List:  
A list was included within the agenda. The Chairman 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:
- Mr David Hodge CBE, Leader of the County Council
  - Mrs Janet Maines, former County Councillor.
- (iii) She informed Members of particular events that she had attended recently:
- Tour of the Grange Centre for people with disabilities on 12 January 2017
  - Downlands Partnership site visit on 18 January 2017
  - Holocaust Memorial Day on 27 January 2017.
- (iv) 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 2017 deadline.

#### **4/17 DECLARATIONS OF INTEREST [Item 4]**

There were none.

## 5/17 STATEMENTS BY MEMBERS [Item 7]

Mrs Helena Windsor made a statement relating to Surrey's Green Belt.

## 6/17 MEMBERS' QUESTION TIME [Item 6]

Notice of 12 questions had been received. The questions and replies are attached as Appendix A.

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

**(Q1) Mr Robert Evans** asked the Cabinet Member for Localities and Community Wellbeing if he considered that residents had a right to know which fire stations faced an uncertain future. The Cabinet Member responded by stating that it was difficult to predict anything in the current financial climate. However, he considered that Surrey's Fire and Rescue Service was one of the finest in the country and he would do his utmost to protect it. He also referred to the Leader's decision, made after listening to the views of local residents and the MP, to keep Staines Fire Station open until the new fire station was built in the area.

**(Q2) Mr Sydney** said that he was pleased that information about the county's rural landholdings would be included in the Annual Report 2017/18 but asked the Leader why it had not been included in the current report. The Leader stated that the Conservatives valued the views of its countryside partnership and provided an assurance that information relating to countryside management would be included in the 2017/18 Annual Report of the Council.

**Mr Mallett** considered that the County Council owned a large number of properties and land but did not have a property / land scrutiny board, which he felt was a disadvantage to Members. The Cabinet Member for Business Services and Resident Experience disagreed, stating that property issues came within the remit of the Council Overview Board. The Chairman of the Council Overview Board also confirmed this and added that other scrutiny boards scrutinised areas within their remit, such as the Economic Prosperity, Environment and Highways Board examining the Surrey Wildlife Trust.

**(Q4) Mrs Young** asked the Leader if he was aware of the increasing pressures on family household budgets, due to rising prices and in particular energy costs.

**Mr Kington** referred to 'welfare reform' mentioned in the Leader's response to this question and said that the County Council did not contribute to the Boroughs / Districts hardship fund.

The Leader did not respond specifically to these supplementary questions and asked Members to wait for his Budget statement later in the meeting.

**(Q5) Mr Robert Evans** referred to the Freedom of Information Act (FOI) and considered that there was nothing in it that would prevent voluntary information being given so questioned why was he not able to receive the information that he had requested.

**Mr Essex** said that he had previously asked for similar information and that his request had also been dealt with under FOI but that he had now received a

response. He asked the Leader to confirm whether he considered that Adult Social Care was a national issue, which he did.

**(Q6) Mr Sydney** considered that his question had not been answered and asked the Leader why the time taken to consider income generation from specific Surrey assets was so slow. He was advised that there were agreed processes to go through and that it was important to follow these procedures in order to protect public money.

**(Q7) Mrs Young** asked the Leader of the Council to say which services would be cut if Surrey residents rejected the 15% council tax increase in the referendum.

**Mr Essex** considered that deleting recommendation 23 of the Cabinet recommendations on the Budget proposals and replacing it with recommendation 30 – the establishment of a Sustainability Review Board was less transparent.

The Leader requested that Members wait for his Budget statement later in the meeting when the reasons may become clearer.

**(Q9) Mr Sydney** considered that the reasons stated in the response were unsatisfactory and said that they were excuses for the slow progress that the Council had made in this area. The Leader disagreed and said that in relation to the planning process, there was clear guidance that had to be adhered to.

**Mr Essex** referred to cuts being made to the Surrey Wildlife Trust and asked the Leader when it would be possible to view the business plan setting out how the Trust proposed to generate income and make better use of land and resources. The Leader referred to the Cabinet Member for Environment and Planning and asked him to contact Mr Essex directly in relation to this request.

**(Q11) Mr Sydney** considered that Lingfield Library had been more successful prior to it becoming a Community Partnered Library (CPL).

The Leader asked the Cabinet Member for Localities and Community Wellbeing to confirm that the success of the CPLs was due in part to the dedication of the volunteers, which the Cabinet Member did, referring to paragraph 2 in his written response. He considered that libraries in Surrey were a wonderful success story and hoped that Mr Sydney would be supportive of the Lingfield CPL.

**(Q12) Mr Sydney** did not believe that Property Services had the right mix of skills, qualifications and experience to deliver the service it was responsible for and said that he had previously taken issue with both the Cabinet Member for Business Services and Resident Experience and the Cabinet Member for Environment and Planning on this matter. However, the Cabinet Member for Business Services and Resident Experience disagreed with his view and confirmed that the service did have access to the professional staff it required.

## **7/17 REPORT OF THE CABINET [Item 8]**

The Leader presented the reports of the Cabinet meetings held on 13 December 2016 and 31 January 2017, which included a supplementary report of the Cabinet circulated to Members last week, giving the recommendations agreed at Cabinet on 31 January in relation to the Budget and the School Admissions item.

## **Recommendations on Policy Framework Documents**

### **Admissions Arrangements for Surrey's Community and Voluntary Controlled Schools and Co-ordinated Schemes that will apply to all schools for September 2018**

#### **RESOLVED:**

That the following Admissions Arrangements for September 2018 for Surrey's Community and Voluntary Controlled Schools and Co-ordinated Schemes for all schools be approved:

#### **Recommendation 1**

That a sibling link is introduced for Stoughton Infant School with Northmead Junior School for September 2018.

#### **Recommendation 2**

That the published admissions number for St Andrew's CofE Infant School in Farnham is decreased from 40 to 30 for September 2018.

#### **Recommendation 3**

That the published admissions number for Walsh CofE Junior School is decreased from 75 to 64 in September 2018.

#### **Recommendation 4**

That Surrey's Relevant Area is agreed as set out in Enclosure 3 of the Cabinet report.

#### **Recommendation 5**

That the aspects of Surrey's admission arrangements for community and voluntary controlled schools for September 2018, for which no change is proposed, are agreed as set out in Enclosure 1 and its Appendices within the Cabinet report.

#### **Recommendation 6**

That the primary and secondary coordinated admission schemes that will apply to all schools for 2018 are agreed as set out in Enclosure 2 to the Cabinet report.

## **Reports for Information / Discussion**

The following reports were received and noted:

- Investment of programme funding to extend Superfast Broadband Infrastructure to Surrey Premises
- M3 Enterprise Zone
- Developing a Single Waste Approach
- Quarterly Report on Decisions taken under Special Urgency Arrangements: 1 October – 31 December 2016

Members had an opportunity to ask questions and make comments.

**RESOLVED:**

That the report of the meetings of the Cabinet held on 13 December 2016 and 31 January 2017 be adopted.

**8/17 REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE [Item 9]**

The Chairman of the Audit and Governance Committee introduced the report and informed Members that it was vital that a robust Counter Fraud Strategy and Framework should be adopted by the County Council.

**RESOLVED:**

That the new Counter Fraud Strategy and Framework, attached as Annex A to this committee's submitted report, be approved and its inclusion in the Constitution be endorsed.

**9/17 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.

**ADJOURNMENT**

The meeting adjourned for lunch at 11.45am and resumed at 1.15pm with all those present who had been in attendance in the morning session except for Mrs Moseley.

**10/17 REVENUE AND CAPITAL BUDGET 2017/18 TO 2019/20 AND TREASURY MANAGEMENT STRATEGY [Item 5]**

The Chairman said that the papers for this item were included in the agenda, the supplementary report of the Cabinet circulated last week and Annex 3, which set out the Council tax requirements. This was emailed to Members yesterday and paper copies were tabled.

She asked Members to note that the recommendations before them today were set out in the supplementary agenda.

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 2017/18 to 2019/20, the Council Tax Requirement for 2017/18 and the Treasury Management Strategy. A copy of the Leader's statement is attached as Appendix B.

The Budget proposals were formally seconded by the Deputy Leader.

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

The Leader of the Council announced that he believed that the County Council no longer required residents to pay additional council tax above 4.99%, which included the 3% Adult Social Care precept, and therefore tabled both revised recommendations and council tax requirement - Annex 3 (Appendices D and E respectively). The Chairman proposed an adjournment of 20 minutes to consider this new information prior to the minority Group Leaders being invited to speak.

Each of the Minority Group Leaders (Mr Harrison, Mrs Watson and Mrs Windsor), were then invited to speak on the budget proposals.

Key points made by Mr Harrison were:

- Disappointment that there was no specific detail in relation to the funding
- Concern about the issues of funding Adult Social Care and that the Government grant for Surrey was unfair
- The county of Surrey paid more income tax, apart from London, than any other part of the country
- Income tax was a fair tax but council tax was not
- That there had been much dialogue and lobbying with all the Surrey MPs and that they were listening. However, there was no evidence to date that Surrey would receive more funding
- The Better Care Fund and its funding issues for Surrey
- Surrey had a large number of residents with learning disabilities
- The continued reduction of the Revenue Support Grant, which would be a negative figure by 2018/19, and that the formula for calculating it was wrong
- Concern that the proposed savings of £93m were unidentified and that the cuts would have to be made in non-statutory areas such as bus services, youth service, fire stations and road schemes
- He suggested a review of: Members Allowances including Special Responsibility Allowances, staffing numbers including back office and accommodation costs, Surrey Matters.

Key points made by Mrs Watson were:

- That the last minute changes had been secretive and shambolic
- Members were being asked to keep their fingers crossed and hope that the funding appeared in the council's bank account
- She questioned where the £93m savings would be made
- That the Liberal Democrats would not serve on the newly formed Sustainability Review Board
- She was pleased that the 15% proposed council tax increase had been avoided. However, there were still many residents that could not afford a 4.99% increase
- Social Care was at the heart of the County Council budget but she considered it was a national issue and should be funded centrally
- That the Leader had cancelled the referendum at the last minute because he knew that it would not be supported by Surrey residents
- That Surrey residents did not believe that they had received Value for Money from the County Council
- Her suggestions for areas to review included: Surrey Matters, Special Responsibility Allowances, reviewing the Cabinet Associate positions, Property Investment, SEND out-county educational provision, investment in key worker housing, reducing locum costs.

Key points made by Mrs Windsor were:

- That UKIP would have been in favour of a referendum. However, the Conservative Administration had withdrawn the forthcoming referendum for the proposed 15% increase in council tax because the Leader did not want it to be held on the same day as the County Council elections
- It was the same message as last year, the Government were raising taxes by stealth because there was 3% Adult Social Care precept this year
- Surrey residents were treated as a 'cash cow' by the Government
- Changes to the Revenue Support Grant had penalised Surrey, which was why the County Council had not accepted the four year settlement
- Surrey was not the only Council facing increased costs in Adult Social Care
- Council tax increases affected those who could least afford to pay and also those residents who were asset rich / cash poor
- Her residents had been unhappy with the proposed 15% council tax increase and would have voted 'No' in the referendum. Therefore, she considered that the Conservative Administration had made this decision based on residents' feedback.

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

- That Members had previously been told that there was no alternative to raising council tax by 15% but they had now been informed that this increase was not necessary and that the proposed council tax rise would be 4.99%
- Adult Social Care needed to be funded by Central Government because it was unrealistic to fund it from council tax
- That the Leader had withdrawn the referendum as he knew that the County Council would lose and several Members seats would be in jeopardy
- The Director of Finance had expressed concern about Surrey's budget for 2017/18
- Members had not been told of any deal offered by the Government to Surrey
- There was a 'top heavy' democracy in Surrey, with approximately 600 councillors – steps should be taken to reduce both this cost and the Special Responsibility Allowances
- Concern that this was a secret budget and there was no detail in today's papers or any Equality Impact Assessments
- It was not clear where the cuts would be made
- As Surrey was a Conservative Council, it should be receiving a better deal from Government
- The opposition did not make their own budget proposals – they should take this opportunity to explain to Surrey residents what they support and what are their proposals
- Central Government were forcing Surrey County Council into an impossible financial position and the County Council had worsened the situation by stating that it could make savings without cutting front line services
- Members were being asked to vote on the Budget without having the detailed figures
- That the Director of Finance had delivered a damning report on the Council's financial situation
- Support for the U-turn on the proposed 15% council tax rise but that it could just be a postponement until next year, after the County Council elections

- Residents will be concerned which services would be cut and only want to pay more for the services that they use
- Only a small percentage of Surrey residents actually use Adult Social Care but this service was a large percentage of Surrey's budget
- Members were reminded that they were also approving the Treasury Management Strategy today and that Orbis had saved £10m this year
- The Leader always fought hard to get the best deal for Surrey residents and Surrey MPs were listening
- A suggestion that the County Council looks at the new arrangements in Oxfordshire which were delivering significant savings
- That the Leader should inform Members what the last minute changes were that enabled him to propose a 4.99% rather than 15% council tax rise
- That the Social Care budget had overspent its budget for the last three years – it was considered that social care was a problem, which required a national solution
- A review of the Property and Assets owned by the County Council was proposed
- Surrey was the 'golden goose' of the country but residents wanted more of their money to be spent on them
- That these late changes were embarrassing for the Conservative Administration and if the Cabinet had planned the 4.99% council tax increase earlier, it would not be in the situation today where further savings were urgently sought
- The opposition proposals for savings, such as reviews of high salary costs, Member Allowances and County Council care beds were dismissed every year
- Surrey County Council was an efficient Council which had been treated with contempt by Central Government
- There had been relentless efforts made by the Leader to obtain an improved financial deal from Government but he had not panicked and was steadfast
- The negotiations with Government had now reached a point where the Leader had sufficient confidence in the outcome that he could propose a 4.99% council tax increase
- That CIPFA (Chartered Institute of Public Finance and Accountancy) had carried out a financial resilience review of the County Council's finances in November 2016 and had confirmed that its budget planning assumptions and figures were sound
- Some residents would have supported the original proposed increase, if the additional 10% had been ring-fenced for Adult Social Care
- Setting the council tax was a matter for the County Council and not Central Government
- The Leader had worked tirelessly to achieve a better deal for Surrey – in the last four years, successes included the provision of a large number of additional school places and also Project Horizon
- All Members had been aware that the County Council leadership had been in discussion with Government in relation to the Council's finances and, in particular, the funding of Adult Social Care
- A belief that the Government was now more focussed on the Adult Social Care issues facing all Councils across the country
- As a result of discussions with Government, there were now potential solutions to move forward on the basis proposed today, with a 4.99% council tax increase and this was much better than having a divisive referendum on a proposed 15% council tax increase.

The Leader responded to the points made by Members during the budget debate and made the following points:

- The duty of all Members today, as set out in the Constitution, was to set a budget envelope and a council tax rate, which could then be passed to the Council's billing authorities
- If the opposition Members did not support the revised recommendations, did that mean that they supported the original proposals of 14.99%?
- That the S151 Finance Officer and her team were available if required, to meet with opposition Members to assist them in preparing an alternative budget
- He had hoped to unite all Members in the Chamber with the revised Budget recommendations
- Agreed that Adult Social Care was a national issue and that he was confident that the Government would work towards a better way of funding it
- Referring to recommendation 17(b), he invited all Members / Groups to provide proposals for identifying permanent service reductions and one-off reductions so that a balance budget could be achieved in 2017/18
- Finally, he said that he considered that all Members became councillors to improve their communities so that there would be a better future for the next generation and he commended his revised recommendations to Council.

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:

Mrs Angell, Mr Bennison, Ms Bowes, Mr Brett-Warburton, Mr Carasco, Mr Chapman, Mrs Clack, Mrs Coleman, Mr Cosser, Mrs Curran, Mr Ellwood, Mr Tim Evans, 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, Mrs Hicks, Mr Hodge, Mr Hussain, Mr Ivison, Mr Johnson, Mrs Kemeny, Mr Kemp, Mrs Lake, Mrs Lay, Ms Le Gal, Mrs Lewis, Mrs Marks, Mr Martin, Mrs Mountain, Mr Page, Mr Persand, Mr Pitt, Mr Ramsdale, Mrs Ross-Tomlin, Mr Samuels, Mr Skellett, Mr Taylor, Mrs Turner-Stewart, Mr Walsh, Mr Wilson, Mrs Windsor, Mr Witham, Mr Young and Mrs Young

And the following Members voted against it:

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

Mrs Saliagopoulos abstained.

53 Members voted for and 18 Members voted against the Budget recommendations. There was one abstention.

Therefore, it was:

**RESOLVED:**

1. That the council tax requirement for 2017/18 be set at £656,821,897.48, as set out in paragraph 3.4 of the revised Annex 3.
2. That the level of the general council tax be increased by 1.99%.
3. That council tax be increased by a further 3% for the adult social care precept, which will provide £18m to support the growth in demand for services.
4. That the County Council precept for band D council tax be set at £1,331.55, which represents a 4.99% up-lift.
5. That the council tax for each category of dwelling to be as follows:

Valuation band	£
A	887.70
B	1,035.65
C	1,183.60
D	1,331.55
E	1,627.45
F	1,923.35
G	2,219.25
H	2,663.10

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

Billing authority	£
Elmbridge	85,728,065.25
Epsom & Ewell	43,738,124.52
Guildford	76,246,236.74
Mole Valley	53,650,096.35
Reigate & Banstead	79,835,944.80
Runnymede	44,376,566.85
Spelthorne	52,941,846.33

Surrey Heath	51,190,822.85
Tandridge	51,396,753.30
Waverley	72,190,134.96
Woking	54,604,577.55
<b>TOTAL*</b>	<b>665,899,169.48</b>

\*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 2017	13 October 2017
26 May 2017	24 November 2017
26 June 2017	5 January 2018
28 July 2017	12 February 2018
8 September 2017	16 March 2018

7. That the council tax rate set above be maintained after the Final Local Government Financial Settlement.
8. That powers be delegated to the Leader of the Council and the Director of Finance to finalise budget proposals, updated to take account of new information.
9. The requirement for the Chief Executive and the Director of Finance to continue their work to ensure delivery of planned efficiencies and service reductions, as set out in paragraph 92 of the submitted Council report.
10. That the County Council's £1,666m gross revenue expenditure budget for 2017/18, for the substitute budget (Table 17 in the submitted Council report) be approved.
11. That only capital schemes which are funded without requiring borrowing be supported and approved, unless a sustainable basis for funding borrowing costs is identified and a compelling business case developed that demonstrates best value in progressing a particular scheme (paragraph 110 of the submitted Council report).
12. That the detailed programme of schemes be agreed at the March 2017 Cabinet, as part of the Medium Term Financial Plan.

13. That a robust business case be prepared (and taken to the Investment Panel for review) before committing expenditure for the use of:
- all revenue 'invest to save' proposals, and
  - capital schemes.

**Treasury Management and Borrowing:**

14. That the Treasury Management Strategy for 2017-18 be approved with immediate effect. This strategy includes:
- the investment strategy for short term cash balances;
  - the borrowing strategy for funding the capital programme
  - 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 12 of the submitted report).

**That the following decisions have been approved by Cabinet:**

15. That services will develop detailed budgets and savings ahead of approval by Cabinet on 28 March 2017 when the final Medium Term Financial Plan (MTFP) 2017-20 will be presented.
16. That the draft MTFP for the financial years 2017-20 be approved, which includes the Total Schools Budget of £545.2m (paragraphs 66 to 71 in the Cabinet report) and the overall cash limits for individual services for the proposed budget and the substitute budget.
17. (A) That a Sustainability Review Board be established comprising three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance.
- (B) That this board be required to bring back an initial report to the Cabinet meeting on 28 March 2017 on progress towards identifying £30m permanent service reductions and up to a further £22m one-off reductions required to achieve a balanced budget in 2017/18.

[Meeting ended at: Time Not Specified]

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**Chairman**

**SURREY COUNTY COUNCIL**

**TUESDAY 7 FEBRUARY 2017**

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

**MR RICHARD WALSH, CABINET MEMBER FOR LOCALITIES AND COMMUNITY  
WELLBEING**

**(1) MR ROBERT EVANS (STANWELL AND STANWELL MOOR) TO ASK:**

There are currently 24 fire stations in Surrey with some 36 fire engines available. In the event (albeit unlikely) that the present administration is re-elected in May 2017, what will the comparative figures be by 2021?

**Reply:**

As of February 2017, there are 26 fire stations in Surrey. 30 fire engines are based at these fire stations, and a number held in reserve for resilience purposes.

The future Medium Term Financial Plan and budget situation for Surrey County Council is unconfirmed at present and so it is not possible to say what the comparative figures may be by 2021.

**MR DAVID HODGE CBE, LEADER OF THE COUNCIL**

**(2) MR MICHAEL SYDNEY (LINGFIELD) TO ASK:**

I have been asked by residents and members of the public involved in the countryside why our Annual Report makes no mention of the County's rural landholdings. (Sorry the words "countryside management" appear once in the report of the Strategic Director for the Environment and Infrastructure on page 76).

Given the size of our holdings, the number of Surrey residents whose livelihood depends on us, and the money involved it is, to me, inexplicable that there is no mention of our involvement in the management of our own countryside. Surely it cannot be that we are not proud of it. Is there an explanation for this omission?

Might you ensure that this is corrected in the report of 2017-18?

**Reply:**

I encourage feedback on the Annual Report and I have asked officers to consider including the County's rural land holdings in the next Annual Report.

**MR MEL FEW, CABINET MEMBER OF ADULT SOCIAL CARE, WELLBEING AND INDEPENDENCE**

**(3) MRS FIONA WHITE (GUILDFORD WEST) TO ASK:**

The Cabinet Member for Adult Social Care, Wellbeing and Independence will have been as concerned as I am to see the story reported in the newspapers last week regarding an elderly dementia sufferer whose property in Surrey was searched by County Council staff to determine her income.

Can the Cabinet Member reassure me that best practice was followed in this sensitive case and that as a dementia-friendly county what steps were taken to contact the relevant bank before a search of the resident's property was deemed necessary? What authority was sought before the property search took place?

**Reply:**

The story as reported was inaccurate. Council officers would never conduct a search of a property to determine the level of assets for charging purposes, unless they were expressly requested to do so by the person concerned. In this instance the visit to the property was with the prior permission of the individual and was for a specific purpose unrelated to charging and as such, there was no requirement to contact a bank or any other financial institution. It may be helpful to know that it is not unusual for officers to arrange to visit a property to obtain items such as clothing, post, personal possessions etc., to enable the person to settle into new accommodation.

There are circumstances when we may be required to enter a property. The Care Act 2014 places a duty on local authorities to take reasonable steps to protect the property of adults being cared for away from home. The Act provides local authorities with the power to enter the premises in which an adult was living immediately prior to being provided with accommodation for the purpose of protecting the person's property. To perform this duty, we would seek prior permission wherever possible but where a person lacks the capacity to consent, we may enter the property if we are satisfied that this would be in the person's best interests.

**MR DAVID HODGE CBE, LEADER OF THE COUNCIL**

**(4) MRS VICTORIA YOUNG (WAVERLEY EASTERN VILLAGES) TO ASK:**

Is the Leader aware of the inescapable inflationary pressures Surrey residents will face over the coming year from increased fuel, energy and food bills? Does he see it as his duty to assist Surrey's residents in dealing with such pressures on their household budgets?

**Reply:**

We are committed to protecting vital services our residents rely upon, many of which are focused on our most vulnerable neighbours. We work with partners, districts and boroughs and the voluntary sector on issues such as welfare reform. Our schools and libraries are central to our communities and enhance the lives of many, including those who are just about managing in these challenging times.

**MR DAVID HODGE CBE, LEADER OF THE COUNCIL**

**(5) MR ROBERT EVANS (STANWELL AND STANWELL MOOR) TO ASK:**  
(2<sup>ND</sup> question)

Will the Leader publish all correspondence, in writing, emails or otherwise, between the Council and the Government regarding the current financial situation, which led to the proposed 15% council tax rise? Will he also release minutes of any meetings between the Council and the Department for Communities and Local Government or the Treasury?

**Reply:**

This is a request for information which engage the provisions of the Freedom of Information Act and therefore it will be treated as such. The material the Member has requested will be supplied in accordance with those provisions.

**MR DAVID HODGE CBE, LEADER OF THE COUNCIL**

**(6) MR MICHAEL SYDNEY (LINGFIELD) TO ASK:**  
(2<sup>ND</sup> question)

Amidst the sterling work being undertaken by officers and Members to generate savings and cutbacks to meet the financial gap which the County is facing now and in the years ahead, there is one element which seems to be missing. I refer to generating income from our own assets which are currently being managed on a not for profit basis. I know that Members have raised this with you in the past, including myself, but somehow very little has appeared to be reviewed. From the large assets like the Basingstoke Canal to smaller but valuable assets such as our nationally recognised highway technical unit at Merrow, there are commercially attractive units that could be developed with the right commercial and financial partners which could work with us to produce an income.

I am of course not including Mr Samuels very successful programme for building a capital property portfolio to produce future income.

If the County were to launch a commercial programme on these lines, residents might feel better disposed in considering the proposed increase in the Council Tax.

With your considerable and successful experience in the commercial sector I would suggest that you are well qualified to lead such an initiative.

**Reply:**

Surrey County Council is committed to investing in order to secure Surrey's future. The Cabinet agreed a strategy in March 2013 to look at ways in which to develop the council's approach to trading and deliver income streams to the council for this very reason – as one of a number of strategies to improve our financial resilience, including of course as mentioned, the Investment Strategy and development of a property investment portfolio.

The New Models of Delivery strategy created a programme of activity supported by a team of officers to undertake options appraisals. This team has evaluated a number of opportunities and ensure that ideas that “have legs” are taken forward. For example,

as a result of this strategy the council created its company S.E. Business Services Ltd. which has delivered dividends each year to the council since its incorporation.

In response to your specific examples I understand that activity is already underway to look at the options to deliver further income from the Basingstoke Canal and the technical unit at Mellow is already selling its services to other public bodies.

The New Models of Delivery approach is just one of the ways in which the council enhances its income – we also regularly review fees & charges, and we have entered into a number of partnerships to deliver services to other councils – in Pension Administration services for example. We have an extensive service offer to schools ranging from payroll to catering and outdoor learning. We continue to look at opportunities and target income growth as part of the budget setting process since the council has significant income streams – all together this council generates £150m income in support of its services.

**MR DAVID HODGE CBE, LEADER OF THE COUNCIL**

**(7) MRS VICTORIA YOUNG (WAVERLEY EASTERN VILLAGES) TO ASK:**  
(2<sup>ND</sup> question)

The Leader has said he wishes to increase council tax by 15%. In the event this increase is rejected by the people of Surrey at a referendum, please could he set out which council services he would cut and to what extent?

**Reply:**

I refer Mrs Young to the recommendation 30 (replacing recommendation 23) on the revised County Council Budget recommendations.

**MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS, SKILLS AND EDUCATIONAL ACHIEVEMENT**

**(8) MR ROBERT EVANS (STANWELL AND STANWELL MOOR) TO ASK:**  
(3<sup>RD</sup> question)

How many Surrey children with special needs are currently being educated, at the Council's expense, in private schools? What is the cost of this invaluable service?

**Reply:**

There are currently 790 students, with special educational needs who are being educated at the Council's expense in the Non-Maintained and Independent sector. The projected cost of this for the 2016/17 financial year is £34.2 million.

**MR DAVID HODGE CBE, LEADER OF THE COUNCIL**

**(9) MR MICHAEL SYDNEY (LINGFIELD) TO ASK:**  
(3<sup>RD</sup> question):

Surrey is the most heavily forested County in the country. But it comes near the bottom in the list of English Counties who are developing wood fuel projects. The

incoming County Chief Executive attended a meeting of the then Surrey Woodfuel Conference and at the end made a statement that in future a wood fuel unit would be the default choice for installing on County properties, either new build or refurbishments. This was welcomed. Sadly, six years later there have only been six installations in SCC buildings since then. The reasons given range from lack storage space to lack of access for delivery vehicles.

How different to the scene in Austria or Norway. In Austria 67% of new house building is heated by wood fuel. New schools are routinely refurbished or new built with wood fuel. Why are the buildings and sites in England deemed to be so different as to be unworkable? I have asked this question and never received an answer.

The cost of fuel is not a problem. The wood fuel industry is able to offer long term supply contracts with a maximum increase of 5% per annum. Which of the fossil fuel providers can offer that.

Can you enlighten me please?

**Reply:**

I agree that Surrey's forests represent an opportunity and a potential resource. That is why the council is working in partnership with the Surrey Wildlife Trust to ensure that thousands of acres of woodland become more sustainably managed. This will entail the production of timber for construction as well as wood fuel for biomass energy.

However, there have been a number of challenges to the projects to use wood fuel for heating the Council's own buildings. As well as the issues of storage space and access for delivery vehicles already noted in the question, there are other aspects which have delayed or cancelled a number of wood fuel heating projects:

- The relative cost of wood fuel compared to fossil fuels makes proving a positive financial business case difficult. On a p/kWh basis, wood pellets are currently almost twice as expensive as natural gas which is widely available across Surrey. In addition, financial support for wood fuel heating is available through the government's Renewable Heat Incentive (RHI). However, this has been reducing ever since it was introduced in 2011.
- Obtaining planning permission for wood fuel boilers can be a lengthy process. As an example, the planning process for the installation of a biomass boiler at Merrow Depot included an appeal by local residents and required a detailed environmental assessment including the monitoring of noise levels. It ultimately took well over a year to gain the necessary consent.
- A physical lack of space in existing buildings for a thermal store or buffer tank. These are required to help the boiler operate more effectively but may not fit in an existing boiler room.

**MR DAVID HODGE CBE, LEADER OF THE COUNCIL**

**(10) MRS VICTORIA YOUNG (WAVERLEY EASTERN VILLAGES) TO ASK:**  
**(3<sup>rd</sup> question)**

Could the Leader please set out the cost of holding the referendum on the proposed 15% increase in council tax? Could he also set out the cost of re-issuing all Surrey's council tax bills in the event the people of Surrey vote against the proposed increase?

**Reply:**

If Mrs Young would like to review her Council papers, she will find these details under item 5.

**MR RICHARD WALSH, CABINET MEMBER FOR LOCALITIES AND COMMUNITY WELLBEING**

**(11) MR MICHAEL SYDNEY (LINGFIELD) TO ASK:**  
**(4<sup>th</sup> question)**

Would you let me know how far we are from returning the borrowing numbers for all, with individual figures, the Community Partnered Libraries (CPLs) to the level which they were before they became CPLs.

Would you confirm that the savings which were a part of the CPL offer is still being met?

What plans do you have for these libraries in the event that the County does not succeed in its referendum?

**Reply:**

The Libraries Public Value Review in 2011 identified 10 libraries to become Community Partnered, to ensure a sustainable future for these libraries which were experiencing low and declining use. The comparison figures for book borrowing at these libraries from starting point to present day is shown in the table.

Through intensive locally based efforts a number of CPLs have been able, over time, to make an impact on the previous trend of long term decline at some of these libraries. The successful continuation of these libraries and the contribution they make to community life is due to the energy and dedication of the volunteers and their steering groups and the library staff who work with them. The County Council would like to express its thanks to the volunteers and steering groups for their continuing support.

Library	Launch date	Rolling year figure at launch	Rolling year figure Feb 17	% + or – Book borrowing	Notes
Bagshot	07/12/2013	10,805	11467	+ 6.13	
Bramley	13/12/2014	17,219	19117	+ 11.02	
Byfleet	22/09/2012	28,885	23,302	-19.3	
Ewell Court	24/05/2014	18,699	20,440	+9.31	
Lingfield	25/06/2016	16,845	14,130	-16.12	Opened as CPL end June 2016
New Haw	01/10/2012	33,407	31,945	-4.38	
Stoneleigh	06/06/2014	26,927	27,351	+1.57	
Tattenhams	12/11/2012	35,303	29,548	-16.30	
Virginia Water	15/01/2013	12,678	13,225	+4.31	
Warlingham	22/01/2013	22,178	23,818	+7.40	
Totals		222,946	214,343	-3.85	

The continuing achievement of the savings has been audited and budget monitoring continues regularly. The savings are not visibly re-occurring in annual budgets as in previous years the money, as part of the Medium Term Financial Plan savings, has been removed from the library service's baseline budget.

Despite budget pressures in recent years the County Council strategy has been to maintain its 52 libraries. The Community Partnered libraries are part of the county library network and cannot be preferentially exempted from savings that will have to be made across the whole of the library service as budgets get impacted by the savings targets that Surrey County Council has to achieve.

## **MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE**

### **(12) MR MICHAEL SYDNEY (LINGFIELD) TO ASK: (5<sup>th</sup> question)**

How many qualified chartered surveyors are employed by Property Services, and how many of these are qualified in agriculture and/or forestry?

#### **Reply:**

Property Services has the right mix of skills, qualifications and experience to deliver the services it is responsible for.

At Surrey County Council, there is one Surveyor qualified in the specific Royal Institute of Chartered Surveyors (RICS) Estates Management field following a Rural Management pathway. Within the wider Estate Management team at Surrey there are four other fully qualified RICS Surveying positions, with one post currently vacant.

In terms of tree management and forestry the Estate Management team also benefit from two qualified Arboriculturists.

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**Appendix B****County Council Budget Meeting – 7 February 2017****Leader of the Council Statement**

I am proud to be the Leader of the largest Conservative Group in the country. As Conservatives we believe in the principles of efficiency, value for money and low taxation. It absolutely goes against the grain for us to propose an increase in taxes. It is just not in our DNA.

At the same time we care passionately about our communities and we care deeply about our residents. I am even more proud to represent the people of Surrey. We came into politics to make a difference, to improve the fabric of our communities and to make sure those in most need of our help get the support they need, whether that means caring for our older residents, protecting vulnerable children or supporting those with Learning Disabilities.

Our residents are always at the heart of everything we do but the significant financial challenges have left us facing a huge dilemma.

I want to be clear about the actions this Conservative administration has taken to make Surrey a low cost and efficient council. We have worked incredibly hard to manage the soaring cost of rising demand and inflationary pressures, making savings and efficiencies of over £450m from our annual budget. We have achieved this whilst protecting front line services and we still plan to make savings of up to £700m by the end of the decade.

We can be proud of the transformation of our services like Orbis, the Trading Standards Partnership and our long term investment strategy. These bring real benefits to the people of Surrey but Members know all too well the unprecedented set of circumstances which have forced us to this point. The reduction to our government grant has been relentless. Since 2010, we have absorbed cuts of £170m to our annual budget. We saw funding decisions go against us time and time again. Surrey is disadvantaged by Core Spending Power, the Revenue Support Grant, the Better Care fund, and the Learning Disability Grant.

This Council consistently receives less money from Government than it should. Currently our Revenue Support Grant goes negative to the tune of £17m in 2019-20. That is the equivalent of Surrey residents being worse off by 3 percent in council tax every year. Despite the Government's own calculations confirming we should get £25m from the Better Care Fund, the Council will only get £1.5m. That is from a national funding pot of £1.5 billion!

We have also had to absorb the loss of millions of pounds of Learning Disability Funding – a shortfall of £20m this year, £32m next year, £39m the year after that and £46m in 2019-20. At the same time as our funding is shrinking, demand for services has been increasing relentlessly. That means more people requiring more services, more children needing school places, more older adults requiring social care and more people with Learning Disabilities needing support.

Rising demand across adult social care alone costs an extra £24m every year! Two thirds of our spending now goes towards supporting the welfare of adults and children – that leaves little left in the pot to run other services.

The decision today will still require the council to deliver £93m worth of savings in 2017-18. The challenge facing adult social care is now understood throughout the country and Government now clearly understands this crisis and is increasingly committed to resolving it. This will help the Surrey position. The Government have listened to the facts and have recognised that our figures are right. They have agreed with us that the methodology for

funding councils is flawed and in need of overhauling. They have recognised how unfair the current system is and how it penalises efficient councils like Surrey.

The Government's thinking is that a refreshed system based on business rates retention will be the cornerstone for a fairer funding system for local government. But, we have a crisis now which is why Cabinet took the very difficult decision last week to recommend an increase of Council Tax to fund the growing demand in social care services, enabling us to fulfil our statutory duties.

This administration hasn't given up. We have always believed there is a solution. We have had many conversations now with Government. It is clear Surrey is an extreme example of how increasing social care demands impact on local communities and on the health service. The Government has listened and we believe Government understands. We are therefore willing to take a risk that a solution will soon be found to the issues that all councils face. However, if there isn't any progress in finding a solution to the adult social care crisis our situation will become untenable.

Given this, I believe that this year we do not need to ask residents to pay additional Council Tax above 4.99%, which includes the 3% Adult Social Care precept, which has been set for all councils with Adult Social Care responsibilities. In light of this I will be tabling revised recommendations for the Council's budget. I know this decision will also be welcomed by our Partners, the Voluntary & Community sector, our Districts and Boroughs, the business community and our staff, but most of all, Surrey residents.

I know this decision will be welcomed by every resident in Surrey. I commend the revised recommendations to Members of this council and look forward to the formal recording of Members voting later.

**David Hodge**  
**Leader of the Council**  
**7 February 2017**

**County Council – 7 February 2017**

**Revenue and Capital Budget 2017/18 to 2019/20 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. Significantly, I stress that the bulk of my statement to follow is consistent with my Section 25 report in the papers you have before you.

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

1. This time last year I told you that although the level of risk in the Council's medium term financial plan remained significant, the budget proposals for 2016/17 were deliverable so long as three things happened:
  - Government provided transitional grant to mitigate the 'shock' impact of the Financial Settlement in 2016/17;
  - That all savings planned for 2016/17 were delivered, and;
  - That the Public Value Transformation (PVT) programme identified further considerable base budget reductions in costs as soon as manageable.
2. Since then:
  - the Government did allocate some transitional relief grant but this fell short of covering the full 'shock' effect;
  - current budget monitoring for 2016/17 is forecasting delivery of around £65m of an in year planned total of £83m, a shortfall of £18m, and;
  - the discovery phase of the Public Value Review programme concluded during the summer 2016 that the Council had already identified savings at the upper limit of what can be achieved through the transformation programme. No further proposals were identified.
3. Additionally during 2016/17 the financial outlook for future years has deteriorated in several key respects:
  - the service demand pressures have continued to escalate adding yet more pressure to budgets from 2017/18. In particular this relates to adult and children's social care services;
  - in September the Cabinet reported a £22m in year overspend if no further action was taken. A number of measures have been put in place and as a result the current year's budget is moving closer to being balanced, but there remains significant underlying pressures moving forwards into 2017/18, and;
  - reviews of savings already planned have demonstrated that a number of these may not deliver the savings in the required time, to the required level or in some cases at all. The proposals for future years' service budgets reflect these changes.

4. Turning now to consider the Council's reserves. These are at minimum safe levels in light of the continuing and significant risks facing the Council in terms of increasing demand and further significant service reductions proposed. It is my opinion that reserves should not be allocated against the budget for 2017/18. Rather these should be retained to mitigate against non-delivery of savings and other future potential financial funding changes the council might face.
5. In recognition of the seriousness of the financial challenges facing the council, with the support of the Chief Executive and the Leader, I requested that CIPFA carry out a financial resilience review in November 2016. The key conclusions by CIPFA were that the budget planning assumptions and figures were sound. CIPFA also advised that the council's financial resilience is not sustainable over the short or medium term unless it identifies and implements the full scale of savings required as soon as possible to match the current allowed level of income.
6. The council received the Provisional Financial Settlement on 15 December 2016, and subject to council's decisions today, this would improve the council's funding level by approximately £9m in 2017/18. The Government is yet to issue the Final Financial Settlement and has indicated that this will now be later in February. Current expectations are that there will be little change in the Final Settlement and it is proposed that I will work with the Leader to finalise budget proposals once this is announced.
7. In the original papers you have before you, the cabinet's proposed budget to set the CT increase at 15%. This would achieve a long term sustainable financial position, so long as the substantial planned on-going service efficiencies and transformations totalling £93m in 2017/18 are delivered.
8. Whilst the Secretary of State for the Department for Communities and Local Government has yet to confirm the principles governing the limit for a CT increase, it is expected to be 4.99%.
9. As you have heard from the leader this morning, he is now proposing that the council set a council tax increase of 4.99%. This is the substitute budget in the papers you have before you.
10. It is my view that the substitute budget includes significant risks of not balancing as additional and material service reductions, in addition to already stretching service reduction plans of £93m, are required to be delivered. These have not yet been identified. The Cabinet has agreed, last week, to establish a Sustainable Review Board comprising senior officers and three cross party members. This Board is required to bring back an initial report to Cabinet on 28 March. This will update on progress towards identifying the required permanent and additional one-off reductions to balance the budget in 2017/18.
11. Even with this focus, it is my view that the Council would be required to make a significant unplanned use of earmarked reserves in particular in 2017/18 in the possible range of £20m to £30m. This would take reserves below the safe minimum levels advised unless they are replenished in the following year, especially those earmarked for other purposes. To achieve that and the more underlying challenge of sustainable service spending and finances would require a fundamental review of the delivery of all council services.
12. To conclude, from a statutory officer perspective, it is my view that the proposed budget at 15% would have achieved a balanced and long term sustainable budget from 2017/18 if successfully implemented.
13. Finally, in relation to the substitute budget, with an increase of 4.99%, it is my view that this contains substantial risks. In particular, during 2017/18 reserves will probably have been depleted below safe minimum levels and will need replenishing in future years. Also, the work of the Sustainable Review Board will be critical in identifying permanent and additional one-off reductions to balance the budget in 2017/18 and make some progress towards a sustainable budget.

**Sheila Little, Director of Finance, 7 February 2017**

**County Council meeting – 7 February 2017**

**ITEM 05 – REVENUE AND CAPITAL BUDGET 2017/18 TO 2019/20 AND TREASURY MANAGEMENT STRATEGY**

**REVISED RECOMMENDATIONS – TO REPLACE THE RECOMMENDATIONS PRINTED IN THE COUNTY COUNCIL AGENDA AND THOSE INCLUDED IN THE SUPPLEMENTARY AGENDA.**

<b>LEADER'S RECOMMENDATIONS</b>
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**The Leader recommends that the County Council approves**

1. The council tax requirement for 2017/18 is set at £656,821,897.48 (Annex 3).
2. Increase the level of the general council tax by 1.99% (paragraphs 95 to 98).
3. Increase council tax by a further 3% for the adult social care precept, which will provide £18m to support the growth in demand for services.
4. Set the County Council precept for band D council tax at £1,331.55 which represents a 4.99% up-lift.
5. The council tax for each category of dwelling to be as in Annex 3.
6. That the payment for each billing authority, including any balances on the collection fund, will be as set out in Annex 3.
7. Agree to maintain the council tax rate set above after the Final Local Government Financial Settlement.
8. Delegate powers to the Leader and the Director of Finance to finalise budget proposals, updated to take into account new information.
9. Require the Chief Executive and the Director of Finance to continue their work to ensure delivery of planned efficiencies and service reductions (paragraph 92).
10. Approve the County Council's £1,666m gross revenue expenditure budget for 2017/18 for the substitute budget (Table 17).
11. Agree to support only capital schemes which are funded without requiring borrowing, unless a sustainable basis for funding borrowing costs is identified and a compelling business case developed that demonstrates best value in progressing a particular scheme (paragraph 110).
12. Note that the detailed programme of schemes will be agreed at the March 2017 Cabinet as part of the Medium Term Financial Plan.

13. Require a robust business case to be prepared (and taken to the Investment Panel for review) before committing expenditure for the use of:
- all revenue 'invest to save' proposals, and
  - capital schemes (paragraph 109).

**Treasury management and borrowing: Cabinet recommends to Full County Council that they:**

14. Approve, with immediate effect, the Treasury Management Strategy for 2017/18 (Annex 2), which includes:
- the investment strategy for short term cash balances;
  - the borrowing strategy for funding the capital programme;
  - the treasury management policy (Appendix 8);
  - the prudential indicators (Appendix 9);
  - the schedule of delegation (Appendix 11);
  - the minimum revenue provision policy (Appendix 12).

**That the following decisions have been approved by Cabinet:**

15. That services will develop detailed budgets and savings ahead of approval by Cabinet on 28 March 2017 when the final Medium Term Financial Plan (MTFP) 2017-20 will be presented.
16. That the draft MTFP for the financial years 2017-20 be approved, which includes:
- the Total Schools Budget of £545.2m (paragraphs 66 to 71 in the Cabinet report);
  - overall cash limits for individual services for the proposed budget and the substitute budget.
17. A) Agree to establish a Sustainability Review Board comprising three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance.
- B) Require this board to bring back an initial report to the Cabinet meeting on 28 March 2017 on progress towards identifying £30m permanent service reductions and up to a further £22m one-off reductions required to achieve a balanced budget in 2017/18.

## Council tax requirement

- 3.1. Cabinet has considered the information in the officer reports and the feedback and representations from: the public, the business community, voluntary sector and employees. Following consideration, Cabinet proposes and recommends the Full County Council sets a balanced and sustainable revenue and capital budget for the next three years on 7 February 2017. This is set out in the Revenue and Capital Budget 2017/18 to 2019/20 and Treasury Management Strategy report to Full County Council and its annexes.
- 3.2. Districts and boroughs provided the County Council with estimated council tax base and council tax collection fund balance figures before the legislative deadline of 31 January 2017. The collection fund balance is the difference between the estimated council tax collectable for the current year (2016/17) and that actually collected. The districts and boroughs confirmed the council tax collection fund balance at £9,077,272.00.
- 3.3. The basic amount of council tax is the council tax requirement divided by the tax base.
- 3.4. The council tax requirement for 2017/18 is based on an overall increase of 4.99%:

	£	£
Gross expenditure		1,695,982,353.21
Unidentified savings		-29,967,770.21
Other income		-155,909,080.18
<b>Budgeted revenue expenditure</b>		<b>1,510,105,502.82</b>
Council tax collection fund balance	-9,077,272.00	
Contribution to reserves and balances	4,369,069.68	
<b>Reserves and balances including council tax collection fund</b>		<b>-4,708,202.32</b>
<b>Budgeted net expenditure</b>		<b>1,505,397,300.50</b>
Business rates income		-52,669,069.68
Core funding *		-104,742,000.00
Other Government grant		-691,164,333.34
<b>COUNCIL TAX REQUIREMENT</b>		<b>656,821,897.48</b>

\* Core funding includes Revenue Support Grant, Business Rates Top-Up Grant, Adult Social Care Support Grant and the Transitional Relief Grant

- 3.5. The tax base is the number of Band D equivalent properties for precepting purposes. For 2017/18 it is as follows:

<b>Billing authority</b>	<b>Number of Band D equivalent properties</b>
Elmbridge	63,415.00
Epsom & Ewell	32,324.01
Guildford	56,634.54
Mole Valley	40,257.00
Reigate & Banstead	59,076.00
Runnymede	33,327.00
Spelthorne	38,908.60
Surrey Heath	37,318.03
Tandridge	37,558.90
Waverley	53,936.10
Woking	40,521.00
<b>Total</b>	<b>493,276.18</b>

- 3.6. The Provisional Settlement for 2017/18 set a threshold for councils to increase the standard level of Council Tax by up to 2% without having to hold a referendum. In addition to this, to reflect the specific service demand and cost pressures being faced by councils with Adult Social Care service responsibilities, the Provisional Settlement gives these authorities an additional 3% flexibility on their current council tax referendum threshold, to be used entirely for adult social care. This precept is to be identified separately on the Council Tax bill. Both of these uplifts are calculated on the full Council Tax Precept for 2016/17. Accordingly, the council tax precept for 2017/18 at Band D is calculated as:

Standard Council Tax	£626,021,732.80	÷	493,276.18	=	£1,269.11
Adult Social Care	£30,800,164.68	÷	493,276.18	=	£62.44*
<b>Council Tax Precept</b>	<b>£656,821,897.48</b>	<b>÷</b>	<b>493,276.18</b>	<b>=</b>	<b>£1,331.55</b>

\*The amount charged for the Adult Social Care precept is, as per regulations, the sum of the 2016/17 ASC precept and that for 2017/18. i.e £24.39 + £38.05 = £62.44  
The £38.05 precept for 2017/18 is 3% of the 2016/17 precept of £1,268.26.

- 3.7. The County Council's level of council tax for each category of dwelling in its area will be as follows:

<b>Valuation band</b>	<b>Standard council tax precept</b>	<b>Adult social care precept</b>	<b>Overall council tax precept</b>
A	£846.07	£41.63	£887.70
B	£987.08	£48.57	£1,035.65
C	£1,128.10	£55.50	£1,183.60
D	£1,269.11	£62.44	£1,331.55
E	£1,551.14	£76.31	£1,627.45
F	£1,833.16	£90.19	£1,923.35
G	£2,115.19	£104.06	£2,219.25
H	£2,538.22	£124.88	£2,663.10

- 3.8. The payment for each billing authority including any Surplus or Deficit balances on the Collection Fund will be as follows:

<b>Billing authority</b>	<b>£</b>
Elmbridge	85,728,065.25
Epsom & Ewell	43,738,124.52
Guildford	76,246,236.74
Mole Valley	53,650,096.35
Reigate & Banstead	79,835,944.80
Runnymede	44,376,566.85
Spelthorne	52,941,846.33
Surrey Heath	51,190,822.85
Tandridge	51,396,753.30
Waverley	72,190,134.96
Woking	54,604,577.55
<b>TOTAL*</b>	<b>665,899,169.48</b>

\*This total includes the Council Tax Collection Fund balance.

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

20 April 2017	13 October 2017
26 May 2017	24 November 2017
26 June 2017	5 January 2018
28 July 2017	12 February 2018
8 September 2017	16 March 2018