

Notice of Meeting

Resources and Performance Select Committee

**Date & time**

Friday, 24 January
2020 at 10.00 am

Place

Ashcombe Suite,
County Hall, Kingston
upon Thames, Surrey
KT1 2DN

Contact

Clive Mentzel, Scrutiny
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Chief Executive

Joanna Killian

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This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Clive Mentzel, Scrutiny Officer on 0208 5419 122.

Elected Members:

Mr Nick Harrison (Chairman), Mr Will Forster (Vice-Chairman), Mr Graham Knight (Vice-Chairman), Ms Ayesha Azad, Mr Chris Botten, Mr Mark Brett-Warburton, Mr Graham Ellwood, Mr Bob Gardner, Mr Naz Islam, Rachael I. Lake, Dr Peter Szanto and Mr Chris Townsend

TERMS OF REFERENCE

The Committee is responsible for the following areas:

- Finance
- Orbis Partnership Functions including Orbis Public Law
- HR&OD
- IT and Digital
- Business Ops
- Property
- Procurement
- Equalities and Diversity
- Internal/External Communications
- Legal and Democratic Services
- Coroner
- Customer Services

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive any apologies for absence and substitutions.

2 MINUTES OF THE PREVIOUS MEETING: 16 DECEMBER 2019

To agree the minutes of the meeting of the Resources and Performance Select Committee held on 16 December 2019 as a true and accurate record of proceedings.

Minutes to follow

3 DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter:

- I. Any disclosable pecuniary interests and / or
- II. Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

NOTES:

- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest
- As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

NOTES:

1. The deadline for Members' questions is 12:00pm four working days before the meeting (*20 January 2020*).
2. The deadline for public questions is seven days before the meeting (*17 January 2020*).
3. The deadline for petitions is 14 days before the meeting (*10 January 2020*).

5 SCRUTINY OF REVENUE AND CAPITAL BUDGET 2020/21

Purpose of report: To provide details of the budget for scrutiny prior to

(Pages 5
- 70)

Cabinet and Council meetings.

6 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME

Purpose of report: For the Select Committee to review the attached Recommendations Tracker and Forward Work Programme, making suggestions for additions or amendments as appropriate.

Report to follow

7 DATE OF THE NEXT MEETING

The next meeting of the Resources and Performance Select Committee will be held on 23 April 2020 in the Ashcombe Suite, County Hall at 10:00am.

**Joanna Killian
Chief Executive**

Published: Thursday, 9 January 2020

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**RESOURCES AND
PERFORMANCE SELECT
COMMITTEE
24/01/2020**



**SCRUTINY OF REVENUE AND CAPITAL
BUDGET 2020/21**

Purpose of report: Scrutiny of 2020/21 Draft Budget

Introduction:

1. Attached is the 2020/21 Draft Budget Report, setting the Council's plans for a balanced budget for 2020/21 and the financial strategy over the medium-term to 2024/25.
2. This report focusses primarily on Revenue income and expenditure. However, it does contain some information on proposed capital investment. The Final Budget Report to Cabinet on 28 January will include a full five-year Capital Programme.
3. In the main, this is a budget that contributes to the Council's delivery of financial stability and resilience. This is the second of a three-year turnaround programme. Last year halted the weakening of Reserves and this year builds on that taking more of a medium to long-term perspective. It supports the Council's plans for significant investment in capital spend in the community, and transformation to build effective and responsive front-line services for residents.
4. Included in the Draft Report is an explanation of the work to develop the budget; the national funding context and the Provisional Local Government Finance Settlement. This is the latest announcement by Central Government in December 2019 with respect to our funding for 2020/21. A number of assumptions have been proposed for the medium-term and will be validated and updated annually as new information emerges.
5. The Final Budget Report will also include the outcome of the Final Settlement which will confirm our funding from Central Government for 2020/21. We are not anticipating the Final Settlement to change from the Provisional one.
6. A comprehensive model of income and expenditure underpins the Draft Budget. This modelling supports the identification of efficiency plans (supported by transformation) taking into account Directorate pressures, as shown in the attached annex.

Context:

7. In contrast to the growing stability in the Council's internal financial position, the national landscape has been dominated by uncertainty. This has been caused (directly or indirectly) by the only recently broken impasse over Britain's departure from the EU over the last 12 months.
8. Widely expected announcements around reforms to Local Government funding, namely the Fair Funding Review, were unable to be progressed by Government. The on-going uncertainty also resulted in the anticipated three-year Comprehensive Spending Review being reduced to a one-year 'fast-tracked' Spending Round (SR'19). This meant that there was no multi-year Local Government Finance Settlement, which therefore made planning over the medium-term difficult and so we have had to make a number of assumptions about future years' funding.
9. SR'19 proved to be largely positive for the Council allowing the continuation of a series of grants and some new funding, confirmed by the Provisional Settlement. This additional funding coupled with efficiency proposals set in this report has allowed the Council to set a balanced budget, in an environment where demand for services continues to grow.

Budget Scrutiny:

10. Each Select Committee should review the attached Draft Budget, in the context of their individual Directorate(s), exploring significant issues and offering constructive challenge to the relevant Cabinet Members and Executive Directors.
11. Members should consider how the 2020/21 budget supports the Council in being financially stable whilst achieving Directorate priorities and the Council's Vision for 2030. The budget aims to balance a series of different priorities and risks, and between investment, efficiencies and increases in the rate of Council Tax. It is appropriate for the Committee to consider how successful the budget is in achieving this.

Conclusions:

12. The provisional Local Government Finance Settlement in December 2019 included additional funding for the Council. This, alongside efficiency/transformation proposals proposed in this report, will enable the delivery of a balanced budget in 2020/21.
13. This backdrop will create a base from which Council can deliver significant investment in the community over the next five years.

Recommendations:

14. That each Select Committee agrees a set of recommendations to the Cabinet, pertinent to their area, which will be included in the Final Budget Report to Cabinet in January 2020.

Next steps:

15. The recommendations resulting from Select Committee scrutiny process will be compiled and reported to the Cabinet meeting on 28 January 2020.

Report contact: Clive Mentzel, Scrutiny Officer, Democratic Services

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Annexes:

Annex A: 2020/21 Pressures and Efficiencies by Directorate

Annex B: Detail 2020/21 Revenue Budgets

Sources/background papers:

- [Provisional local government finance settlement: England, 2020 to 2021](#), 20 December 2019
- [Organisation Strategy 2020-25 and next phase of transformation](#), Report to Cabinet, 29 October 2019
- [A Community Vision for Surrey in 2030](#), Report to Council, 9 October 2018

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**RESOURCES AND PERFORMANCE
SELECT COMMITTEE
24 JANUARY 2020**



**2020/21 BUDGET REPORT AND MEDIUM-TERM FINANCIAL
STRATEGY**

SECTION 1 – EXECUTIVE SUMMARY

- 1.1 The Council's proposed budget for 20/21 should be seen in the context of the Finance Improvement Programme initiated by Cabinet in September 2018. It represents a further step on the road through financial recovery to financial sustainability.
- 1.2 This time last year, the budget set for 2019/20 was focused on achieving two important benchmarks: that it was realistic and achievable, and that it avoided the general use of Reserves to make it balance. This followed an in-year recovery plan implemented in 2018/19 that had avoided the planned use of Reserves during that year, and so ended a period whereby Reserves had fallen for three successive years.
- 1.3 The Budget for 2020/21 builds on this foundation and moves us closer towards the overall financial objective of sustainability. Significantly, this budget represents a shift from the defensive short-term outlook that has typified the Council's financial plans for several years, and replaces it with a proactive, investment led approach to delivering for Surrey residents and to achieving medium-term sustainability.
- 1.4 This shift is most evident in our revised Capital Programme and the ambition laid out within it. This increase in investment is not a reflection of any expectations that our medium-term funding perspective will be any easier, but instead a recognition that investment in the right infrastructure can help keep the ongoing costs of service delivery sustainable and within available resources, as well as delivering the transformational change set out in the Council's 2030 Vision.
- 1.5 The budget proposals are reflective of the following characteristics:
 - Are forward looking, sustainable and ambitious;
 - Are focussed on the medium-term not the short-term;
 - Stabilisation of our financial position;
 - Establishment of a solid and resilient financial base to meet future challenges; and
 - Investment in the Council's Organisational Priorities/Strategy.
- 1.6 For the first time in ten years, Central Government funding for the County Council has increased. Even though this increase is only

a very small step towards reinstating the level of resource provided back in 2010, it nonetheless represents an important and welcome recognition of some of the major funding pressures being faced by the County Council and much of Local Government.

- 1.7 The work that is underway to transform the way the Council operates, in conjunction with this more positive funding position, provides a platform for this different sort of budget. We have very little indication of what the funding landscape will look like beyond the coming financial year, but the proposals set out in this budget will allow us to face more positive or more negative outlooks from a position of relative strength.
- 1.8 The increased stability of next year's budget achieved in part through additional government funding, means we can deliver an ambitious capital programme of c£1.4bn over the next five years. The revenue implications of this proposed programme are integrated and factored into the financial planning over the Medium-Term Financial Strategy (MTFS) period.
- 1.9 This will ensure:
- A commitment to Surrey's future and that of its residents through significant investment in flood alleviation works. This will secure the homes of Surrey residents through a once in a generation opportunity to build flood defences to avoid the terrible impact we saw on people's lives in 2014. The scheme will also provide for new country parks and green space;
 - Significant investment in our towns and high streets of c£100m over the next five years;
 - Provision of fit for purpose accommodation options for our vulnerable older adults through new Extra Care Accommodation, where they can live independently for longer;
 - The creation of additional local Special Educational Needs & Disabilities (SEND) places;
 - Significant investment in our road infrastructure;
 - A substantial commitment to invest in Surrey's Greener Future; and
 - Acceleration of our Property Rationalisation Programme.
- 1.10 We want to invest in measures that help people lead more independent and fulfilling lives, harnessing the power and abilities that lie with families, communities and the latest digital technology. By setting an achievable but ambitious budget, we will have more capacity to focus on driving improvements in resident outcomes in addition to concentrating on balancing the budget.
- 1.11 The Draft Budget is being published in January 2020, due to the calling of a General Election in December 2019. This unavoidably means that the window for communicating and engaging with residents on the 2020/21 proposals is reduced. However, over the course of November and December 2019 the

Council published a survey to every resident around how the revenue budget is allocated over different services. This highlighted specific spend allocations of the 2019 budget and asked residents which budgets they would like to see reduced, maintained, or increased ahead of 2020/21. The survey closed on 20 December 2019, with 534 responses received from residents. Section 9 of this report exemplifies the results.

SECTION 2 – ORGANISATION STRATEGY 2020-2025 AND THE NEXT PHASE OF TRANSFORMATION

- 2.1 Surrey's Organisation Strategy, agreed by Cabinet in October 2018, defined how we would contribute to the 2030 Vision for the County. The external environment has been fast moving, very challenging and subject to much uncertainty: from Britain's departure from the EU to (the not unrelated) delays in Whitehall's announcement of financial reforms to Local Government funding such as the Fair Funding Review, coupled with increasing expectations and requirements of our residents. We strive as a Council to be increasingly adaptable and flexible, supported by a workforce which is responsive and agile.
- 2.2 The accompanying Financial Strategy 2019 – 2024 sets out how we would direct our financial resources to deliver against the Organisation Strategy and the 2030 Vision. A refreshed Organisation Strategy has been produced to take account of the new landscape and to address emerging challenges and opportunities, which includes our prevailing thinking for the Council's next phase of transformation to support its delivery. The report was presented and agreed by Cabinet on 29th October 2019.
- 2.3 This Budget Report sets the financial framework within which the Council's refreshed Organisation Strategy and the next phase of transformation will be delivered.
- 2.4 Over the last 12 months we have made significant strides towards improving the quality of our performance to secure better outcomes for our residents, supported by robust finances. Whilst we have come a long way, we still have much more to do to achieve the financial resilience and the financial sustainability that we have targeted.
- 2.5 This underlying context has been pivotal to informing our refreshed Organisation Strategy with a number of the core elements unchanged which emphasise:
 - **Tackling Inequality** - Working with residents in every area of Surrey to identify and address causes of inequality especially in life expectancy;
 - **Supporting Independence** – Helping residents help themselves and each other;
 - **More Joined up Health and Social Care** – Integrating health and Council services so they're more effective, efficient and seamless for residents;

- **Creating a Greener Future** – Tackling the causes of climate change and become a carbon neutral County as soon as possible;
 - **Embracing Surrey's Diversity** – Recognising the benefits of a diverse workforce and population to ensure Surrey is a place full of opportunity for everyone;
 - **Partnership** – Working with residents, businesses, partners and communities to collectively meet challenges and grasp opportunities;
 - **Supporting the Local Economy** – Investing in the infrastructure Surrey needs to build a strong and resilient economy; and
 - **Digital Revolution** – Making the most of new technology to innovate and improve services, and the way we work, to help Surrey and residents thrive.
- 2.6 The strategy outlines how we aim to deliver our ambitious agenda and sets a course for the next phase of our transformation journey, whilst ensuring financial sustainability.
- 2.7 Over the last year we have made further progress in delivering the ambitious transformation programme formally launched in November 2018. New approaches have now been applied in key service areas and we are seeing the positive impact this can have for residents.
- 2.8 A range of existing projects and programmes will continue from the current transformation phase so that we deliver the planned efficiencies for 2020/21, transitioning to the next phase by January 2020. A refreshed Transformation Programme will be presented to Cabinet alongside these budget proposals in January 2020. This will build upon progress and achievement to date and be the vehicle for delivering the enhanced level of ambition we hold for the future. We continue to make significant investment in our transformation programme over the medium-term, which is outlined in the financial strategy section of this report.
- 2.9 The refreshed programme will be reviewed by Cabinet and Council alongside the MTFS in January and February 2020, which will include the proposed investment required to deliver the programme.
- 2.10 The section below sets out the individual Service Strategies which support the Organisation Strategy and efficiency plans for Directorates.

SECTION 3 – SERVICE STRATEGIES 2020-2025

- 3.1 Services are at the heart of Surrey's Organisation Strategy and Transformation Plan. Strategies for each of the main Service areas are summarised below, setting out their approach to delivering the best outcomes for residents whilst living within their budget envelopes.

CHILDRENS, FAMILY RESILIENCE LIFELONG LEARNING & CULTURE (CFLC)

3.2 Transforming Children's Services

3.3 The Council, with its partners, is going through a process of major change in response to two consecutive Ofsted ratings of 'Inadequate' and the organisation's own acknowledgement that improving outcomes for our most vulnerable children had not been effective in the past. Services for children and families are being transformed at pace with a much-needed focus on quality and consistency of practice.

3.4 The first stage of the improvement programme concluded in April 2019.

- We have now completed a top to bottom reorganisation of our structure with the new model for all services in place from April 2019;
- The implementation of new front door arrangements and our Single Point of Access means we can ensure the Council has preventative and early help services in place to assist at the earliest possible moment in a child's life;
- We have implemented the Family Safeguarding Model first pioneered in Hertfordshire. Family Safeguarding will improve the quality of work we do with families, and outcomes for children and parents. To support this approach, the NE Quadrant have relocated to Walton in order to be closer to the community they serve ;
- The new Quality Assurance division has enabled us to know ourselves and our practice and support operational services better than ever before;
- The launch of Surrey Children's Services Academy (SCSA) in January 2019 provides a learning & development offer for staff across the partnership - it is an offer that complements and enhances partnership working and means we can drive up and maintain professional standards;
- We made a commitment to strengthen our relationship with foster carers, adopters and other carers. Over the past year we have significantly increased our recruitment of foster carers and we are implementing the Mockingbird model to improve the stability of placements;
- This year we are transitioning to the new Safeguarding Partnership arrangements in Surrey, with our intentions published to the DfE in June 2019 and in place from September 2019. The new arrangements are designed to ensure strong and effective partnership working in child protection and safeguarding practice across the county and to promote the continuous improvement of these services; and
- Increased capital investment is also taking place in Looked After Children (LAC) through Community Children's Homes, developing specialist children's placements for children with complex needs, contact family centres and Care Leaver

accommodations which will support the delivery of this transformation.

3.5 Special Education Needs and/or Disabilities (SEND) Transformation

- In March 2019, Ofsted and the Care Quality Commission carried out a joint review of Surrey's progress in addressing weaknesses that were highlighted in a previous inspection in 2016;
- The inspectors judged that the local area had made sufficient progress in four out of five areas of weakness, but that there was more to do. The partnership of County Council, Clinical Commissioning Groups (CCGs), educational settings and alternates to education provision are working together with families, to transform services for children needing support, to help them reach their potential and lead more independent lives;
- In addition, the financial demands on the High Needs Block (HNB), which funds the majority of revenue aspects for SEND, have increased rapidly resulting in a forecast £30m overspend in 19/20. In order to mitigate the risk associated with this the Council is offsetting a £30m reserve contribution out of its own resources. The ambition of the transformation programme is to bring this annual contribution down initially to a neutral position, before beginning to pay back the deficit. For 20/21 there are £5.1m of efficiencies associated with this programme to bring the annual position down to a £24m overspend;
- As part of the SEND transformation plan, approved by cabinet on 29 January 2019 a recommendation was made to provide more specialist school places in Surrey– with specialist provision in mainstream schools and in special schools – so that children with SEND could be placed closer to home;
- This will reduce travel time and enable children with SEND to be more a part of their local community, and, crucially, help to increase their progress, attainment and outcomes. At present, there are insufficient places in mainstream (resourced places) and special schools in Surrey. This means the Council is reliant on non-maintained independent schools (NMIs) to meet the demand. On average, these schools are much more expensive, not local to the child's home, and rarely more effective than state-funded schools. Surrey currently has approximately 12 per cent of pupils with education, health and care plans (EHCPs) in NMIs. This is nearly double that of English Local Authorities (LAs), which have approximately six per cent of pupils with EHCPs in such provision, leading to significantly higher costs in the HNB. Accordingly, officers have drafted a ten-year place planning strategy, the aim of which is to provide a greatly improved environment for children with the highest level of specialist needs and increase their outcomes through more newly-built or

refurbished state-funded, local provision. This strategy is in two parts:

- A four-year plan, which is intended to provide an extra 883 specialist places, including 77 'bulge' places (providing temporary capacity for exceptional intakes), over that period. Each of these types of place provision will be reported to cabinet where appropriate as they are identified and require approval; and
- A broader 10-year plan, which is less specific and will be developed depending on whether improved practice reduces the need for specialist provision compared with current forecasts through more places within mainstream schools, but which currently projects the need for 1,693 additional specialist places in the period.
- The four-year plan is represented within the Capital strategy with a budget of £30.9m from 2019/20 to 2022/23.
- Developing and maintaining the right Surrey specialist provision is vital in ensuring appropriate placements for the Surrey young people who require a specialist SEND placement. The proposed place-planning strategy will ensure a significant number of additional extra specialist places are provided which offer good value for money. This strategy is needed to make sure that activities in this area are coordinated and that there are a clear set of principles on which work will be based. This strategy will be reviewed on an annual basis.

3.6 Health Integration

- Changes have been made to Integrated Children's Commissioning that will strengthen the way we integrate, deliver and continue to develop our Integrated Care System (ICS) to improve outcomes for our residents. It aims to drive forward and support agile decision making and effective use of resources, with a key focus on self-care, prevention, early intervention and building resilience.

3.7 Way Forward

- Surrey County Council has made significant progress on its county wide transformation programme in the last 12 months. In order to continue this progress and deliver the efficiencies within the 20/21 budget and beyond these changes needed to be embedded.
- In order to do this, we are working in collaboration with both internal and external partners to ensure transformation programmes are deliverable and effective.

PUBLIC HEALTH

- 3.8 Surrey County Council's Public Health (PH) service aims to improve and protect the health of people living and working in Surrey. It aims to achieve this by:

- Providing expert PH information and advice to ensure SCC's decision-making is evidence based and cognisant of all relevant PH implications;
 - Supporting people to make positive changes to improve their health and wellbeing throughout their life; and
 - Protecting Surrey residents from communicable diseases and environmental hazards.
- 3.9 The PH service commissions a range of services centred on key Council and PH priorities including:
- Healthy lifestyle services including stop smoking, weight management and mental health;
 - 0-19 services including health visitors and school nurses;
 - Substance misuse services relating to drugs and alcohol;
 - Sexual health services including contraception and genitourinary medicine (GUM); and
 - NHS health checks.
- 3.10 Since transferring to SCC in 2013/14, Surrey's PH service has had to operate in a very challenging financial environment. There have been three main financial challenges:
- Firstly, Surrey's initial PH funding was very low. This is because PH allocations to Local Authorities nationally were based on the how much Primary Care Trusts, the predecessors to Clinical Commissioning Groups, had spent on PH services in the years prior to the transfer of commissioning responsibilities rather than the government's own calculation of what each area should spend on PH services. Despite consistent lobbying the government has failed to address this. Surrey's 2019/20 PH grant equated to £29 per head of population (the lowest per head allocation in the country) compared to an England average of £56 per head;
 - Secondly, the government has implemented a series of cuts to PH grant funding in recent years. When grant funding in 2013/14 is rebased to take account of additional responsibilities that have transferred to Local Authorities since the initial commissioning transfer, Surrey's PH grant in 2019/20 is 9% lower than the initial very low grant provided in 2013/14; and
 - Thirdly, like all Council provided services, Surrey's PH service has been impacted by the reductions to broader Central Government funding that SCC has had to manage in recent years. An increasing proportion of the PH grant has been allocated to services delivered or commissioned by other parts of SCC that contribute to meeting PH outcomes. This

has required PH to make reductions to services it directly commissions.

- 3.11 The combination of the above factors has meant Surrey's PH service has had to find efficiencies of £9m on the services it directly commissions equivalent to 23% of the PH grant funding that transferred in 2013/14.
- 3.12 PH's key priorities for 2020/21 and beyond are:
- An increase in provision of preventative services and approaches that are delivered through both public health and other local partners;
 - A clear shared understanding of where inequalities exist and how they are being effectively addressed based on evidence and local intelligence;
 - Greater coordination and recognition of work on the wider determinants of health across organisations in order to review and increase impact; and
 - Greater joint commissioning within Surrey, enabling more collaboration between services and an improved experience of preventative services.
- 3.13 Delivering these priorities will directly contribute towards achieving SCC's Organisational Strategy, particularly in relation to core elements of tackling inequality, supporting independence, more joined up health and social care, partnership and supporting the local economy.
- 3.14 The financial outlook for PH is very uncertain at present. As a significant proportion of the ring-fenced PH grant is allocated to fund services that contribute to delivering PH outcomes delivered by other parts of SCC (£5.4m in 2020/21), PH is only required to deliver additional efficiencies of £0.3m (1%) in 2020/21 to offset its own direct service pressures. These efficiencies are required to offset pay inflation and sexual health service demand pressures. The PH service has adopted a prioritisation tool to ensure robust allocation of the public health grant ensuring maximum health gain. The PH service has also conducted a Chartered Institute of Professional Financial and Accountancy (CIPFA) and Association of Project Managers accredited 'value for money' review of the public health commissioned services. This is an assessment of current activities and future service options based on the recognised value for money criteria of: economy, efficiency and effectiveness, stakeholder value and strategic value (comprising a consideration of strategic alignment and contribution).
- 3.15 The government announced there would be a "real terms increase" in PH funding in the 2019 Spending Review, but SCC is yet to receive precise details of what this means. Based on the government's announcement we estimate this could equate to around an extra £0.65m. However, Public Health England has also indicated that this could come with new responsibilities. Use of any increase to funding will be reviewed once the 2020/21

grant and any requirements associated with increased funding have been confirmed.

- 3.16 In 2021/22 the PH grant is set to become un-ring fenced as part of the government's planned implementation of a new funding system for Local Authorities following the Fair Funding Review (FFR). However, given the current political uncertainty it is very hard to say with any confidence whether this will happen.
- 3.17 Any further reduction in PH spend in Surrey could have very serious long-term impacts for Surrey residents, especially considering how much of an outlier Surrey already is in terms of low PH spending. Therefore, any future changes to Surrey's PH spending once the national funding is clearer will require very careful consideration, prioritisation and evidence-based decision making. This will have to be an area which the Council will lobby for a better deal for Surrey residents when contributing to any discussions around the FFR.

ADULT SOCIAL CARE (ASC)

- 3.18 In 2018 Adult Social Care embarked on an ambitious transformation programme. At its heart is the implementation of a new 'strength-based' framework that focuses on people's strengths to enhance and maintain their independence. This programme is designed to improve outcomes, invest in prevention and shift the delivery of care to away from traditional institutionalised forms of care to services based in the community. This will enable SCC to manage demand for ASC more efficiently and effectively and reduce expenditure on care provision to make a substantial contribute towards putting SCC in a more financially sustainable position.
- 3.19 ASC's vision is "To promote people's independence and wellbeing, through personalised care and support that focuses upon their strengths, the outcomes they want to achieve and enables choice and control".
- 3.20 Delivering this vision will mean people:
- Have access to information, advice and support in the community to help themselves and each other;
 - Build upon their strengths, with the same hopes and aspirations as everyone to work and to live independently;
 - Are supported to regain their skills and confidence after an illness or injury, so they can do things for themselves and stay independent; and
 - Feel safe and experience health, social care and community partners working together to meet their needs.

- 3.21 Delivering this vision will mean staff:
- Work in a culture of optimism, with the skills to focus on the strengths people have to help themselves;
 - Offer a consistent and good quality service where it is needed most, within the financial and other resources available to the Council;
 - Have the technology they need, are innovative and work with partners to secure better outcomes for people; and
 - Focus upon prevention work to help people sustain their health, independence and wellbeing.
- 3.22 The early implementation of ASC's transformation programme and new practice framework enabled total net expenditure for ASC in 2018/19 to be held at broadly the same level as 2017/18. Unsustainable levels of growth in expenditure that had been originally budgeted for 2018/19 were avoided and a £25m underspend against the budget was instead achieved. This was an important first step on the road towards greater financial sustainability.
- 3.23 The budget planned for ASC in the current MTFS essentially requires ASC to hold total net expenditure flat in real terms in 2019/20 and 2020/21, with reductions in budget resources potentially necessary in the years after depending of course on what happens at a national level. This will be challenging in the context of demand and inflationary pressures. There is no doubt that ASC will have to manage increased demand related to young people transitioning from Children, Families, Learning & Culture services – this is estimated to be £5m. There are also demand pressures in other care groups, which it is assumed will be mitigated through delivery of the service's transformation plans, although this is a risk. The pressure on care budgets, home adaptations and equipment is increased because of the need to facilitate hospital discharges as patient numbers rise. Price inflation is set at 2% although the inflationary costs facing care providers are often in excess of CPI. Essentially the Council's budget strategy requires ASC to make efficiencies to offset these very substantial pressures.
- 3.24 On the other hand, Surrey is comparatively a high spender on ASC. For instance, Surrey's total net expenditure on ASC in 2017/18 would have been £81m lower if it had been at the median for comparator authorities. Even if Surrey's spend had only been at the level of its nearest statistical neighbour, Hertfordshire, expenditure in 2017/18 would have been £35m lower. Whilst there are some specific local factors that account for this, it is reasonable to expect that successful implementation of ASC's Transformation Programme should help to bring Surrey more in line with its comparators.
- 3.25 In order to achieve ASC's budget strategy, the primary focus has to be on reducing expenditure on care packages to support people's eligible social care needs. 90% of ASC's gross expenditure is spent on supporting people and their carers.

Although total expenditure on ASC was held in 2018/19 and the latest prognosis suggests it can be held again in 2019/20, expenditure on care packages has still increased since 2017/18. This trend needs to reverse if ASC is to achieve its forward budget plans.

3.26 There are only four ways to reduce spend on ASC care packages:

- Reduce the number of service users;
- Reduce average levels of care;
- Reduce the cost of care; and
- Change the model of care.

3.27 ASC's transformation programme will reduce spend on care packages through a combination of the above means. This will be achieved through a range of measures including:

- Continuing to embed the new strength-based approach to social work practice;
- Investing in prevention including developing a new Technology Enabled Care service offer and repositioning ASC's Reablement service;
- Streamlining ASC's front door and improved signposting to better channel and reduce demand for services funded by SCC;
- Developing a new and enhanced ASC Commissioning function along with a new Brokerage function to collectively lead market relationships;
- Creating a new Learning Disability (LD) Countywide service aligned with ASC's Transition service to improve the care pathway from Children, Schools, Families and Culture services. This will focus on reducing reliance on institutional forms of care as well as reviewing all existing LD packages to identify opportunities where the same or better outcomes could be delivered more efficiently;
- Maximising the benefits of the positive relationships already established and collaboration underway with local health partners;
- Supporting people with LD/autism to move from residential care to independent living;
- Replacing traditional forms of support such as institutionalised day care and associated transport costs with a focus on helping people into employment and ensuring all care services are delivering clear outcomes to enhance people's independence;
- Expanding affordable extra care provision for Older People; and

- Taking back control over ASC Mental Health services and embedding strength-based practice.
- 3.28 Delivery of ASC's Transformation Programme will involve the Council committing significant capital resources, both in terms of use of Council owned land that could potentially otherwise be sold or used for alternative and direct capital expenditure.
- 3.29 The area where capital investment is most certain is the development of additional affordable extra care housing for Older People. Cabinet recently approved the first phase of new schemes that are estimated to deliver around 165 affordable units. This will involve the Council leasing land with a combined market value of £5.5m to housing developers at peppercorn rent in return for these developers building new extra care schemes on the sites. The Council may also need to contribute up to £1.8m towards the development costs. The ambition is to develop 725 additional affordable extra care units for Older People. If the same delivery model were to be adopted for future sites to reach this ambition, then it is estimated that this could involve investment of land and capital expenditure in excess of £45m. An indicative figure has been included in the capital programme pipeline representing this ambition.
- 3.30 Plans to expand independent living accommodation for people with LD or Autism could also have capital implications, although much of the new accommodation is currently expected to be developed by housing and care providers with limited need for use of SCC owned land or capital investment.
- 3.31 There will also be a need for continued capital investment in the care homes operated in-house by ASC and consideration of the long-term future of these sites which could have significant capital implications.
- 3.32 These measures will directly contribute towards achieving SCC's Organisation Strategy, particularly in relation to core elements such as supporting independence, more joined up health and social care, partnership, supporting the local economy and embracing the digital revolution. They should also help ASC to achieve the immediate efficiencies required to deliver the 2019/20 and 2020/21 budgets and lay the foundations for a more secure financial future in the medium-term.
- 3.33 It is recognised though that changes will not be welcomed, initially at least, by all. Some of ASC's important stakeholders including service users, care providers and NHS partners may challenge aspects of ASC's planned transformational changes. It will be important to remain cognisant of these challenges and respond to them in a considered manner. There is no question though that significant change does need to take place if the spending on ASC is to be kept within what the Council can afford.
- 3.34 At the same time, it is important to be clear that it will not be possible to offset all demand and pricing pressures indefinitely in the medium-term without potentially more serious societal impacts, or risk of being in breach of our statutory obligations. To avoid those negative impacts Surrey, like all Local Authorities, is

reliant on the government to safeguard social care in the long term by finally implementing the fundamental changes and investment to the social care system in England that have been promised for so long.

ENVIRONMENT, TRANSPORTATION AND INFRASTRUCTURE (ETI)

- 3.35 The wider ETI budget envelope is comprised of Environment, Transport & Infrastructure and Community Protection.

3.36 Environment, Transport & Infrastructure

- 3.37 The 2020/21 ETI budget envelope reflects a number of factors including growth in respect of inflation and adjustments for efficiencies which are either one-off in 2019/20 or were not progressed as initially expected, including changes to transport budgets and to community recycling centres which the County Council decided not to progress. The Directorate will seek to manage other pressures within existing budgets, including drawing on Transformation and Feasibility funding, or through identifying additional efficiencies. Pressures being managed include replacing one-off or undelivered efficiencies in 2019/20 with sustainable efficiencies.
- 3.38 Corporate funding in the Council's budget will be accessed to support the feasibility development of major infrastructure and other transformational activity such as proposals relating to electric vehicles, 5G technology and solar panels. The availability of this additional funding in 2020/21 will enable better designed schemes, acceleration of delivery, and support the creation of bid winning proposals for accessing external funding.
- 3.39 The budget envelope also reflects efficiencies arising from the Council's environmental priorities (e.g. incentivising waste minimisation and recycling, encouraging sustainable transport choices through highway enforcement).
- 3.40 ETI is a new department following the Directorate-wide review which identified the need to ensure the right capacity is in place to drive forward the Council's ambitious place agenda, as part of the Organisation Strategy. In order to become a proactive place-maker, changes are being made to the focus and delivery of the whole department, ensuring that the Council is able not only to get the basics right, but also is able to prepare for the future and ensure Surrey is able to benefit.
- 3.41 The Council is proposing a significant capital investment programme for the County – this will include investing in our Greener Futures which includes rethinking transport and supporting lower emissions, opening up our countryside, moving towards renewable energy and supporting our economy. To do this, the department is refreshing its shape, enhancing and refocusing its transformation portfolio and ensuring the right capacity is in place to deliver what is needed. Key areas of work will be major infrastructure projects, including, but not limited to the River Thames and wider Surrey Flood Alleviation Programme, the retendering of the Highways Contract, working to reduce the

costs of waste management and better management of the highways network including increased capital investment in maintaining and improving highway assets.

- 3.42 New, emergent work is taking place in partnership with others related to the Council's commitment to the way we manage the Countryside, our Greener Futures ambitions and re-thinking transport, allowing the Council to investigate and develop plans which enable us to exploit the opportunities that new technology presents whilst building the resilience of the County as a whole. We are starting to implement better and more sophisticated ways to support people to change behaviour to reduce cost, for example by reducing overall levels of waste and to reduce contamination in recycling. The ETI capital programme supports these objectives through additional investment in highway infrastructure, where capital investment will reduce ongoing costs through upstream prevention, flood alleviation and public rights of way, as well as investment in renewable energy such as solar power and low emission vehicles.
- 3.43 There continues to be emphasis on ensuring an understanding and addressing those areas of cost or income which are outliers when benchmarked and taking action to address them and seeking ways to ensure we are both efficient and prudent in the decisions we take. We continue to seek opportunities to review and test the levels of service that we provide, exploring where appropriate different delivery models; looking to work closely with local people to ensure we deliver the best possible outcomes within our budget envelope. We continue to build partnership and collaborate with others across the County to maximise the impact that we can have and seek to ensure we maximise the income streams that we have, through both innovation, such as using the street lighting to support 5G roll out and robustly benchmarking our fees and charges while strengthening our approach to enforcement.
- 3.44 Community Protection Group**
- 3.45 Brought together recently, the Community Protection Group includes Surrey Fire & Rescue Service, Trading Standards, Emergency Management, Health & Safety, Military Covenant and Resilience. At its core, this group is positioned to work together to deliver against the Council's 2020-2025 Corporate Strategy and the 2030 Community Vision.
- 3.46 Partnership working will be core to the success of the group. This partnership approach needs to start within Surrey County Council, with Adults and Children's services, to help prioritising where we want to help our most vulnerable residents.
- 3.47 External partnerships with the boroughs and districts will also be key around protecting people, places and premises. Particularly to enable better working with businesses to support the Surrey economy.
- 3.48 Through the current transformation programmes and the improved coordination of services within the Community Protection Group we will be in a perfect position to improve

Making Surrey Safer – Our Plan 2020-2023, which was approved by the Council in September 2019 following extensive consultation, sets out how we will deliver our prevention, protection and response activities and find better ways of working with partners, residents and businesses. The plan allows for a stronger focus on prevention and protection activities to meet the risk profile of Surrey, while continuing to provide a strong, effective, and in future more efficient response to incidents. Investment in prevention and protection will include an increase in revenue expenditure of c.£2m over the next two years, supported by capital investment of £1.9m over the next five years (part of an overall capital programme of £15m for Fire vehicles and equipment). Efficiencies will be made through collaborating with partners, income generation, and modernising the wider service. Overall, across revenue and capital, the budget will increase by c£1.6m between 2019/20 and 2020/21.

- 3.49 Through the current transformation programmes and the improved coordination of services within the Community Protection Group we will be in a perfect position to improve:
- The safety of vulnerable adults and children in their homes;
 - Information and assistance available to the public around protecting themselves from risk, such as fire and rogue traders. Also, enabling people to be more resilient in order to help residents help themselves and others in their communities; and
 - Working with businesses around enabling greater understanding of risk, such as Health & Safety, and the impact that incidents and accidents can have on their operation.

TRANSFORMATION, PARTNERSHIPS AND PROSPERITY (TPP)

- 3.50 The Directorate provides services, resources and activities that are vital to drive forward, enable and support the Council to achieve the Community Vision for Surrey 2030 and Organisational Strategy and deliver an ambitious and forward-looking transformation programme that will result in better outcomes for Surrey residents, ever more cost-effectively.
- 3.51 Good progress has been made in delivering the transformation programme that was agreed by Council in November 2018, over the last year. This has assisted in stabilising the organisation, supporting the identification of significant efficiencies and started to fundamentally reform the way we deliver services to residents.
- 3.52 To continue this journey, the TPP Directorate requires effective and adequate resourcing for the following:
- Prompting and supporting change across the Council to improve services and outcomes from residents and realise efficiencies for the Council.

- Communicating and engaging with our residents and staff, to ensure awareness and understanding of the Council's priorities, ambitions and activities.
 - Building and sustaining relationships and working with partner agencies, organisations and bodies across and beyond Surrey to better align our activities to the benefit of Surrey residents.
 - Collating, analysis and using data and information to provide valuable intelligence to support policies and strategies that drive better outcomes and service improvements for Surrey residents.
 - Creating and sustaining an organisational culture and team of staff that are led and supported to deliver their best for the residents of Surrey.
 - Working with a range of partners promote economic growth in Surrey through supporting investment in infrastructure, marketing Surrey as a place to do business and supporting the development of a skilled workforce.
- 3.53 In addition to enabling significant efficiency proposals in other Directorates, the TPP Directorate is re-aligning resources to support the refreshed transformation programme, the Organisational Strategy and Our People strategy. We recognise that we need to invest further in the capacity and capabilities relating to innovation, digital and business intelligence/analytics.
- 3.54 This, coupled with significant restructures over the last year of both our HR&OD and Communications services, should stand the Directorate in a good position to support the Council in achieving its ambitions and far reaching transformation agenda.

RESOURCES

- 3.55 The Resources Directorate provides vital support services to the organisation. As the Council continues to drive forward its ambitious transformation programme to improve the services we provide to residents and its commitment to the Community Vision for Surrey 2030, we are focused on ensuring that our corporate support and enabling services are of the highest calibre.
- 3.56 As the Council looks to focus more on enabling and facilitating working with our partners, we see ourselves as key drivers of achieving the required cultural change by role modelling change in the way we support and work with colleagues internally. The Resources Directorate is therefore focused on embedding changes and adopting a Business Partnering Approach, to ensure that we work effectively across the organisation as trusted and insightful partners. As business partners we will prioritise the value for money and effectiveness of the services we offer and the impact and benefits we can bring in supporting other Directorates to deliver service priorities, realise financial and non-financial benefits and improve outcomes for residents.

- 3.57 In order to achieve this aspiration, the Resources Directorate has undertaken a significant amount of self-reflection, review and restructuring, specifically:
- **A review of the Orbis Partnership** was undertaken to ensure that it can respond dynamically to the changing context and demands of its partner Councils. The recommendations included a renewed focus on an agreed set of core services, and a medium-term commitment to the future of the Partnership from all partner Councils;
 - **Implementation and embedding of the Finance Improvement Programme**, including a whole service restructure, process review, development and launch of the Finance Academy, embedding the Business Partnership approach including the co-design of a partnership agreement. The Finance Improvement Programme is due to conclude next year, and a report will be issued from the External Assurance Panel;
 - The Property function is being resourced to meet the longstanding ambition to **utilise our estate to drive a real change in service delivery and to generate value**; and
 - In the Procurement Service, a new operating model and review of policies has led to changes in financial thresholds, which will particularly benefit local small or medium sized enterprises and voluntary sector organisations by **increasing opportunities and reducing the bureaucracy for doing business with the Council**. The introduction of the Annual Procurement Forward Plan will provide a platform for early sight of key strategic procurements, with better planning and decision making.
- 3.58 In financial terms, the ambition is to stabilise the Directorate and ensure the sustainability of services. Despite this, efficiencies have been identified to offset the shortfall inherited from the previous year and a material amount of unachieved efficiencies which needed to be offset. Longer term efficiencies will come from changes in culture and working practices, enabling more efficient delivery of services while optimising our impact and generating better working relationships and outcomes within the services we support.
- 3.59 The implementation of a replacement for our main line of business IT systems (currently SAP) will help drive more streamlined and automated processes in the medium-term.

SECTION 4 – FINANCIAL STRATEGY 2020/21

4.1 National Funding Context

- 4.2 In contrast to the growing stability in our internal financial management arrangements, reflected in positive financial outcomes during 2018/19 and so far, this year, the national landscape has been dominated by uncertainty. This has been

predominantly caused (directly or indirectly) by the general political uncertainty that has prevailed at a national level over the last twelve months.

- 4.3 The Ministry of Housing, Communities and Local Government (MHCLG) has been unable to progress the promised review of Local Government funding distribution (the Fair Funding Review), which would ideally be accompanied by a multi-year funding settlement to allow the impact to be implemented over a number of years. With the fall of the timetable to deliver a Comprehensive Spending Review, any chance of a remodelled Local Government finance system, and clarity over the medium-term funding outlook, went with it.
- 4.4 It is therefore appreciated that MHCLG has gone as far as has been possible to set out a financial plan for 2020/21 at least, and which features some recognition of the financial pressures being faced by Local Authorities across the country. Whilst it does not come close to starting to undo the impacts of the previous decade long period of austerity, and its one-year time limits the impact it can have, the fact that overall resources are increasing rather than falling next year is to be welcomed.
- 4.5 Reflecting on what has changed since we launched the MTFS process in April this year. Our working assumption was that the plans outlined by MHCLG in the Technical Consultation following the Spending Round would be implemented and this was confirmed in the Provisional Local Government Finance Settlement (LGPS) in December 2019. The new government has not reduced the available resources at such short notice, and will now fund proposals for Winter Pressures Grant, Social Care Grant, Improved Better Care Fund and the additional Social Care funding.
- 4.6 **Spending Round 2019 (September 2019)**
- 4.7 This financial year is the final year of the current Spending Review period. At the Spring Statement in March 2019 the then Chancellor of the Exchequer, Philip Hammond, indicated there would be a full three-year Spending Review before summer recess, assuming a Brexit deal was agreed by the end that month, with funding earmarked for the event of a no-deal Brexit being made available for redistribution if a deal was secured.
- 4.8 Due to the uncertainty of when to exit the EU, the anticipated three-year Spending Review was reduced to a one-year 'fast tracked' Spending Round to enable plans for the prorogation of Parliament in advance of the Queen's Speech. Spending Round 2019 (SR2019) included more money for the sector overall. The announcement included £3.5bn of funding for Local Authorities, some of which was to be raised locally. This was made up of the continuation of some existing 'temporary' grants and new funding, the most significant of which is £1.5bn for Social Care comprised of £1bn Social Care Grant and the power to raise £0.5bn via the Adult Social Care Precept. The Council also expected to benefit from increased funding from the Department for Education (DfE) through a share of £780m for Children with SEND in 2020/21.

- 4.9 In total, SR2019 indicated a further c£36m of funding for SCC.
- 4.10 At the State Opening of Parliament in December 2019, as part of the Queen's Speech, it was announced that the additional £1bn Social Care Grant would be provided in every year of this Parliament, a policy which will presumably be reflected in the government's future fiscal plans.
- 4.11 2020/21 Provisional Settlement (December 2019)**
- 4.12 In April when we launched the MTFS process, we understood that MHCLG's intention was to announce the provisional LGFS as early as November. The Technical Consultation issued in October 2019 was later than usual, and the expectation was that the announcement would be pushed back to early December. As it transpired, the Provisional Settlement was announced on 20 December, further delayed as a result of the General Election.
- 4.13 The Provisional Settlement was on the whole positive for the Council, although the continued placing of an undue burden on local tax payers for the national problems in social care continues to be of concern.
- 4.14 Of the funding announced as part of SR2019, subject to the Final Settlement confirmation, the provisional announcement confirmed that the Authority will receive c£14.2m of the new Social Care Grant and yield around £14.6m from the 2% Adult Social Care Precept if the Council chose to levy it. In addition, the Council will continue to receive c£6.8m of the rolled forward Adult Social Care Support grant and the New Homes Bonus Scheme will continue for an additional year in 2020/21. This is set out in Table 1 below.
- 4.15 The Provisional Settlement also confirmed MHCLG's intention to 'roll-forward' the Settlement Funding Assessment (SFA), which includes increasing Baseline Funding (Business Rates) by 1.6% and eliminating negative Revenue Support Grant for another year.

Table 1 - Changes in Settlement Grants 2019/20 to 2020/21

Settlement Specific Grants	2019/20 £m	Change £m	2020/21 £m
Compensation for Business Rates Multiplier Changes	3.7	0.9	4.6
Improved Better Care Fund (including Winter Pressures Grant)*	11.1	0.0	11.1
New Homes Bonus**	2.7	-0.2	2.5
Social Care Support Grant (SR 2019 £14.2m plus Autumn Budget 2018 £6.8m)	6.8	14.2	21.0
Total Settlement Specific Grants	24.3	14.9	39.2

* Held in ASC

** £0.180m to ETI and £0.320m to CIE

4.16 Other Grants

- 4.17 There are a number of other grants, which do not form part of those associated with the Settlement but are announced at the same time. The government announced that the Independent Living Fund (ILF) arrangements, originally scheduled to end in March 2020, will continue to be paid to Local Authorities in 2020/21. The ILF was administered by The Department for Work and Pensions (DWP) until it was devolved to Local Authorities in June 2015. Local Authorities were then expected to meet all former ILF user's eligible needs. The announcement means the continuation of £1.6m for the Council. Table 2 sets out the summary of other grants.
- 4.18 The budget also includes the continuation of the following:
- **Private Finance Initiative** – credits relating to the Eco Park and Street Lighting contracts;
 - **Dedicated Schools Grant - Corporate Allocation** - to support services provided by central departments, includes a reduction as assumed when developing the budget gap; and
 - **Business Rates – Section 31 Grants** – reliefs and grants paid outside of the Settlement, with no change to budget assumptions.

Table 2 - Changes in Other Grants 2019/20 to 2020/21

Other Grants	2019/20 £m	Change £m	2020/21 £m
Independent Living Fund*	1.8	-0.2	1.6
Business Rates - Section 31 Grants	3.1	1.4	4.5
Dedicated School Grant - Corporate Allocation	8.7	-5.6	3.2
Private Financing Initiative	16.7	0.0	16.7
Public Health Grant	35.6	0.6	36.3
Grants assumed to cease**	2.3	-2.3	0.0
Total Grants	68.2	-6.0	62.2

* 2020/21 amount to be held in ASC

** Grants assumed to cease are Levy Account Surplus, Community Voices, Staying put

4.19 Council Tax

- 4.20 Council Tax is the key source of income for the Council. The amount generated yearly is principally determined by the Council Tax Base (the number residential properties adjusted for exemptions and discounts), the rate of charge per property and the rate of collection.
- 4.21 The Council has seen a year-on-year increase in the number of new homes in the County over the last few years and the current assumption is that there will be a growth in the Council Tax Base of 0.5% between 2019/20 and 2020/21.
- 4.22 In an attempt to reduce the number of empty properties throughout the County, the Council is proposing to reallocate

increased funding that directly results from changes in Empty Homes policies. Under this commitment the Boroughs and Districts will receive reallocated funding if agreed conditions are met. The assumed 0.5% increase in tax base that is built into the Council's budget for 2020/21 is net of this arrangement. The details of the arrangement are to be formally agreed in the coming months.

- 4.23 The Council can, subject to legislative constraints, increase its Council Tax rate through two mechanisms; the Adult Social Care (ASC) Precept and the core Council Tax increase. Each 1% increase in Council Tax generates c£7m per annum. However, the increase in the core Council Tax is subject to a limit at which a referendum must be held and any increase in the Adult Social Care Precept is announced by the Secretary of State for MHCLG.
- 4.24 The Provisional Settlement confirmed there will be a core referendum principle of up to 2% for the core Council Tax. For the ASC Precept, the government consulted on a maximum increase of 2% and have indicated in the Provisional Settlement that this will be level, on top of the core principle, which will be agreed for 2020/21.
- 4.25 In setting the budget the Council has assumed a 1.99% increase in the core Council Tax. A 2% increase in the ASC Precept is also proposed, which will be directed to ASC pressures. Taking these factors into account it is proposed to increase the Council Tax by 3.99% in 2020/21. This equates to an increase of £1.11p per Band D Property per week.
- 4.26 The Council also needs to consider the potential surplus or deficit relating to actual collection of Council tax when setting the budget. This is the difference between the estimated Council Tax collectable for 2019/20 and that actually collected. The budget assumes a Collection Fund surplus of £3m.
- 4.27 Taking into account the forecast growth in the Council Tax Base, the increase of 3.99%, and the collection fund surplus assumptions the Council's income from Council Tax is forecasted to be £763.9m and this has been built into the proposed budget for 2020/21. This is detailed in Table 3 below. A detailed breakdown of the Council Tax Requirement will be included in the Final Budget Report.

Table 3 - Council Tax Requirement

Council Tax Requirement	2019/20 £m	Change £m	2020/21 £m
Core Council Tax requirement	676.8	14.5	691.3
Core Council Tax requirement tax base growth		3.5	3.5
Total General Council Tax	676.8	17.9	694.7
Adult Social Care (ASC) Precept	51.3	14.6	65.9
ASC Precept tax base growth		0.3	0.3
Total ASC Precept	51.3	14.9	66.2
Collection Fund	3.5	-0.5	3.0
Total Council Tax	731.6	32.3	763.9

4.28 Summary of Total Funding for 2020/19

- 4.29 When comparing the assumed 2019/20 funding position when the budget process began in April, to all known announcements there is a net increase of £39.8m to all Corporate Funding lines. This is shown in Table 4 and Table 5 shows how this funding is used to deliver a balanced budget for 2020/21.

Table 4 - Summary of Overall Corporate Funding

Total Corporate Funding Lines	2019/20 £m	Change £m	2020/21 £m
Total Business Rates including related grants	123.0	2.3	125.3
Total Settlement Grants (excl Business Rates)	8.8	14.2	23.0
Total Other Grants (excl Business Rates)	65.3	-9.1	56.1
Core Council Tax	676.8	17.9	694.7
Adult Social Care Precept (inc. tax base growth)	51.3	14.9	66.2
Collection Fund Surplus	3.5	-0.5	3.0
Total Funding	928.6	39.7	968.3

4.30 Budget Principles

- 4.31 The 2019/20 Preliminary Budget Strategy contained a number of high-level principles which were used to set budget envelopes. These have also been used for the current MTFS period.
- 4.32 The principles are:
- A balanced revenue budget with minimum use of Reserves and balances;
 - Regular review of Reserves and balances to ensure appropriate for the levels of risk;
 - Budget envelopes for each Service to provide services within available resources;
 - Cost and demand pressures contained within budget envelopes;

- Robust efficiency plans which are tracked and monitored;
 - Managers accountable for their budgets; and
 - Working with partners to create best value for residents.
- 4.33 The principles more specifically to setting medium-term budgets:
- Take a budget envelope approach with 2019/20 envelopes rolled forward;
 - Developed a 5 Year MTFS (2020/21-2024/25) linked and integrated with transformation work across the Council;
 - A funding model has been developed that will determine a percentage reduction in envelopes;
- 4.34 Envelopes are validated annually based on assumptions;
- Evidence bases for all efficiency proposals;
 - Ensure all efficiencies/pressures/growth managed within budget envelopes;
 - Pay inflation added to individual envelopes;
 - Contract inflation allocated to Services to be managed in budget envelopes;
 - A corporate risk provision/contingency held centrally;
 - A corporate redundancy provision held centrally; and
 - These revenue principles are applied to the capital budget setting process to ensure complete alignment.
- 4.35 Revenue Budget 2020/21**
- 4.36 A key part of developing the budget is to undertake a review of pressures to the budget which are likely to materialise over the medium-term. These pressures can arise from demographic growth, new responsibilities, changes in service delivery, as well as inflation for staff pay and contracts. Whilst some pressures are unavoidable others can also be as a result of policy decisions but can also be included as growth to the budget to pump-prime efficiency proposals within services.
- 4.37 For 2020/21, **pressures (including inflation) total £78m** and have been built into the budget.
- 4.38 In setting the budget the Council's approach has been to fund Directorate pay and contract inflation, as well as non-contract inflation for supplies and services expenditure. In total c£23m inflation related funding has been added to Directorate envelopes. Key assumptions around inflation are as follows:
- **Contract Inflation** – the majority of contracts have inflation built in that is driven by changes in RPI. We have assumed a rate of 2.2% for planning purposes. In total £16.1m has been added to Directorate envelopes; and
 - **Pay Inflation** – the MTFS anticipates that staffing costs will increase by 2% in each year over the medium-term. There continues to be a level of uncertainty on pay assumptions in

future years. For 2020/21 we have added an additional £6.8m of pay inflation to budget envelopes.

- 4.39 Beyond inflationary costs, Directorates are managing a wide range of pressures across different services totalling **£55m**. Key service pressures are summarised below:
- **Children, Families, Lifelong Learning & Culture** – Whilst service improvements take place within Corporate Parenting and Family Resilience, the service cannot deliver further efficiencies, and so previous targets for efficiencies have to be replaced. The continuation of successful transformation projects for SEND and commissioning which were previously funded by one-off sources have been funded through this MTFS;
 - **Public Health** – Demand led pressures from Sexual Health services, are being funded in 2020/21;
 - **Adult Social Care** – Care package expenditure, will continue to be a pressure area led by new demand over 2020/21. This is compounded by new transition clients from CFLC;
 - **Environment, Transport & Infrastructure** – Various pressures due to service changes not progressing or being delayed, for example in Strategic Transport and Community Recycling Centres;
 - **Transformation, Partnership and Prosperity** – Previous efficiencies will no longer be met, causing new pressures, which will partially be offset by new efficiencies;
 - **Resources** - A combination of increased costs for licenses, legal fees as well as restructuring to deliver the Asset & Land Improvement project; and
 - **Corporate Income & Expenditure** – Whilst not a service, this budget holds the borrowing costs for the Council's investment plans, increase in the contingency, as well as the new feasibility and transformation funding. All of these require funding.
- 4.40 A full breakdown of the pressures including inflation can be found in **Annex A**. Some of these pressures will continue beyond 2020/21 and will add growth in to future year budgets.
- 4.41 To achieve a balanced budget for 2020/21, **£38m** of efficiencies have been identified. These are detailed by Directorate in **Annex B**. This efficiency target of £38m is over and above the £106m already delivered in 2018/19 and an additional £82m on track for delivery in 2019/20. In total c£230m of efficiencies would have been delivered over the last three years, In future the Council will be doing more work on the identification and delivery of cross-cutting efficiencies and commercialisation to avoid, where possible, front-line Service efficiencies.
- 4.42 Proposals will continue to be developed over the next 3-6 months to enable delivery. These will be monitored for progress in

2020/21 and reported monthly through management reports to the Council's Leadership Team and to Cabinet.

- 4.43 When considering all pressures (inflation and service), efficiencies and the net additional income the Council has received either as new funding or additional to what was originally assumed, the Council has set a balanced budget for 2020/21.

Table 5 - Budget Envelopes by Directorate and Funding

Directorate	Budget 2019/20 £m	Pay Inflation £m	Contract Inflation £m	Pressures/ Funding Decrease £m	Efficiencies/ Funding Increase £m	Total Movement £m	Budget 2020/21 £m
Children, Families, Lifelong Learning & Culture	243.7	3.0	3.8	5.7	12.0	0.5	244.2
Public Health	30.2	0.0	0.0	0.3	0.3	0.0	30.2
Adult Social Care	363.9	1.4	7.4	11.7	12.3	8.2	372.1
Environment, Transport & Infrastructure	162.6	1.3	3.5	4.8	4.0	5.6	168.2
Transformation, Partnerships & Prosperity	16.9	0.3	0.1	2.9	1.0	2.3	19.1
Resources	65.7	0.9	1.2	2.6	4.1	0.6	66.3
Central Income & Expenditure	45.6			27.1	4.4	22.7	68.2
Total Net Expenditure	928.6	6.8	16.1	55.0	38.1	39.8	968.4
Business Rates (inc. related grants)	123.0				2.3	2.3	125.3
Settlement Grants (excl. Business Rates)	8.8				14.2	14.2	23.0
Other Grants (excl. Business Rates)	65.3			9.1		9.1	56.1
General Council Tax (inc. tax base growth)	676.8				17.9	17.9	694.7
Adult Social Care Precept (inc. tax base growth)	51.3				14.9	14.9	66.2
Collection Fund Surplus	3.5			0.5		0.5	3.0
Total Funding	928.6			9.6	49.4	59.0	968.4

- 4.44 A breakdown of the 2020/21 budget by Directorates and Services can be found in **Annex B**.

4.45 Building a “good” budget - Budget Hallmarks

- 4.46 In September 2018 we launched our Finance Improvement Programme. This was in response to the report commissioned by CIPFA in summer 2018 and which raised concerns about the Council's financial position and its standards of financial management. The programme has delivered a newly restructured Finance function, a new framework for budget management across the Council, and a learning and development package (The Finance Academy). Working with the External Assurance Panel, we have committed to assessing future budgets against a best practice framework. The six hallmarks and an assessment of progress against these in setting the 2020/21 budget and MTFS is set out in Table 6 below.

Table 6 – Self-assessment against the Hallmarks in building the budget

Hallmark	Self-Assessment
The budget has a medium-term focus which supports the Strategic Plan	<ul style="list-style-type: none"> Transformation funding has been built into the budget to deliver the Organisation Strategy over the medium-term to support the delivery of efficiencies. Ambitious capital investment. The revenue implications of borrowing have been built into the budget. This will help to unlock efficiencies and contribute towards managing demand in high cost areas e.g. ASC and SEND provision.
Resources are focused on our vision and our priority outcomes	<ul style="list-style-type: none"> Feasibility budget of £5m has been created which has been directed to accelerate the delivery of the capital ambition and therefore outcomes for residents.
Budget not driven by short-term fixes and maintains financial stability	<ul style="list-style-type: none"> Moving away from funding transformation from flexible capital receipts to the use of revenue budget, with 75% of the transformation budget funded through revenue. Most efficiency proposals are on-going and will help deliver a sustainable budget over the medium-term.
The budget is transparent and well scrutinised	<ul style="list-style-type: none"> The 2020/21 Draft Budget will be scrutinised at individual Select Committees. Service efficiencies and pressures will be provided in greater detail applicable to each Committee. Each Select Committee will have a Draft Budget Report and associated annexes including how budget envelopes have been built for 2020/21 Equalities assessments and outcomes of proposals will be provided.
The budget is integrated with the Capital Programme	<ul style="list-style-type: none"> The Capital Programme includes proposals that will help deliver efficiencies over the medium-term in key revenue demand areas e.g. ASC and SEND provision.

	<ul style="list-style-type: none"> • The revenue budget includes all the borrowing costs of funding the Capital Programme.
<p>The budget demonstrates how the Council has listened to consultation with local, people, staff and partners</p>	<ul style="list-style-type: none"> • A residents' survey was undertaken in December and the feedback has been incorporated into proposals. • We are currently consulting with partners from the business and voluntary, community and faith sectors. Any feedback from these partners will inform the final shape of next year's budget, and we will continue to work with them over the coming months, where appropriate, as we implement our efficiency and transformation plans for 2020/21. • There will also be a social media campaign, a dedicated "Budget 2020/21" webpage, engagement with local media and updates to residents and stakeholders through e-newsletters including Surrey Matters

4.47 Section 9 of this report sets out our approach to engagement and consultation with key stakeholders on our budget approach and strategy namely on significant issues for our residents and businesses.

4.48 CIPFA Resilience Index

4.49 In 2018, CIPFA announced it was working on a Financial Resilience Index, aimed at supporting good practice in the planning of sustainable finance. This was followed by a public consultation in July 2018 outlining the proposed methodology and illustrating how the results might be displayed in practice. Following an 'unprecedented level of interest', CIPFA took the decisions not publish the tool openly in the first year while they continued to work with stakeholders to achieve a joint sector approach.

4.50 In December 2018, CIPFA provided the Council with analysis from its newly developed index. The results from the Resilience Index for SCC set out a picture of an Authority with relatively low levels of financial resilience, but with generally strong fundamentals and opportunities to strengthen financial standing.

4.51 In December 2019, CIPFA made the index publicly available for the first time. The index did not come with CIPFA's own scoring, ranking or opinion on the financial resilience of an authority. However, users of the index have the ability to undertake comparator analysis drawing their own conclusions. The tool

consists of nine primary and six secondary indicators, where the secondary indicators are elements of some of the Reserves and social care primary indicators

- 4.52 Our analysis of the index, comparing the Council against all other Counties, shows an improvement in our position between 2017/18 and 2018/19. The extent to which indicators present as higher risk has reduced and the number of indicators presenting on the 'lower risk' side of the scale has increased.
- 4.53 The greatest area of strength for SCC is in the primary indicator of Council Tax Requirement as a proportion of net revenue expenditure. The Council ranks highest of all County authorities. Presumably, the rationale behind this indicator is that Council Tax is a stable form of income so authorities with a higher ratio on this measure face less exposure to changes in other funding streams, for example central grant funding.
- 4.54 The primary indicators showing improvement for the Council, i.e. those moving towards the lower risk side of the index between 2017/18 and 2018/19, mostly relate to Reserves measures. The most notable improvement being the Reserves Sustainability measure which is an indicator of the rate of depletion of Reserves. The improvements reflect the concerted effort the Council made in 2018/19 to reduce the reliance on Reserves to balance the revenue budget. The secondary indicators relating to Reserves breakdown changes to Unallocated and Earmarked Reserves.
- Earmarked Reserves shifted towards the lower risk side of the index and this was the driver for improvements. Earmarked Reserves reduced in each of the three years to 31st March 18, meaning they had a negative value and presented as higher risk on the 2017/18 index. In 2018/19, the Council increased Earmarked Reserves significantly; and
 - Unallocated Reserves have shown little movement and sit on the higher risk side of the index. This is because the Council has traditionally maintained a small General Fund Balance (c2-2.5% of Core Funding). Although short of the average when compared County Reserves of c5.8%, the Executive Director of Resources (s151) recommends a phased increase in General Fund balances to reach 5%-10% of net budget over the medium-term, reflecting future funding uncertainties and risks. The Reserves and Risk Mitigation Strategy will be detailed in the Final Budget Report.
- 4.55 The Council will not use Earmarked or General Reserves to balance the budget over the medium-term. However, Earmarked Reserves will be drawn on for their intended function, such as for the transformation programme, funding specific projects etc. As such, the Reserves indicators within the resilience index could shift either way in future years.
- 4.56 The primary social care indicator slipped towards the higher risk side of the index, the Council scores 73%, which is just above the comparator group average of 71%. However, the range over this indicator is narrow (62% to 81%) and given SCC is one of only six

county areas with a population in excess of 1.1m the Council's position in this context is acceptable. In the absence of a national solution to social care funding, it is unlikely that vast improvements can be expected on this ratio going forward.

- 4.57 Overall, the results reflect the significant inroads made over the course of the last two years towards improving the financial resilience of the Authority. Although the analysis is positive, we will continue our trajectory of improving resilience and financial stability over the medium-term, albeit in a climate of uncertainty.

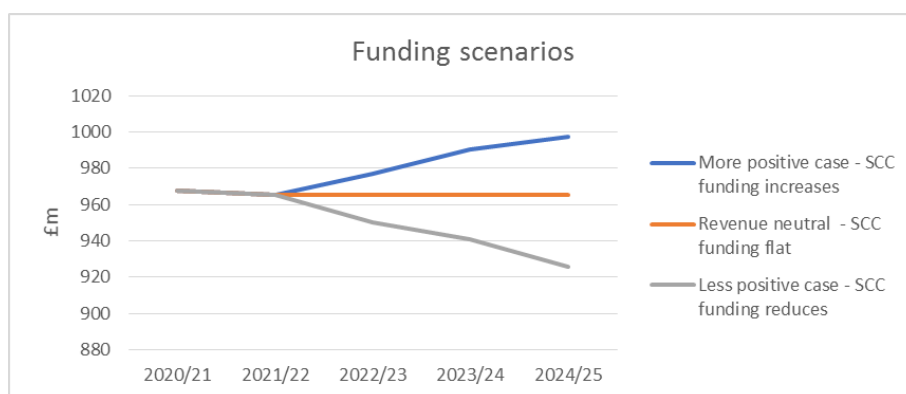
SECTION 5 – FINANCIAL PERFORMANCE 2019/20- REVENUE

- 5.1 As at November 2019 (Month 8) the Council was forecasting an overall deficit of £0.4m. This was a reduction of c£0.8m from Month 7. This was achieved largely through continued efficiencies as a result of restructuring and lower volume and unit costs for transport, within CLFC, totalling to £0.4m. Additionally, street lighting energy costs are forecasted to reduce by £0.3m in ETI, due to the actual increase in inflation being lower than budgeted. The Resources position also improved by £0.1m due to rent reviews and capitalisation of staffing costs in the Property service.
- 5.2 To address the underlying risks and make real changes to the quality of services, substantial work is being undertaken across the Council. A number of transformation, change programmes and activities are being undertaken. The two areas which could have the most significant impact on the Council's budgetary position are Special Educational Needs and Disabilities in Children, Families Lifelong Learning and Culture and in Adult Social Care.
- 5.3 The SEND reset programme focusses on providing early support to children and young people, making better services for residents and reducing costs to grant levels over 3 years. A series of workshops have been held to develop management action plans to deliver efficiencies, which will be monitored and tracked. KPIs are being developed which will give an early indication that action is working (even before any change in the budget position).
- 5.4 In ASC, the focus in the programme is on Learning Disabilities, finalising the new ASC commissioning structure, implementing new sourcing processes (including establishing new central brokerage teams) and continuing to embed the new strength-based practice to ensure a more robust approach to assessments and reviews.
- 5.5 We are also making significant inroads into Corporate Services Transformation. We are at a varying stages of this transformation with Finance and HR largely complete and Property and Legal services commencing their journey.

SECTION 6 – MEDIUM-TERM FINANCIAL OUTLOOK 2021/22 to 2024/25

- 6.1 The future funding of Local Government remains uncertain largely due to two main variables, a Comprehensive Spending Review (CSR) and Local Government funding reform:
- A CSR is expected in the second half of 2020, which sets national departmental expenditure limits for a next three or four years; and
 - The FFR and the move to 75% retention have been delayed until April 2021. Although work is continuing behind the scenes there has been little in the way of communication with the sector and, further consultations expected on the service specific formula have failed to materialise. The Council continues to review technical working group papers to remain informed about the potential direction of reform.
- 6.2 Following the General Election, the government has confirmed it is “committed to conducting a fundamental review of business rates”. It is unclear how this fits in with the intended move towards 75% retention. Without certainty, we continue to plan for all reforms to be introduced in 2021/22.
- 6.3 Based on intelligence gathering, through engagement with sector colleagues and monitoring of technical working papers, we have modelled different scenarios of the Council’s funding up to 2024/25 that consider alternative outcomes from both of these key variables. Broadly, the modelling considered:
- **A revenue neutral case**, that has funding being flat in cash terms over the MTFS. In this scenario decreases in funding that could result from a reduced quantum or FFR are offset by increases in other funding sources and the overall outcome is cash flat over the period.
 - **A more positive case**, where resources increase by c1%. An increase in national resources could result in more funding for Councils even if the outcome of FFR is not positive because there would be more to distribute. Conversely, a positive FFR outcome could result in increased funding, even if the national quantum stayed flat or reduced marginally.
 - **A less positive case**, where resources reduce by c1%. A reduction in national resources could result in less funding for Councils even if the outcome of FFR is positive because there would be less to distribute. Conversely, a negative FFR outcome could result in reduced funding, even if the national quantum stayed flat or increased marginally.

Graph 1 - Medium-Term Funding Scenarios



- 6.4 In deciding which scenario to develop the Council has to consider the likelihood of changes from both variables as well as the level of risk. Having reviewed the modelling, considered the outcomes of past reforms and CSRs and conducted the usual horizon scanning, intelligence gathering and sector engagement, it is felt that the less positive outcome returns the most realistic results. The medium-term strategy has been built on this scenario.
- 6.5 In this scenario it is assumed that in 2021/22, when funding reforms are likely to take effect, the overall funding within the sector will be relatively stable. However, from 2022/23 onwards, new damping arrangements built into funding reforms start to unwind and it is assumed that the overall Local Government quantum and therefore our funding starts to reduce. In total the impact to our funding is a reduction of c£40m (cumulative 4.5%) between 2020/21 to 2024/25. This is shown in Table 7 below.

Table 7 - Funding Reduction 2020/21 to 2024/25

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Funding	968.4	965.3	950.2	940.6	925.5
Incremental reduction		0.30%	1.60%	1.00%	1.60%
Cumulative reduction		0.30%	1.90%	2.90%	4.50%

- 6.6 Over the planning horizon the Council will face pressures resulting from demand-led growth, funding an ambitious Capital Programme and pay and contract inflation, with the latter assumed to increase in line with Office for Budget Responsibility forecasts. The culmination of the funding reduction and increased pressures will lead to a provisional budget gap of c£27m in 2021/22, increasing to a cumulative gap of c£160m by 2024/25.
- 6.7 This cumulative gap is the equivalent of c£40m of efficiencies year-on-year. Based on the trajectory over of delivery over the last c24 months, c£20m-£25m (c50-60%) of efficiencies have been delivered through transformation and the assumption is that this would continue. The funding for the refreshed transformation programme has been provided for in setting the balanced budget

in 2020/21. On this basis there would be relatively small requirement for Directorates to deliver BAU type of specific efficiencies.

- 6.8 Table 8 below shows Directorate budget envelopes over the MTFS to 2024/25

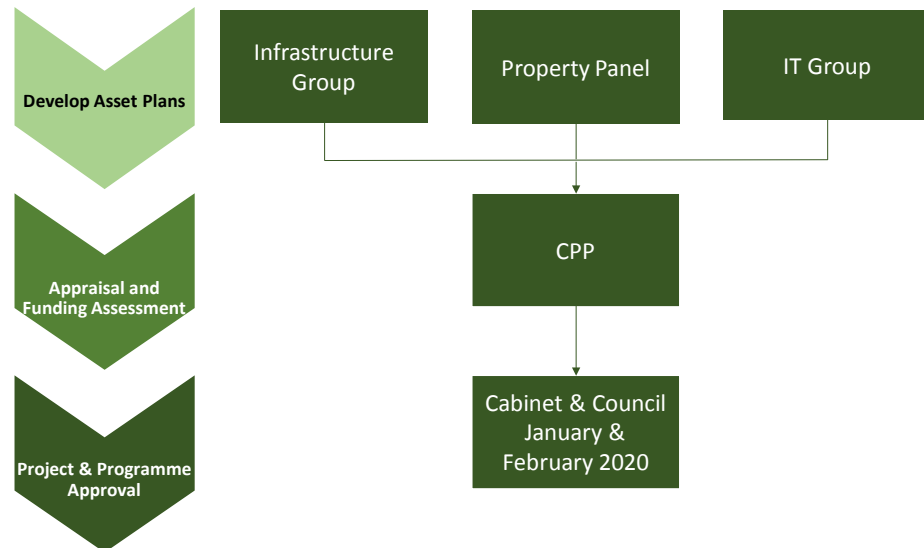
Table 8 - Directorate Budget Envelopes 2020/21 to 2024/25

Directorate	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Children, Families, Lifelong Learning & Culture	244.2	248.2	253.0	258.4	263.9
Public Health	30.2	29.8	29.9	29.9	30.0
Adult Social Care	372.1	381.7	393.7	409.1	424.4
Environment, Transport & Infrastructure	168.2	170.7	174.7	179.8	185.4
Transformation, Partnerships & Prosperity	19.1	20.0	20.5	21.0	21.5
Resources	66.3	67.6	69.8	68.2	67.5
Total Directorate Expenditure	900.1	917.9	941.5	966.6	992.8
Central Income & Expenditure					
-MRP	16.1	21.8	25.8	29.7	35.1
-Net Interest	7.6	7.4	10.0	12.3	16.6
-Feasibility	5.0	5.0	5.0	5.0	5.0
-Transformation Fund	7.5	10.0	10.0	10.0	10.0
-Contingency	20.4	20.4	20.4	20.4	20.4
-Other (Redundancy, Pension, Investment Income)	11.6	9.6	7.3	7.4	8.0
Total Corporate Income & Expenditure	68.2	74.2	78.5	84.7	95.0
Total Net Expenditure	968.4	992.2	1,020.0	1,051.3	1,087.8
Total Funding	968.4	965.3	950.2	940.6	925.5
Funding Gap (Cumulative)	0.0	26.9	69.8	110.7	162.3

SECTION 7 – CAPITAL PROGRAMME 2020/21 to 2024/25

- 7.1 This section of the report sets out the proposed 2020/21-2024/25 Capital Programme.
- 7.2 The planning process to develop the Capital Programme has been built around organisational priorities and is fully integrated with the revenue budget process. The officer-led Capital Programme Panel (CPP) produced a framework for a renewed capital strategy which focused upon a set of criteria including alignment with strategic priorities, outcomes for residents, deliverability and value for money.
- 7.3 To ensure affordable, value for money capital solutions and to reduce the risk of unplanned slippage, the governance and delegation around capital programme appraisal and approval has also been updated. CPP constituted three Strategic Capital Groups based on core expenditure budget envelopes (Property, Infrastructure and IT) as shown in the diagram below. These Groups were tasked with developing the new Capital Programme for 2020/21 and over the medium-term based on an asset planning approach.

Capital Approval Process



- 7.4 The approach has allowed the review of the existing asset base with a view to identifying the optimal medium-term asset requirement to enable service delivery which meets the needs of residents. Additional capital spend needed to achieve the optimal asset base has been captured in the programme.
- 7.5 An ambitious Capital Programme of this nature necessarily includes projects and schemes at various stages of development. The programme therefore comprises two clearly defined elements:
- The proposed Capital budget which is set out for approval, representing the Council's firm capital spending plans over the medium-term; and
 - A Capital Pipeline of schemes which represent the Council's wider ambitions for capital spend, including areas that require further development and scrutiny before they are included in the Capital budget. This pipeline will be subject to separate and rigorous governance and approvals process, requiring full business cases as evidence bases.
- 7.6 Both elements are part of the overall capital envelope and the revenue cost of funding the programme has been included in the MTFS. The total Capital Programme, including both elements, will be presented with the Final Cabinet Report.
- 7.7 Corporate Priority Schemes**
- 7.8 The Capital budget focuses on schemes delivering a number of the Council's corporate priorities including; supporting independence; tackling inequalities for vulnerable residents and securing homes and business from the effects of climate change;

whilst keeping Surrey connected. Based on current estimates the schemes delivering these corporate priorities total £351m over the five-year MTFS and comprise;

- £237m - River Thames Flood Alleviation scheme (£135m over the MTFS with the remainder in later years);
- £92m - Highways Maintenance;
- £71m - Schools Basic Need;
- £35m - Moving Closer to Residents and the relocation of County Hall (£9m over the MTFS, with £26m in 2019/20);
- £33m - for a wider programme of Flood Alleviation schemes across the county (£15m over the MTFS with the remainder in later years);
- £31m – Special Educational Need and Disability (SEND) schemes (£27m over the MTFS with £4m in 2019/20); and
- £2m - Extra Care Housing (plus the investment of £5.5m of land on which to develop the sites). Further proposals in the Capital Pipeline.

7.9 These schemes represent the Council's highest priorities for capital expenditure for the next five years and most have already been approved by Cabinet.

7.10 Service Delivery Schemes

7.11 In addition to the corporate priorities, the proposed programme includes a £109m portfolio of schemes which meet the capital requirements of services across the Council and include:

- £56m - Bridges, highways structures, highways drainage and signage maintenance;
- £31m – Schools capital maintenance;
- £6m – Investment in vehicles, equipment and other infrastructure for Surrey Fire and Rescue Service; and
- £3m – Investment in public rights of way and improved access to the countryside.

7.12 Business cases supporting this spend, demonstrating alignment with priorities, service need and value for money have been scrutinised by CPP and are recommended for inclusion in the approved Capital budget.

7.13 Capital Pipeline and the Community Investment Fund

7.14 The Capital Pipeline, representing the wider ambitions for capital investment across the MTFS, includes £100m of funding has been set aside to establish a Community Investment Fund. The fund will provide visible investment in the priorities of local communities, including in town centres and on community buildings, based on the key principles of delivering value for money and outcomes for residents.

7.15 Following the Council's declaration of a "Climate Emergency" we are accelerating work towards delivering on our climate change

responsibilities and to create a greener future. A number of projects are being explored which include investment to support low emission buses and vehicles; electronic charging points, improvements to the rights of way network and an ambitious proposal to develop a solar farm. Proposals are currently being examined for feasibility and deliverability and are included in the Capital Pipeline.

- 7.16 As a Council, we are committed to continue working with partners to unlock opportunities which benefit the County as a whole. Investment in Major Transport Infrastructure remains a priority which will support the local economy. Supported by the Highways England Highways Infrastructure Fund (and subject to funding approval), the Council plans to invest approximately £100m on the A320 and A22 corridors to unlock housing development for Borough and District partners.
- 7.17 The pipeline also includes an indicative £40m investment on accommodation for Looked After Children (LAC) and £23m for Pupil Reintegration Unit (PRU) investment. Developing our internal provision in these areas will reduce the need for expensive external contracts and better meet the needs of children in Surrey.

7.18 Capital Summary

- 7.19 The proposed Corporate Priority and Service Delivery schemes expand our existing capital programme, approved by Cabinet and Council in previous years, of £389m. The existing programme includes ongoing highways, bridges and infrastructure maintenance of £100m and schools maintenance and basic need of £114m. The detailed Capital Programme for the next five years, including the budget and the pipeline will be presented to Cabinet in the Final Budget Report. Totals are presented in the table below.

Table 9 – Summary Five Year Capital Programme

Capital Programme	Total £m
Corporate Priority Schemes	351
Service Delivery Schemes	109
Existing Schemes	389
Total Capital Budget	849
Community Investment Fund	100
Other Pipeline Schemes	411
Total Capital Pipeline	511
Total Capital Programme	1,360

SECTION 8 – FINANCIAL PERFORMANCE 2019/20 – CAPITAL

- 8.1 At Month 8 (November 2019), the capital position forecast a full-year outturn of £122.7m against a 2019/20 budget of £122.1m. The variance of £0.6m relates to unforeseen ground conditions and planning delays in the Linden Farm scheme.
- 8.2 For Month 8, the capital budget for 2019/20 was increased by £1.8m. This was predominantly due to additional funding for existing schemes. Epsom and Ewell Borough Council contributed £1.1m towards the Epsom Market Place LEP scheme. Additional funding totalling to £0.6m was also received from third parties (including parent teacher associations) and through the Devolved Formula Grant to be spent on schools' projects.
- 8.3 Resource management is key to understanding how the delivery of priorities and outcomes in the Organisational Strategy are aligned to available resources. The expectation is that timely reporting against the Capital Programme enables Members to prioritise decisions on the approval of additional/flexible funds in asset plans.

SECTION 9 – COMMUNICATION AND ENGAGEMENT

- 9.1 With the draft budget published for the first time in January 2020, due to the calling of a General Election in December 2019, the window for communicating and engaging with residents about the 2020/21 proposals was reduced.
- 9.2 However, during November and December 2019 the Council published a survey around how the revenue budget is allocated amongst different services, highlighting the specific spending allocations of the 2019 budget and asking residents which budgets they would like to see reduced, maintained, or increased ahead of 2020/21.
- 9.3 534 residents responded to the survey, and the following messages came through in the feedback:
- Survey respondents were more likely to increase spend on services that support vulnerable residents, including Children and Adults;
 - Respondents were more likely to either increase or maintain budgets for most service areas instead of reducing them. Some commented that it felt impossible to make trade-offs. Table 10 below defines where residents are most likely to increase, maintain or reduce spending;
 - Residents' prioritisation of spending on services for vulnerable people supports the results from the participatory budgeting work with residents in 2018* (see Table 10); and
 - Other suggestions for the budget included reducing our staffing costs (e.g. salaries and pensions), better collaboration with other organisations such as co-locating services, pooling budgets for projects with partners and

encouraging greater community participation and independence.

Table 10 – Key Messages from Residents’ Survey 2019

Top 3 areas for spending increases	Top 3 areas for maintaining current spend	Top 3 areas for reducing spend
<ul style="list-style-type: none"> • Education (includes early years and home-to-school transport) – 54% • Highways and transport – 52% • Adult Social Care – 52% 	<ul style="list-style-type: none"> • Waste management – 68% • Cultural services (includes libraries and Surrey Arts) – 54% • Community protection (includes Fire and Rescue and Trading Standards) – 54% 	<ul style="list-style-type: none"> • Council support services (includes Property, Communications and IT – 41% • Cultural services (includes libraries and Surrey Arts) – 18% • Environment and planning – 14%

**In September 2018, we held two workshops with over 100 residents to gain insight into where they would invest the Council’s budget and manage difficult competing demands within constrained resources. This was supplemented by a survey on Council spending priorities carried out in December 2018 – January 2019 with a statistically representative and targeted sample of 1,100 residents. Outcomes included residents wanting to most protect services that support vulnerable people, preferred services to be maintained rather than cut, and found it difficult to make trade-offs when allocating investment in services. The survey of 2019 was sent to all residents of Surrey.*

- 9.4 Over the course of January and February 2020, the Council will continue the theme of communicating with residents about the services delivered by SCC, drawing out specific outcomes for residents relating to each service area. This will be done using real life case studies. These outcomes will be set in the context for the budget allocation for each service.
- 9.5 The Council will also communicate the specific deliverables associated with the Capital Programme over the 5-year MTFS period, highlighting the increased investment in the future of the County.
- 9.6 The Council will produce a Council Tax leaflet to all residents, delivered through the Districts and Boroughs’ Council Tax demands in March, and hosted online alongside the required statutory information. There will also be a social media campaign, a dedicated “Budget 2020/21” webpage, engagement with local media and updates to residents and stakeholders through e-newsletters including Surrey Matters. There will also be engagement with SCC staff through internal communications channels.
- 9.7 Ahead of the budget being considered by Cabinet at the end of January, we are currently consulting with partners from the

business and voluntary, community and faith sectors. Any feedback from these partners will inform the final shape of next year's budget, and we will continue to work with them over the coming months, where appropriate, as we implement our efficiency and transformation plans for 2020/21.

SECTION 10 – NEXT STEPS

- 10.1 This Draft Budget Report includes a list of proposals and funding assumptions which will deliver a balanced budget for 2020/21. The Final Budget Report will be presented to Cabinet 28 January, providing a detailed update of the financial planning assumptions and the risks and mitigations in place to ensure budget delivery and compliance with statutory requirements.
- 10.2 The Final Report will include updated information relating to Council Tax, based on District & Borough tax base returns. The final Council Tax Requirement will be set out for Cabinet recommendation to Council. Subject to confirmation of the Final Local Government Finance Settlement, an update on the impact of the settlement will also be provided.
- 10.3 The Final Report will include the approach to risk mitigation and a judgement by the Council's Section 151 Officer on the adequacy and approach to Reserves and balances, to ensure delivery of a sustainable budget over the medium-term.
- 10.4 The report will also include consideration from the Equality Impact Assessment (EIA) of specific efficiency proposals and seek to finalise efficiency proposals that will support the delivery of the 2020/21 budget.
- 10.5 A full list of capital proposals in the **Capital Programme** will be set out in the Final Budget Report. The associated **Capital Strategy** will also set a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risks will be managed by the Council.
- 10.6 The **Investment Strategy** will be included in the Final Budget Report to provide details on how the Council will manage its commercial investment activity.
- 10.7 The **Treasury Management Strategy** will also set out a framework within which the Council's treasury functions can manage risks, source borrowing and invest surplus cash. A set of Prudential Indicators will have been calculated and set which will support prudent decision making around treasury activity during the financial year.

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Summary - 2020/21 Pressures and Efficiencies by Directorate2020/21
£'000

Prior year budget 928,564

Pressures

Directorate	2020/21 £'000
Children, Families, Lifelong Learning & Culture	12,488
Public Health	319
Adult Social Care	20,547
Environment, Transport & Infrastructure	9,561
Transformation, Partnership and Prosperity	3,274
Resources	4,651
Central Income and Expenditure	27,098
Total Pressures	77,938

Efficiency Proposals

Directorate	2020/21 £'000
Children, Families, Lifelong Learning & Culture	11,979
Public Health	319
Adult Social Care	12,344
Environment, Transport & Infrastructure	3,966
Transformation, Partnership and Prosperity	1,021
Resources	4,074
Central Income and Expenditure	4,427
Total Efficiencies	38,130

Total 968,373**Efficiencies still to find 0**

Children, Families, Lifelong Learning & Culture - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget

243,690

Pressures

Pressures Title	Description	2020/21 £'000
Pay Inflation	Pay inflation has been calculated based on a 2% year on year uplift to salaries. The cost of incremental pay progression has not been included. Services will need to manage the impact of incremental pay progression within their budget envelopes.	3,015
Non-Pay Inflation	An increase based on the terms stipulated within contracts including, transport, social care placements and special guardian orders.	3,808
Council Tax Subsidy	Care Leavers living outside Surrey	100
Child Death Reviews	SCC contribution to Child Death review process with six Surrey CCGs in line with updated guidance.	150
Education Management System	Implementation costs of new Education Management System, initial pressure followed by reduction in annual maintenance licence costs.	290
Mainstreaming of transformation - SEND	Funding of the on-going costs of services following the transformation programme - SEND	1,675
Mainstreaming of transformation - Commissioning	Funding of the on-going costs of services following the transformation programme - Commissioning	450
2019/20 Unmet Efficiencies	An ambitious trajectory was set to realise efficiency targets in 19/20. Whilst improvement is on track, the financial benefits are not expected to be achieved and aligned until 21/22.	3,000
Total Pressures		12,488

Children, Families, Lifelong Learning & Culture - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget

243,690

Efficiency Proposals

Efficiency Title	Description	2020/21 £'000
Libraries and cultural services transformation	A new strategy and service model will be implemented for libraries and cultural services ensuring a more efficient use of our asset base and increased income generation. This model and approach differs from our current model by increasing the focus on sharing spaces to ensure they are genuinely cost-effective.	800
Short Breaks	Better utilisation of short breaks block contract to reduce spend on spot purchasing.	300
Care Leaver Packages	Reduction on supported accommodation spot purchase expenditure through better utilisation of the block contract.	200
Contact Services	Review of contact service to ensure delivery of court ordered contact.	250
Reduction in SEND reserve	Proposed plans for delivering sustainability for the High Needs block require some further analysis and ratification. The Council is currently matching the DSG HNB overspend of £29m to create an offsetting reserve. As a result of these proposals the contribution in 20/21 will be reduced to £24m.	3,101
Reduction in SEND reserve	Proposed plans for delivering sustainability for the High Needs block require some further analysis and ratification. The Council is currently matching the	2,000
Reunification Project	Review of existing cases to understand if children should remain in care or return home	200
Early Help Transformation – Children's Centre reconfiguration	This is the ongoing impact of the remodelling of Children's Centres to create Family Centres which was undertaken in 19/20. The overall efficiency for this programme was £3.4m.	2,400
Early Help Commissioning – budget reduction for 20/21	Efficiencies are linked to reductions in contracts for services delivering Early Help. The previous fragmented approach of small grants to a variety of organisations produced little evidence of impact. We are therefore moving to a Lead Provider model which is expected to generate efficiencies in line with the recommendations of the Children's Commissioner.	100
Commercialisation	Increased income expected from Registrars / Civil Ceremonies due to a revised fee structure and expanded service offer.	300
Surrey Outdoor Learning & Development	Increased turnover from additional activities and fee inflation.	200
Income	Charging schools for work to support transfer to Academy status based on the cost incurred by the Council, thus removing the burden from the Council tax payer.	128
Clinical Commissioning Group (CCG) Funding	CCG funding for Services that SCC are paying 100% for which should be funded or part-funded by Health.	2,000
Total Efficiencies		11,979
Total		244,199
Efficiencies still to find		0

Public Health - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget

30,236

Pressures

Pressures Title	Description	2020/21 £'000
Sexual health demand	Increased expenditure on sexual health out of area assessments and treatment. This is the main area of Public Health service expenditure that is not subject to fixed contracts. Surrey residents are entitled to get their sexual health service from anywhere in the country. When they do so in areas outside of the county, SCC is charged. The estimated pressure is based on the historical trend.	220
Pay inflation	Pay inflation has been calculated based on a 2% year on year uplift to salaries. The cost of incremental pay progression has not been included. Services will need to manage the impact of incremental pay progression within their budget envelopes.	60
Sexual health contracting	Genitourinary medicine (GUM) contract extension from April 2020.	11
Recharge pressure	Estimated increase in recharge of SCC corporate overheads to the Public Health service.	25
Pharmaceutical Needs Assessment	Wasn't completed in 2019/ 20 as every 3 years.	3
Total Pressures		319

Efficiency Proposals

Efficiency Title	Description	2020/21 £'000
Reduction to the planned delivery of the Children's Dental Health Epidemiology Survey	We will work closely with Dental Public Health colleagues to ensure we contribute to the understanding of dental need. We will work closely with Dental Public Health colleagues to fund a more cost-effective targeted approach to reducing dental decay in the most vulnerable children.	5
Family Weight Management contract efficiencies	Commencement of new Family Weight Management Contract with Active Surrey	21
Substance Misuse Efficiencies	Efficiencies related to the integrated Substance Misuse service	36
Commissioning changes	Change in commissioning model for the Babcock budget as staff member has been brought in house and is now included under salaries and the commissioning budget removed	50
Staffing efficiencies	This will mean deleting an existing vacancy from the current structure and reallocation of work to ensure core functions are maintained.	92
Review of Stop Smoking service	Currently stop smoking services are provided in 3 ways - a contract SCC has commissioned with a community provider, Public Health Agreements with GPs and Public Health Agreements with Pharmacies. The proposal is to cease the Public Health Agreements with GPs and Pharmacies, and instead focus all activity through the main community contract. GPs and Pharmacies will then refer people into the community contract. This will streamline the provision of stop smoking services, releasing cashable efficiencies in the process.	115
Total Efficiencies		319
Total		30,236
Efficiencies still to find		0

Adult Social Care - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget

363,925

Pressures

Pressures Title	Description	2020/21 £'000
Pay Inflation	Pay inflation has been calculated based on a 2% year on year uplift to salaries. The cost of incremental pay progression has not been included. Services will need to manage the impact of incremental pay progression within their budget envelopes.	1,391
Non-Pay Inflation	Non-pay inflation has been calculated based on 2% for spot care packages plus any fixed inflation commitments built into block contracts.	7,425
Care package commitments higher than the 2019/20 budget	The ongoing net care package expenditure pressure above the 2019/20 budget that it is estimated will need be addressed by achieving efficiencies in 2020/21. This excludes the full year effect of new Transition clients in 2019/20 which is included in the pressure for new Transition cases from Children, Families, Learning and Culture services set out separately below.	6,150
New Transition cases from Children, Families, Learning and Culture services (CFLC) services	Based on current activity levels it is estimated that a pressure of £5m per year will arise representing the in-year cost of new cases that join in that year and the remaining full year cost of new cases from the previous year. This pressure may reduce in future years based on the success of actions planned through ASC's and CFLC's transformation programmes.	5,000
Increased staffing costs for ASC's Transition team	Funding of the ongoing costs of additional staff in ASC's Transition team initially funded through the All Age Learning Disability transformation programme.	581
Increased Better Care Fund income for ASC	Additional investment in Adult Social Care from 2019/20 BCF revised funding now part of BCF base.	-2,451
Increased Better Care Fund expenditure	Additional activity in Adult Social Care funded from increased BCF investment.	2,451
Total Pressures		20,547

Adult Social Care - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget 363,925

Efficiency Proposals

Efficiency Title	Description	2020/21 £'000
Older People care package efficiencies	Efficiencies planned to be delivered through ASC's Practice Improvement programme. This excludes the efficiencies planned to be achieved through the expansion of affordable extra care housing which will also be achieved against the Older People care package budget.	4,635
Physical & Sensory Disability care package efficiencies	Efficiencies planned to be delivered through ASC's Practice Improvement programme.	1,593
Strategic shift for people with Learning Disabilities from residential care to independent living	Efficiencies estimated through moving people with Learning Disabilities from institutional residential care homes to independent living care settings. This relies on creating additional independent living capacity across Surrey which is being managed through ASC's Accommodation with Care & Support programme.	800
Learning Disability and Autism care package efficiencies	Efficiencies planned to be delivered through ASC's Learning Disability and Autism transformation programme. This covers the whole Learning Disability care package budget including the Transition 18-25 year old cohort. The efficiencies planned to be achieved through moving people from residential care to independent living are excluded which will also be achieved against the Learning Disabilities care package budget are excluded from the Efficiencies targets here.	4,639
Mental Health care package efficiencies	Efficiencies planned to be delivered through ASC's Mental Health transformation programme.	678
Total Efficiencies		12,344
Total		372,128
Efficiencies still to find		0

Environment, Transport & infrastructure - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget

162,583

Pressures

Pressures Title	Description	2020/21 £'000
Pay Inflation	Pay inflation has been calculated based on a 2% year on year uplift to salaries. The cost of incremental pay progression has not been included. Services will need to manage the impact of incremental pay progression within their budget envelopes.	1,279
Non-Pay Inflation	Inflation on external contracts including highways maintenance, waste management and local bus contracts.	3,525
Strategic Transport Review - policy change not pursued	The budget assumed that transport efficiencies would be made in 2019/20 from Q4 onwards. The decision not to proceed with policy changes has led to a pressure.	1,612
Changes at Community Recycling Centres (CRCs) not progressed	The budget assumed that changes at CRCs would deliver efficiencies in 2019/20. The decision not to proceed with those changes has led to a pressure.	633
Street lighting private finance initiative (PFI) contract changes (one-off)	Changes to the street lighting PFI contract were expected to generate a one-off efficiencies in 2019/20, which needs to be replaced by new efficiencies from 2020/21.	1,382
Bus Service Operator Grant (BSOG) partially one-off	The 2019/20 budget includes use of the accumulated historical BSOG surplus, £1.9m, which is one-off. Offset against this, if the grant continues to be received then £0.8m can be released to support service provision.	1,060
Fire & Rescue contingency crewing	The Home Office require that Fire & Rescue services have appropriate contingency arrangements in place.	70
Total Pressures		9,561

Environment, Transport & infrastructure - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget

162,583

Efficiency Proposals

Efficiency Title	Description	2020/21 £'000
Street lighting energy (on-going from 2019/20)	Conversion of street lights to LED will be implemented over 3+ years and energy efficiencies are expected to grow accordingly.	373
Concessionary fares volumes (On-going from 2019/20)	The volume of concessionary journeys has reduced in recent years, and this trend is expected to continue.	600
Countryside estate income/visitor economy	Developing the countryside offer to include events, concessions, and other income generation e.g. from catering.	125
Reduce waste management costs	Reduce waste management costs through a combination of incentivisation (including review of financial transfers to D&Bs) and recycling/minimisation campaigns, including reprioritising Surrey Environmental Partnership activities.	500
Network Management	To support the Council's environmental aims and encourage sustainable modes of transport there will be a review of the network management mechanisms and delivery models across the county. Phase 1 will include implementation of the revised parking Policy, with some consequent increases in income. Work is under way to identify options to deliver the remaining efficiencies.	668
Highway enforcement	Additional enforcement, e.g. bus lane camera enforcement, will help to ensure bus journeys are more reliable thereby supporting sustainable transport choices. Additionally, lobby government to enact legislation to allow other moving traffic violations (box junctions, banned turns, no entry etc.) to be enforced, supporting improvements in congestion management.	200
Fire efficiencies	Collaboration opportunities and modernisation of the service in response to the recommendations of HMICFRS.	1,500
Total Efficiencies		3,966

Total

168,178

Efficiencies still to find

0

Transformation, Partnership and Prosperity - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget 16,869

Pressures

Pressures Title	Description	2020/21 £'000
Pay Inflation	Pay inflation has been calculated based on a 2% year on year uplift to salaries. The cost of incremental pay progression has not been included. Services will need to manage the impact of incremental pay progression within their budget envelopes.	299
Non-pay Inflation	An assumed RPI increase, where uplift is RPI, or an increase based on the terms stipulated within contracts	116
Cross Directorate	Non-achievement of 19/20 efficiencies. Additional efficiencies which were to be identified during 2019/20 have not been realised and therefore there is an ongoing pressure as a result.	1,007
Customer Services	Channel shift/customer experience efficiencies have not been realised as quickly or at the levels initially anticipated.	500
Strategic Leadership	Funding of Integrated Health Posts	333
Spans & Layers	Staffing efficiencies have been realised in other Directorates due to the implementation of spans and layers principles, this efficiency assumed that some central costs would be reduced and this is yet to be realised.	500
Coroners Service	Rising body transportation costs and pay pressures associated with staff who have transferred from the Police	118
Coroners Service	Phased reduction in Police contribution to Coroner's service as agreed when service transferred to the Council.	126
Insight, Analytics & Intelligence	Future enhanced staffing structure to recognise the need to invest in improved management information to inform decision making	275
Total Pressures		3,274

Efficiency Proposals

Efficiency Title	Description	2020/21 £'000
HR&OD	Rationalisation of staff development budgets to more closely align with refreshed Organisational Strategy/Our People Strategy/Transformation Programme.	200
Coroners	Service efficiencies from implementing peer review recommendations	100
Insight, Analytics & Intelligence efficiencies	Service efficiencies relating to Community Partnerships	135
Economic Development	Service efficiencies relating to structures and the Economic Growth Fund	200
Transformation Support Unit	Re-alignment of resources to reflect transformation refresh	100
Customer Services	Re-alignment of resources to reflect changes in customer demand and preferences (eg automation)	286
Total Efficiencies		1,021

Total 19,122

Efficiencies still to find 0

Resources - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget

65,699

Pressures

Pressures Title	Description	2020/21 £'000
Pay Inflation	Pay inflation has been calculated based on a 2% year on year uplift to salaries. The cost of incremental pay progression has not been included. Services will need to manage the impact of incremental pay progression within their budget envelopes.	854
Non-pay Inflation	Inflation on property, IT and energy contracts as well as other support service contracts.	1,230
Orbis	Net impact of the delay to the achievement of prior years efficiencies target	371
Legal Services	Increasing cost of external legal fees.	439
IT&D	Increased costs of software licences.	320
Property	Move towards Greener Energy.	170
Property	Funding of Integrated Health Post.	167
Property	Land & Asset Improvement Project.	1,000
Finance	Increase Insurance premium costs.	100
Total Pressures		4,651

Efficiency Proposals

Efficiency Title	Description	2020/21
Orbis - Business Ops	Surrey CC share of planned efficiencies in existing Orbis business plan (these are predominantly coming from staffing efficiency through increased integration).	398
Orbis - IT&D		266
Orbis - Procurement		162
IT&D	Revised approach to capital funding of equipment refresh.	698
IT&D	Mobile app efficiencies.	50
Business Ops	Devolution of administration of Local Assistance Scheme to Boroughs & Districts.	250
Finance	Reduce Self Insurance Fund Contribution.	1,250
Total Efficiencies		4,074

Total**66,276****Efficiencies still to find****0**

Central Income & Expenditure - 2020/21 Pressures and Efficiencies

2020/21
£'000

Prior year budget 45,562

Pressures

Pressures Title	Description	2020/21 £'000
Contingency	Analysis of risk has resulted in the need to increase the base budget contingency.	10,063
Transformation Funding	Shifting investment from capital receipts to revenue as part of overall drive towards stability and sustainability,	7,500
Feasibility Fund	Creation of Feasibility Fund for the Council's capital investment programme. This will ensure better value project development, win more external funding and allow quicker delivery.	5,000
Investment Income	Realigning the Commercial Investment Portfolio income target to reflect the decision to hold rather than expand the portfolio, with a consequential reduced risk.	2,100
MRP	The revenue impact of additional capital expenditure.	1,448
Digital, Business & Insights Platform	Funding net investment costs of the new Digital, Business and Insights (DBI) platform.	487
Schools Funding Loss	Loss of funding from schools becoming academies.	500
Total Pressures		27,098

Efficiency Proposals

Efficiency Title	Description	2020/21 £'000
Interest Payable	Despite increased capital expenditure funded by borrowing, the commercial investment portfolio is on hold, reducing the requirement for borrowing, whilst short-term borrowing rates have reduced. This has resulted in a lower financing costs in 2020/21, with an increase in future years, as the capital programme accelerates.	927
Pension Strain	Due to organisational changes, as a result of transformation, the pension strain has reduced resulting in a reduction in the provision.	1,000
Pension Contribution - Triannual valuation	The draft actuarial valuation includes a forecasted reduction in the SCC contribution rate. The Council's funding level, calculated at the actuarial valuation, is 93%, which is an improvement from the last valuation in 2016/17.	2,000
Dynamic Discounting	The Council has negotiated discounts on early repayment of invoices for goods and services purchased. This will help achieve £0.5m of efficiencies in 2020/21	500
Total Efficiencies		4,427

Total 68,233

Efficiencies still to find 0

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Our Council

2020/21 Subjective Budget

2019/20 Budget Book £'000	Directorate	Lead	Employee Cost £'000	Non Employee Cost £'000	Gross Exp £'000	Income £'000	Government Grants £'000	20/21 Budget £'000
242,290	Children, Families, Lifelong Learning and Culture	Dave Hill	132,852	686,004	818,856	-26,348	-548,309	244,199
0	Public Health	Dave Hill	2,703	27,533	30,236	0	0	30,236
364,811	Adult Social Care	Simon White	79,543	421,697	501,240	-116,376	-12,736	372,128
162,845	Environment, Transport, & Infrastructure	Gillian Steward	58,532	134,948	193,480	-20,375	-4,927	168,178
13,332	Transformation, Partnerships and Prosperity	Michael Coughlin	14,749	5,663	20,412	-812	-478	19,122
71,216	Resources	Leigh Whitehouse	31,502	70,448	101,950	-35,608	-66	66,276
31,670	Central Income & Expenditure	Leigh Whitehouse	1,250	75,884	77,134	-8,900	0	68,234
886,164	Total - Our Council		321,131	1,422,177	1,743,308	-208,419	-566,516	968,373
Central funding:								
-731,598	Council tax					-763,913		-763,913
-119,977	Business Rates					-116,224		-116,224
-34,589	Central Government Grants						-88,236	-88,236
0	Total - Our Council		321,131	1,422,177	1,743,308	-1,088,556	-654,752	0

Our Council

Budget movements from 2019/20 Budget to 2020/21 Budget

2019/20 Budget Book £'000	Directorate	2019/20 Virements and Other Adjustments £'000	2019/20 Budget £'000	Inflation £'000	Pressures £'000	Efficiencies £'000	20/21 Budget £'000
242,290	Children, Families, Lifelong Learning and Culture	1,401	243,690	6,823	5,665	-11,979	244,199
0	Public Health	30,236	30,236	0	319	-319	30,236
364,811	Adult Social Care	-886	363,925	8,816	11,731	-12,344	372,128
162,845	Environment, Transport, & Infrastructure	-262	162,583	4,804	4,757	-3,966	168,178
13,332	Transformation, Partnerships and Prosperity	3,537	16,869	415	2,859	-1,021	19,122
71,216	Resources	-5,517	65,699	2,084	2,567	-4,074	66,276
31,670	Central Income & expenditure	13,892	45,562	0	27,098	-4,427	68,234
886,164	Total - Our Council	42,400	928,564	22,942	54,996	-38,130	968,373

Note: 2019/20 virements and other adjustments - Transfer of PH Grant (PH - £30.2m and CIE £5.4m = £35.6m) and Social Care Grant (£6.8m) to Central Government grants. The other changes reflect the permanent in year virements between services significantly the repatriation of Orbis services to Surrey between TPP, Resources and CIE and the transfer of Commercial Service from CFLC to Resources (£1.7m).

Children, Families, Lifelong Learning and Culture

Executive Director: Dave Hill

2020/21 Subjective Budget

2019/20 Budget Book £'000	Service	Employee Cost £'000	Non Employee Cost £'000	Gross Exp £'000	Income £'000	Government Grants £'000	20/21 Budget £'000
43,804	Family Resilience	31,021	8,409	39,430	-1,517	-1,125	36,788
97,383	Education, Lifelong Learning & Culture	54,327	227,311	281,638	-19,989	-165,717	95,932
6,043	Commissioning	5,574	60,676	66,250	-60	-59,822	6,368
8,013	Quality & Performance	8,931	1,279	10,210	-741	-426	9,043
92,047	Corporate Parenting	32,761	74,941	107,702	-4,041	-9,553	94,108
-5,000	Directorate Wide Savings	239	1,721	1,960	0	0	1,960
242,290	Total - Children, Families, Lifelong Learning and Culture	132,852	374,338	507,190	-26,348	-236,643	244,199
0	Delegated Schools		311,666	311,666		-311,666	0
242,290	Total - Children, Families, Lifelong Learning and Culture	132,852	686,004	818,856	-26,348	-548,309	244,199

Budget movements from 2019/20 Budget to 2020/21 Budget

2019/20 Budget Book £'000	Service	2019/20 Virements and Other Adjustments £'000	2019/20 Budget £'000	Inflation £'000	Pressures £'000	Efficiencies £'000	20/21 Budget £'000
43,804	Family Resilience	-5,390	38,414	1,025	0	-2,650	36,788
97,383	Education, Lifelong Learning & Culture	929	98,312	2,474	1,675	-6,529	95,932
6,043	Commissioning	-142	5,901	117	450	-100	6,368
8,013	Quality Assurance	387	8,400	203	440	0	9,043
92,047	Corporate Parenting	3,166	95,213	1,495	100	-2,700	94,108
-5,000	Directorate Wide	2,451	-2,550	1,510	3,000	0	1,960
242,290	Total - Children, Learning, Families and Culture	1,401	243,690	6,823	5,665	-11,979	244,199
0	Delegated Schools	0	0		0		0
242,290	Total - Children, Families, Lifelong Learning and Culture	1,401	243,690	6,823	5,665	-11,979	244,199

Public Health

Executive Director: Dave Hill

2020/21 Subjective Budget

2019/20 Budget Book £'000	Service	Employee Cost £'000	Non Employee Cost £'000	Gross Exp £'000	Income £'000	Government Grants £'000	20/21 Budget £'000
0	Public Health	2,703	27,533	30,236			30,236
0 Total - Public Health		2,703	27,533	30,236	0	0	30,236

Budget movements from 2019/20 Budget to 2020/21 Budget

2019/20 Budget Book £'000	Service	2019/20 Virements and Other Adjustments £'000	2019/20 Budget £'000	Inflation £'000	Pressures £'000	Efficiencies £'000	20/21 Budget £'000
0	Public Health	30,236	30,236		319	-319	30,236
0 Total - Public Health		30,236	30,236	0	319	-319	30,236

Adult Social Care

Executive Director: Simon White

2020/21 Subjective Budget

2019/20 Budget Book £'000	Service	Employee Cost £'000	Non Employee Cost £'000	Gross Exp £'000	Income £'000	Government Grants £'000	20/21 Budget £'000
364,811	Adult Social Care	79,543	421,697	501,240	-116,376	-12,736	372,128
364,811	Total - Adult Social Care	79,543	421,697	501,240	-116,376	-12,736	372,128

Budget movements from 2019/20 Budget to 2020/21 Budget

2019/20 Budget Book £'000	Service	2019/20 Virements and Other Adjustments £'000	2019/20 Budget £'000	Inflation £'000	Pressures £'000	Efficiencies £'000	20/21 Budget £'000
364,811	Adult Social Care	-886	363,925	8,816	11,731	-12,344	372,128
364,811	Total - Adult Social Care	-886	363,925	8,816	11,731	-12,344	372,128

Environment, Transport, & Infrastructure

Executive Director: Gillian Steward

Director (Community Protection & Emergencies): Steve Owen-Hughes

2020/21 Subjective Budget

2019/20 Budget Book £'000	Service	Employee Cost £'000	Non Employee Cost £'000	Gross Exp £'000	Income £'000	Government Grants £'000	20/21 Budget £'000
58,986	Highways & Transport	17,308	60,366	77,674	-13,046	-1,773	62,855
69,580	Environment	6,807	69,386	76,193	-4,247	-274	71,672
388	Communities Support Function	321	29	350			350
34,472	Community Protection	34,096	5,486	39,582	-2,820	-2,880	33,882
-581	To be identified across services		-319	-319	-262		-581
162,845	Total - Environment, Transport, & Infrastructure	58,532	134,948	193,480	-20,375	-4,927	168,178

Budget movements from 2019/20 Budget to 2020/21 Budget

2019/20 Budget Book £'000	Service	2019/20 Virements and Other Adjustments £'000	2019/20 Budget £'000	Inflation £'000	Pressures £'000	Efficiencies £'000	20/21 Budget £'000
58,986	Highways & Transport	-322	58,664	1,978	4,054	-1,841	62,855
69,580	Environment	67	69,647	2,017	633	-625	71,672
388	Communities Support function	-46	342	8			350
34,472	Community Protection	39	34,511	801	70	-1,500	33,882
-581	To be identified across services		-581				-581
162,845	Total - Environment, Transport, & Infrastructure	-262	162,583	4,804	4,757	-3,966	168,178

Notes:

Inflation includes contractual inflation where required, including waste management, street lighting, highways maintenance and bus services.

Transformation, Partnerships and Prosperity

Executive Director: Michael Coughlin

2020/21 Subjective Budget

2019/20 Budget Book £'000	Service	Employee Cost £'000	Non Employee Cost £'000	Gross Exp £'000	Income £'000	Government Grants £'000	20/21 Budget £'000
4,133	Human Resources & Organisational Development	4,707	1,888	6,595			6,595
2,637	Insight, Analytics & Intelligence	2,390	1,622	4,012	-264	-478	3,270
3,133	Customer Services	2,952	107	3,059	-142		2,917
1,772	Coroner	1,064	1,283	2,347	-379		1,968
1,281	Strategic Leadership	1,337	28	1,365			1,365
1,407	Communications	1,123	319	1,442			1,442
976	Economic Growth	398	416	814	-27		787
0	Transformation Support Unit	778		778			778
-2,007	Cross County	0		0			0
13,332	Total - Transformation, Partnerships and Prosperity	14,749	5,663	20,412	-812	-478	19,122

Transformation, Partnerships and Prosperity

Budget movements from 2019/20 Budget to 2020/21 Budget

2019/20 Budget Book £'000	Service	2019/20 Virements and Other Adjustments £'000	2019/20 Budget £'000	Inflation £'000	Pressures £'000	Efficiencies £'000	20/21 Budget £'000
4,133	Human Resources & Organisational Development	2,480	6,613	182		-200	6,595
2,637	Insight, Analytics & Intelligence	463	3,100	30	275	-135	3,270
3,133	Customer Services		3,133	70		-286	2,917
1,772	Coroner	0	1,772	52	244	-100	1,968
1,281	Strategic Leadership	-267	1,014	18	333		1,365
1,407	Communications	0	1,407	34			1,441
976	Economic Growth	0	976	12		-200	788
0	Transformation Support Unit	861	861	17		-100	778
-2,007	Cross County		-2,007		2,007		0
13,332	Total - Transformation, Partnerships and Prosperity	3,537	16,869	415	2,859	-1,021	19,122

Resources

Executive Director: Leigh Whitehouse

2020/21 Subjective Budget

2019/20 Budget Book £'000	Service	Employee Cost £'000	Non Employee Cost £'000	Gross Exp £'000	Income £'000	Government Grants £'000	20/21 Budget £'000
2,432	Finance	5,610	2,993	8,603	-1,432		7,171
3,619	Legal Services	3,296	1,258	4,554	-424		4,130
3,407	Democratic Services	1,664	1,980	3,644	-151	-66	3,427
18,877	Property	8,535	27,622	36,157	-9,101		27,056
11,030	Information Technology & Digital	651	10,715	11,366	-660		10,706
-69	Business Operations	162	-468	-306			-306
31,920	Joint Operating Budget ORBIS		15,782	15,782			15,782
	Commercial Services	11,584	10,566	22,150	-23,840		-1,690
71,216	Total - Resources	31,502	70,448	101,950	-35,608	-66	66,276

Budget movements from 2019/20 Budget to 2020/21 Budget

2019/20 Budget Book £'000	Service	2019/20 Virements and Other £'000	2019/20 Budget £'000	Inflation £'000	Pressures £'000	Efficiencies £'000	20/21 Budget £'000
2,432	Finance	5,713	8,145	176	100	-1,250	7,171
3,619	Legal Services	0	3,619	72	439		4,130
3,407	Democratic Services	-57	3,350	77			3,427
18,877	Property	6,723	25,600	1,120	1,337	-1,000	27,057
11,030	Information Technology & Digital	-175	10,855	278	320	-748	10,705
-69	Business Operations	0	-69	13		-250	-306
31,920	Joint Operating Budget ORBIS	-16,031	15,889	348	371	-826	15,782
0	Commercial Services	-1,690	-1,690				-1,690
71,216	Total - Resources	-5,517	65,699	2,084	2,567	-4,074	66,276

Central Income & Expenditure

Executive Director: Leigh Whitehouse

2020/21 Subjective Budget

2019/20 Budget Book £'000	Service	Employee Cost £'000	Non Employee Cost £'000	Gross Exp £'000	Income £'000	Government Grants £'000	20/21 Budget £'000
31,670	Central Income & Expenditure	1,250	75,884	77,134	-8,900	0	68,234
31,670	Total - Central Income & Expenditure	1,250	75,884	77,134	-8,900	0	68,234

Budget movements from 2019/20 Budget to 2020/21 Budget

2019/20 Budget Book £'000	Service	2019/20 Virements and Other Adjustments £'000	2019/20 Budget £'000	Inflation £'000	Pressures £'000	Efficiencies £'000	20/21 Budget £'000
31,670	Central Income & Expenditure	13,892	45,562	0	27,098	-4,427	68,234
31,670	Total - Central Income & Expenditure	13,892	45,562	0	27,098	-4,427	68,234

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